

Governance and Ethics Committee

Wednesday, 24 July 2024 at 10:30

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

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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 Noel McMenamin (Tel. 0115 993 2670) 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 **GOVERNANCE AND ETHICS COMMITTEE**

Date **Wednesday 19 June 2024 (commencing at 10.30am)**

membership

COUNCILLORS

Philip Owen (Chairman)
Callum Bailey (Vice-Chairman)

Chris Barnfather - **Apologies**
Samantha Deakin - **Apologies**
Errol Henry JP
Andy Meakin - **Apologies**
Michael Payne - **Apologies**

Sue Saddington - **Apologies**
Helen-Ann Smith - **Apologies**
Nigel Turner
Roger Upton

SUBSTITUTE MEMBERS

Councillor Richard Butler (substitute for Councillor Chris Barnfather)
Councillor Jim Creamer (substitute for Councillor Michael Payne)
Councillor Bruce Laughton (substitute for Councillor Sue Saddington)

OFFICERS IN ATTENDANCE

Sue Batty - Adult Social Care & Health
Nicola Peace
Gemma Shelton

Richard Elston - Chief Executives
Keith Ford
Simon Lacey
Noel McMenamin
Marjorie Toward
Nigel Stevenson

1. MINUTES

The Minutes of the last meeting held on 17 April 2024, having been previously circulated, were confirmed and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from:

- Councillor Samantha Deakin (other reasons)
- Councillor Andy Meakin (other reasons)
- Councillor Philip Owen (other reasons)
- Councillor Helen-Ann Smith (Other reasons)
- Councillor Michael Payne (other reasons)

- Councillor Sue Saddington (medical/illness)

It was noted that Councillor Callum Bailey had been appointed Vice-Chairman of the Committee at Full Council on 16 May 2024, replacing Councillor John Lee.

3. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

4. UPDATE ON LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN DECISIONS (MARCH - MAY 2024)

The report set out information about one complaint against the Council where fault was found by the Local Government and Social Care Ombudsman. Members were given the opportunity to ask questions of officers and seek assurance about actions put in place regarding the complaint.

During debate, the Complaints and Information Team was commended for intervening positively to help ensure complaints resolution for the majority of complaints received. It was confirmed that all actions identified by the upheld complaint had been addressed, and that follow-up training options were also being considered.

RESOLVED: 2024/19

That the findings of the Local Government and Social Care Ombudsman be noted and the lessons learned and actions taken in response to the findings be welcomed.

5. UPDATE ON IMPACT OF ADULT CARE FINANCIAL SERVICES OF IMPROVEMENT MEASURES ARISING FROM 2023 SERVICE REVIEW

The report provided an update on the improvements undertaken within Adult Care Financial Services (ACFS) following a corporate review conducted in March 2023.

During debate, the Committee welcomed the changes in communications and culture within ACFS which had led to a significant reduction in Ombudsman complaint cases since actions to address the review findings had been put in place.

RESOLVED 2024/20

That the improvements delivered in response to the Local Government and Social Care Ombudsman and the actions planned in response to the findings be noted.

6. GOVERNANCE AND ETHICS COMMITTEE ANNUAL REPORT 2023-24

The report set out the work conducted by the Committee in 2023-24 and the intended areas of focus for 2024-25.

During debate, it was explained that the significant spike in fraud in 2019/20 was the result of a significant attempted mandate fraud. The Council's systems proved robust in identifying and preventing the fraud taking place.

RESOLVED: 2024/21

That the Committee's achievements in 2023-24 be considered and intended areas of focus for 2024-25 as highlighted in the report be endorsed.

7. LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT 2023-24

The report covered a review of the Local Code of Corporate Governance for the Council, sought approval for the Annual Governance Statement for 2023-24.

RESOLVED: 2024/22

That:

- (1) the Annual Governance Statement 2023-24 be approved;
- (2) the content of the Local Code of Corporate Governance be kept under review through in-year governance update reports, to ensure the impact of the Cabinet/Scrutiny model of governance is accurately reflected in the Code.

8. ASSURANCE MAPPING ANNUAL REPORT 2023-24

The report presented the outcomes from the assurance mapping work carried out during 2023-24, and proposed the approach for 2024-25.

RESOLVED: 2024/23

That:

- (1) the Assurance mapping process be retained for 2024-25;
- (2) the scope for the assurance map for 2024-25 be consolidated to focus on the existing eight assurance areas as identified in the report;
- (3) progress against proposed actions to address issues identified be reported to Committee as part of quarterly update reports on the Annual Governance Statement.

the content of the Local Code of Corporate Governance be kept under review through in-year governance update reports, to ensure the impact of the Cabinet/Scrutiny model of governance is accurately reflected in the Code.

9. CHIEF INTERNAL AUDITOR'S ANNUAL REPORT 2023- 24

The report presented the Chief Internal Auditor's annual review of 2023-24, and provided his opinion on the adequacy of arrangements for governance, risk

management and control outcomes from the assurance mapping work carried out during 2023-24, and proposed the approach for 2024-25.

RESOLVED: 2024/24

That:

- (1) The annual report be noted;
- (2) That a further report be submitted to the Committee in June 2025

10. USE OF COUNCILLORS' DIVISIONAL FUND

The report provided an update on the use of Councillor's Divisional Fund for the period 1 April 2023 to 31 March 2024.

During debate, the Committee commended the range of activity supported through the Fund, welcomed the fact that the Fund had been allocated in its entirety, and endorsed both spread of funding allocations throughout the year and use of the electronic system to process funding allocations..

RESOLVED: 2024/25

That:

- (1) The Councillor's Divisional Fund expenditure for the period 1 April 2023 to 31 March 2024, as detailed at Appendix A to the report, be noted;
- (2) The outcomes of the annual audit and additional monitoring processes for 2023-24 be noted;
- (3) Councillors be encouraged to spread their Councillors' Divisional Fund applications more evenly throughout the financial year and, where relevant, seek support and assistance from Democratic Services officers in using the electronic system.

11. WORK PROGRAMME

RESOLVED: 2024/26

That the work programme be approved.

The meeting closed at 11.02am

CHAIRMAN

24 July 2024**Agenda Item: 4****REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE
AND EMPLOYEES****LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN DECISIONS
MAY 2024 TO JUNE 2024****Purpose of the Report**

1. To inform the Committee about Local Government & Social Care Ombudsman's (LGSCO) decisions relating to the Council since the last report to Committee was completed and therefore any decisions after 13th May 2024.

Information

2. Members have asked to see the outcome of Ombudsman investigations regularly and promptly after the decision notice has been received. This report therefore gives details of all the decisions received since the last report to this Committee.
3. The LGSCO provides a free, independent and impartial service to members of the public. It looks at complaints about Councils and other organisations. It only looks at complaints when they have first been considered by the Council and the complainant remains dissatisfied. The LGSCO cannot question a Council's decision or action solely on the basis that someone does not agree with it. However, if the Ombudsman finds that something has gone wrong, such as poor service, a service failure, delay or bad advice and that a person has suffered as a result, the LGSCO aims to get the Council to put it right by recommending a suitable remedy.
4. The LGSCO publishes its decisions on its website (www.lgo.org.uk/). The decisions are anonymous, but the website can be searched by Council name or subject area.
5. A total of eight decisions relating to the actions of this Council have been made by the Ombudsman in this period. Appendix A to this report summarises the decisions made in each case for ease of reference and Appendix B provides the full details of each decision.
6. Full investigations were undertaken into three complaints. Appendix A provides a summary of the outcomes of the investigation. Where fault was found, the table shows the reasons for the failures and the recommendations made. If a financial remedy was made the total amount paid or reimbursed is listed separately.

7. There was fault found in three cases. The first case is in Childrens. Mrs X complained the Council stopped her child, Q's, free school meals in May 2022. Mrs X said this caused her avoidable frustration and meant she lost out financially. Mrs X's child, Q, has an EHC Plan and received free school meals while they attended a mainstream school. Mrs X later briefly educated Q at home, which meant Q's eligibility for free school meals stopped. In September 2021, the Council updated Q's EHC Plan to say they would now have an EOTAS package for part of the school week and would attend school A, an independent special school, for the remainder of the week. The Council department responsible for making decisions about free school meals decided it would start providing free school meals, and therefore holiday vouchers, again, because Q was on EOTAS. In May 2022, Q became registered full time at school A. The Council stopped providing the free school meals. Emails between Mrs X, the Council and school A after May 2022 show some members of staff at the Council thought Q was still eligible for free school meals while at school A; and the Council told school A it needed to provide Q's holiday vouchers. Due to the website and our policy not explaining how free school meals work for children who are EOTAS it was confusing for Mrs X and she received differing answers from staff. In summary, Mrs X should have had free school meals and holiday vouchers for her child and as a result the Council is reimbursing the value of those meals for the time that was missed out as well as a payment for distress and frustration. The Council is updating its website and including the new legislation which came in in March around clarity for free school meals.
8. The second complaint is in Place. The complainant, Mr B, complains that the Council failed to properly consider his request for a traffic regulation order to extend double yellow lines on the road at the entrance of his business premises. Mr B's request did not meet any of the criteria the Council had explained, and so the Council refused his request. The Council also mentioned that it thought the previous owner had objected to extending the double yellow lines when they were first put in. Mr B asked the Council to reconsider. They explained he didn't meet criteria. The Ombudsman found fault as the Council hadn't visited the site, and failed to fully implement the criteria in its policy but has agreed to reconsider Mr B's application. In terms of the complaints process, we have already since this complaint ensured that any complaints relating to a policy decision is checked by the relevant NCC Senior Manager before we go to our third parties to give us the information. That way we have an NCC colleague look at the complaint and the issue and ensure policy was followed because that is what the complaints team rely on, they ask the relevant department for their input into how a decision was made, and we don't use the complaints process to challenge a policy decision but we have learnt that we need to liaise with NCC Managers to check policy was correctly applied.
9. The third complaint is in Adults. Mrs X complained on behalf of her adult son, Mr Y, who is disabled. Mr Y's relationship with his home care provider broke down in 2022 so the Council placed him in residential respite care. Mrs X says the residential care arranged by the Council was unsuitable, and it then failed to properly assess her son's needs and arrange alternative home care so he could return home, in good time. She also complains about how the Council communicated with her. The information and evidence provided to the Ombudsman was substantial due to the complexity of the situation. The points relating to the Motability car and accommodation had been addressed via Nottinghamshire County Council's complaint process and a financial remedy had been offered in relation to the removal of the Motability car and had been acknowledged as a fault by the involved worker at the time. Mrs X didn't respond to our offer.

There is by nature of this case, regular and thorough communication with Mrs X, which was noted by the Ombudsman further, that the council had 'continuously worked towards a solution for Mr Y's accommodation and support needs.' However, it is important to acknowledge that there is learning to be taken from this situation in relation to the need for an independent advocate and the rationale as to why this was not taken forward.

The investigation by the LGO was thorough and lengthy as a result but it has taken a balanced approach and highlighted the fact that the council had communicated well with Mrs X and had considered Mr Y's needs throughout its involvement.

The Council has apologised and sent a separate payment to Mrs X and a separate payment to Mr Y

Information has been sent to the Team Managers to share with their teams on the following:

- The importance of ceasing the DP correctly when an individual's situation has changed.
- Consider the wider rationale when discussing the need for an advocate.
- The importance of timely responses when requests are received from external agencies and the implications of not doing so.

The fault found around the response to DWP and DPSS were addressed with the staff member involved at the time of the initial complaint who acknowledged this failure and its implication to Mrs X, Mr Y and the department. The staff member is no longer with the organisation.

The complaints department will also consider learning from this case. The team all know to ensure that the escalation process is highlighted at the end of each response especially if the response is written by a relevant department Manager. There have been no issues regarding this from spot checks on further cases.

Other Options Considered

10. The other option considered was not bringing regular reports to the Committee detailing the decisions made by the Local Government and Social Care Ombudsman. This option was rejected as by not having oversight of this report the Committee would not receive assurances that the learnings from Ombudsman cases were leading to improvements in services.

Reasons for Recommendation/s

11. To enable members to scrutinise complaints dealt with by the Council that went to the Ombudsman and to inform them of the service improvements being made for the benefit of residents as well as colleagues.

Statutory and Policy Implications

12. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Data Protection and Information Governance

13. The decisions attached are anonymised and will be publicly available on the Ombudsman's website.

Financial Implications

14. The details of any financial payments are set out in Appendix A. £1215.87 will come from Childrens & Families Department budgetary provision. £800 will come from Adults Department

Implications for Service Users

15. All of the complaints were made to the Ombudsman by service users, who have the right to approach the LGSCO once they have been through the Council's own complaint process.

RECOMMENDATION/S

- 1) That members note the findings of the Local Government and Social Care Ombudsman and welcome the lessons learned and actions taken in response to the findings

Marjorie Toward

Monitoring Officer and Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Richard Elston Team Manager – Complaints and Information Team

Constitutional Comments (HD (Standing))

16. Governance & Ethics Committee is the appropriate body to consider the content of this report. If the Committee resolves that any actions are required, it must be satisfied that such actions are within the Committee's terms of reference.

Financial Comments (SES 02/07/2024)

17. The financial implications are set out in paragraph 14 of the report.

18. The details of the financial payments are set out in Appendix A and will be met from Childrens & Families and Adult Social Care departmental budgetary provision.

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

APPENDIX A

DECISIONS NOT TO INVESTIGATE FURTHER

DATE	LGO REF	PROCEDURE	COMPLAINT SUMMARY	REASON FOR DECISION
22.05.24	23021488	Corporate	Mrs X complains the Council failed to provide her two children, Y and Z with speech and language therapy provision set out in their Education, Health and Care (EHC) Plans. She says the lack of provision impacted on their education and has caused the family distress.	The Ombudsman did not investigate as they cannot investigate matters already decided at tribunal proceedings. The Council has already accepted there were delays, apologised and has made a suitable remedy and arranged to provide catch up sessions and an Ombudsman investigation would not lead to a different conclusion
28.05.24	24000344	Adults	Complaint from Mr X who is unhappy with the way in which the social worker conducted themselves both before and during a home visit.	Ombudsman did not investigate this complaint about the way the Council treated Mr X. This is because further investigation could not add to the Council's response or make a different finding
13.05.24	23019785	Corporate	Ms X complains the Council has been inconsistent in refusing her application for a dropped kerb because the work would take place too close to a tree when it has granted access to others in her locale in the same situation	The Ombudsman did not investigate this complaint about the Council's decision to refuse Ms X's application because they were unlikely to find evidence of sufficient fault by the Council to warrant an investigation
13.05.24	230020875	Adults	Mrs X complained about how the Council completed safeguarding enquiries about her, in her role as a Shared Lives Carer, for Ms Y. She said the Investigating Officer did not discuss the allegations with her and she disagrees with the outcome of its enquiries	The Ombudsman did not investigate this complaint about how the Council completed adult safeguarding enquiries. There is not enough evidence of fault to justify further investigation
04.06.24	24000891	Corporate	Mrs X complains the Council will not agree to ramps on the public highway to give access to businesses. She states this disadvantages her as a	The Ombudsman cannot investigate this. In the absence of a formal application for a ramp, the Council's position does not currently directly cause Mrs X an injustice in terms of accessing a specific business. The

			wheelchair user and has caused her stress	underlying point is about interpretation of the law, which is for the courts

THERE WERE NO FULL INVESTIGATIONS WHERE NO FAULT FOUND

FULL INVESTIGATIONS WHERE FAULT FOUND

DATE	LGO REF	PROCEDURE	COMPLAINT SUMMARY	DECISION	RECOMMENDATION	FINANCIAL REMEDY	STATUS OF AGREED ACTION
15.05.24	23012571	Corporate	Mrs X complained the Council stopped paying free school meal vouchers for her child, Q, in May 2022. Mrs X said this caused her avoidable frustration and meant she lost out financially.	The Council was found at fault for stopping the vouchers. It was also at fault for giving Mrs X confusing information about Q's eligibility for free school meals	The Council will apologise and make a £200 payment to Mrs X in recognition of her injustice. Pay Mrs X the value of the free school meal vouchers she would have received from May 2022 to March 2024, based on Q's attendance. It should also issue staff reminders and update its website on free school meals	£1215.87	Apology made, payment authorised and instructed, FSM now in place. Other actions will be done within the 3 month timescale.

20.05.24	23015872	Corporate	Mr B complains that the Council failed to properly consider his request for a traffic regulation order to extend double yellow lines on the road at the entrance of his business premises. People parking at the entrance of his premises is making it difficult for vehicles to enter and leave his property.	Fault found. The Council did not consider Mr B's request to extend double yellow lines outside his premises, in accordance with its policy. It also failed to consider the policy when Mr B complained to the Council about this.	Council should apologise. Also it should reconsider Mr B's request to extend the double yellow lines with reference to the Council's policy. Share this decision with relevant staff and remind them that they should assess TRO requests in accordance with the policy, and that the complaints process extends to complaints that policies have not been properly applied	n/a	Actions all carried out. Awaiting information from Mr B to re-consider the request
22.05.24	23006278	Adults	Mrs X complains on behalf of her adult son, Mr Y, who is disabled, that the Council delayed in arranging suitable long-term care, resulting in an extended stay in residential respite care	The Council properly assessed Mr Y's needs and progressed arrangements for long-term care as quickly as it could. However, it was at fault because it did not properly consider whether Mr Y needed	The Council is to apologise separately to Mr Y and Mrs X for the faults identified and the impact of those faults. It should pay a financial remedy of £300 to Mr Y and pay a financial remedy of £500 to Mrs X to recognise: distress caused by its failure to properly consider whether it should appoint an	£800	Apologies have been made, payments have been sent. The reminders are being published in newsletters to staff and communicated to relevant colleagues in meetings.

				<p>support from an independent advocate. It also failed to update other bodies about changes to Mr Y's circumstances which caused avoidable distress to Mr Y and Mrs X.</p>	<p>independent advocate; and the other distress caused by delays.</p> <p>Also issue a reminder to relevant adult social care staff about:</p> <p>when they should consider whether an independent advocate is needed to support in the care assessment and planning process; the process they should follow to properly stop direct payments; the importance of responding to enquiries for information from external organisations.</p> <p>Also remind complaints team around reminding complainants how to escalate complaints and ensure process is followed.</p>		
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The Ombudsman's final decision

Summary: Mrs X complained the Council stopped giving her child, Q, free school meals in May 2022. The Council was at fault for stopping the meals. It was also at fault for giving Mrs X confusing information about Q's eligibility for free school meals. This caused Mrs X avoidable frustration and distress and meant she had to pay for Q's meals while on an already low income. The Council will apologise and make a payment to Mrs X. It should also issue staff reminders and update its website on free school meals.

The complaint

1. Mrs X complained the Council stopped her child, Q's, free school meals in May 2022. Mrs X said this caused her avoidable frustration and meant she lost out financially.

The Ombudsman's role and powers

2. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. If there has been fault which has caused significant injustice, or that could cause injustice to others in the future we may suggest a remedy. (Local Government Act 1974, sections 26(1) and 26A(1), as amended)
3. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done (Local Government Act 1974, sections 26B and 34D, as amended). Mrs X complained about matters dating back to May 2022. However, as set out in paragraph 25 below, there were flaws in the Council's complaints handling. I am satisfied the poor complaints handling meant Mrs X had a good reason for not complaining earlier. I have therefore exercised my choice (discretion) to consider her complaint.
4. If we are satisfied with an organisation's actions or proposed actions, we can complete our investigation and issue a decision statement. (Local Government Act 1974, section 30(1B) and 34H(i), as amended)

How I considered this complaint

5. I have considered: [Page 17 of 166](#)

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- all the information Mrs X provided and discussed the complaint with her;
 - the Council's comments about the complaint and the supporting documents it provided; and
 - the relevant law and guidance and the Ombudsman's guidance on remedies.
6. Mrs X and the Council had an opportunity to comment on my draft decision. I considered any comments received before making a final decision.

What I found

Relevant law and guidance

Free school meals

7. The Education Act 1996 places a duty on councils to provide free school meals to pupils who meet the relevant criteria and who attend maintained schools. Academies owe children on roll the same duty. The criteria includes pupils or parents who receive specific means-tested benefits.
8. There is no duty on councils to provide children who have an EOTAS (Education Otherwise Than at School) package in place or who attend a specialist school with free school meals.
9. Despite this, government guidance issued March 2024 says it expects councils to consider offering children receiving EOTAS free school meals where:
- the child would receive free school meals if they attended a maintained school; and
 - the meals would be provided alongside education for the purpose of allowing the child to access education fully.
10. The Council's website confirms it wants to make sure eligible pupils are claiming their free school meals and that it uses the Department for Education's free school meals eligibility system to decide if a pupil is eligible.
11. The Department for Education's system confirms whether a child is eligible under the criteria set out in the Education Act 1996. It does not tell councils whether a child on EOTAS should have free school meals, because that is a decision made by the council on a case-by-case basis.
12. The government funds the Holiday Activities and Food Programme which aims to improve the wellbeing of children who receive benefits-related free school meals in term time. The Programme is delivered by local providers and allows children to attend face to face activity sessions and eat a meal while there. Schools issue eligible children on their roll with vouchers to access the Programme at the start of the holiday period.

Education, Health and Care Plans

13. A child or young person with special educational needs may have an Education, Health and Care (EHC) Plan. This document sets out the child's needs and what arrangements should be made to meet them. The EHC Plan is set out in sections. Section I relates to the educational placement the child will attend. A council decides which school to name in a child's placement, and does not have to agree to a parent's choice.

What happened

14. Mrs X's child, Q, has an EHC Plan and received free school meals while they attended a mainstream school. Mrs X later briefly educated Q at home, which meant Q's eligibility for free school meals stopped.
15. In September 2021, the Council updated Q's EHC Plan to say they would now have an EOTAS package for part of the school week and would attend school A, an independent special school, for the remainder of the week. The Council department responsible for making decisions about free school meals decided it would start providing free school meals, and therefore holiday vouchers, again, because Q was on EOTAS.
16. In May 2022, Q became registered full time at school A. The Council stopped providing the free school meals.
17. Emails between Mrs X, the Council and school A after May 2022 show:
 - some members of staff at the Council thought Q was still eligible for free school meals while at school A; and
 - the Council told school A it needed to provide Q's holiday vouchers.
18. Mrs X complained to the Council in July 2022. The Council responded in September 2022. It treated Mrs X's complaint as an enquiry. It said:
 - Q had been eligible for free school meals and holiday vouchers while they had the EOTAS package but after they sole registered at school A in May 2022, they were no longer eligible.
 - this was because school A does not ask the Council to verify, using the Department for Education's system, whether children on its roll meet the free school meal eligibility criteria. It said without that verification, Q could not have holiday vouchers;
 - it had asked the government for permission to carry out verification checks for independent schools;
 - it apologised for not explaining Q's free school meal eligibility status would need to be verified before they could have holiday vouchers; and
 - in recognition of the impact of its mistake, it would pay Mrs X £100.
19. In April 2024, the Council told me it still classed Q as receiving EOTAS because the reason they attend School A is that it could not identify a suitable maintained school for them. The Council said this meant Q was eligible for free school meals under the May 2024 guidance and it would start making payments again.

Findings

Free school meals

20. The law sets out that councils only have to provide free school meals to children attending mainstream (maintained) schools. This means children who attend a non-maintained setting, including an independent special school, are not eligible for free school meals under the Education Act 1996. There is no information on the Council's website to explain this, nor did the Council explain it to Mrs X when it amended Q's EHC Plan, which was fault.
21. The Council decided, in advance of the March 2024 government guidance, to provide free school meals to Q while he was on EOTAS, starting in September 2021. Once Q started attending school A full time in May 2022, the Council stopped paying for free school meals. However, the Council told me it classes Q

as receiving EOTAS while they attend School A full-time. On that basis, there was no reason for the Council to stop the payments in May 2022. This was fault.

22. The information the Council gave Mrs X after Q stopped being eligible for free school meals was flawed and confusing. It said Q could not have the meals and holiday vouchers because it was unable to do verification checks for school A to see if children on its roll were eligible for free school meals under the criteria set out in the Education Act 1996. However, school A is an independent setting so children attending it, including Q, could not be eligible under the Act. The Council's inability to do verification checks was therefore irrelevant. This inaccurate statement was fault.
23. The Council was also at fault because its policy and website do not explain its approach to free school meals for children on EOTAS. The Council told me it will amend its website to reflect the new government guidance, which I welcome.
24. The Council's faults caused Mrs X avoidable frustration and distress and meant she had to fund Q's lunches for two years unnecessarily. It also meant Q was not automatically eligible for other support like the holiday vouchers. This will have caused Mrs X further frustration. While the Council has already paid Mrs X £100, a further remedy is necessary.

Complaints handling

25. The Council wrongly treated Mrs X's July 2022 complaint as enquiry. This was fault and meant its response did not contain any information about her right to ask for a stage two response to her complaint or to come to the Ombudsman if she remained dissatisfied after completing the Council's complaints procedure.

Agreed action

26. Within one month of the date of my final decision, the Council will take the following actions.
 - a) Apologise to Mrs X for the financial difficulty she experienced and the frustration and distress she felt due to its failure to provide free school meals for Q and the poor information and communication about Q's free school meal eligibility. We publish [guidance on remedies](#) which sets out our expectations for how organisations should apologise effectively to remedy injustice. The Council should consider this guidance in making the apology.
 - b) Pay Mrs X £200 in recognition of her injustice.
 - c) Pay Mrs X the value of the free school meals and holiday vouchers she would have received from May 2022 to March 2024, based on Q's attendance where applicable.
 - d) Confirm it is now supplying Mrs X's free school meal vouchers again.
 - e) Remind staff of the eligibility criteria for free school meals and clarify that there is no duty to provide them if a child attends an independent school. The reminder should include that new government guidance says councils should give free school meals to children on EOTAS packages where they would be eligible if they attended a maintained school.
 - f) Remind staff that when they are arranging a school placement for a child with an EHC Plan, they should speak to the child's parents or guardian if the intended placement would mean the child would no longer have free school meals.

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27. Within three months of the date of my final decision, the Council will update its website. It will explain the Council only has to provide free school meals for children that attend mainstream settings and that it has chosen to offer the meals to children with an EOTAS package, in line with the March 2024 government guidance.
28. The Council will provide us with evidence it has complied with the above actions.

Final decision

29. I have completed my investigation. I have found fault leading to personal injustice. I have recommended action to remedy that injustice and prevent reoccurrence of this fault.

Investigator's decision on behalf of the Ombudsman

The Ombudsman's final decision

Summary: The Council did not consider Mr B's request to extend double yellow lines outside his premises, in accordance with its policy. It also failed to consider the policy when Mr B complained to the Council about this. The Council's failings have left Mr B uncertain that it has properly assessed his request, and put him to additional time and trouble pursuing matters. The Council has agreed a means to remedy the complaint.

The complaint

1. Mr B complains that the Council failed to properly consider his request for a traffic regulation order to extend double yellow lines on the road at the entrance of his business premises.
2. People parking at the entrance of his premises is making it difficult for vehicles to enter and leave his property.

The Ombudsman's role and powers

3. We investigate complaints of injustice caused by 'maladministration' and 'service failure'. I have used the word fault to refer to these. We consider whether there was fault in the way an organisation made its decision. If there was no fault in how the organisation made its decision, we cannot question the outcome. (Local Government Act 1974, section 34(3), as amended)
4. If we are satisfied with an organisation's actions or proposed actions, we can complete our investigation and issue a decision statement. (Local Government Act 1974, section 30(1B) and 34H(i), as amended)

How I considered this complaint

5. I considered the information provided by Mr B. I considered the information provided by the Council including its file documents. I also considered the law and guidance set out below. Both parties had the opportunity to comment on a draft of this statement. I considered the comments of both parties before issuing this final decision.

What I found

The law and the Council's policy

6. The Road Traffic Regulation Act 1984 gives councils the power to make traffic regulation orders (TRO). A TRO can impose waiting time restrictions including double yellow lines to stop vehicles waiting there at any time.
7. The Council's policy says it will normally only consider new waiting restrictions:
 - Where a road safety problem has been identified by accident studies and it is clear that an actual reduction in accidents would follow a TRO.
 - Where obstruction of the highway or of visibility at junctions occurs on a frequent and extremely severe basis, particularly where public transport and emergency service vehicles are affected.
 - Where commerce and industry are severely affected by the presence of parked cars.
 - Where the installation of TROs is essential to provide the maximum benefit for capital investment.

What happened

8. Mr B bought commercial premises. Double yellow lines extend close to the entrance of the premises, but not as far as the entrance itself. This means that people are parking in the entrance to the premises and he says it is making it difficult for cars to get in and out. Mr B asked the Council to make a TRO to extend the line up to the entrance so that cars could not park there.
9. The Council refused Mr B's request. It said that due to the cost of TRO's it would only consider making one where there had been three or more accidents in the last three years resulting in personal injury; where emergency services and/ or bus services are severely obstructed by parking on a regular basis; and where there are problems using the junction by emergency services and/ or bus services. Mr B's request did not meet any of these criteria, and so the Council refused his request. The Council also mentioned that it thought the previous owner had objected to extending the double yellow lines when they were first put in.
10. Mr B asked the Council to reconsider. He said the Council had not fully assessed the request and it should not rely on the previous owner's objections. He asked whether the Council had visited the site. He said the Council had not taken into account that he might require HGV access and also had planning permission to install a new fence and entrance gate but could not do so while the cars were parked there. The Council said it had nothing to add to its decision and suggested Mr B make a formal complaint.
11. Mr B complained to the Council. The Council responded that it had not relied on the previous owner's objections, but the request did not meet the strict criteria it had set out. It acknowledged that the parking may impede HGV access if that was needed and may impede Mr B's plans to install an access gate, but it noted that this would have been clear when Mr B bought the premises. The Council also said that the complaints process was not the way to appeal against a decision as it could not override the highways department's decision. The Council referred Mr B to the Ombudsman.
12. Mr B went back to the department. He asked it to confirm that it would not extend the double yellow lines, despite these running to the entrances of other premises on the estate; that it had not visited the site; that the emergency services had not

reported any concerns; and that it is aware Mr B has planning permission for a new fence and gate.

13. The Council again said that Mr B's request did not meet the criteria. It added that it sometimes considers requests where it is part of similar works in the location, but there were no plans for more parking restrictions in the area. It confirmed there had been no reports of emergency services having access issues or of any highways incidents.
14. Mr B complained to the Ombudsman. In response to my investigation, the Council says that it will reconsider the request once the changes to the gate and fence have been made.
15. The Council has also explained that it received accident reports from the Police and has a dedicated team with whom it liaises regarding parking incidents. The Council has not confirmed that it liaised with this team when it considered Mr B's request, and there is no evidence on its files that it did so.

Analysis

16. It is for the Council to decide whether to make a TRO to extend the double yellow lines. The Ombudsman cannot make this decision on its behalf. However, there was fault by the Council in how it assessed Mr B's request.
17. The Council has not assessed the application against the criteria set out in its policy. The Council told Mr B that there needs to be at least three accidents involving a personal injury within the last three years, but this is not a criterion of the policy. The Council also failed to consider whether the parked cars were severely impacting business, which is a criterion of the policy.
18. There is no evidence that the Council checked the incident information it receives from the Police or liaised with anyone about the parking related incidents. The Council has not shown that it considered whether the parking here had impeded emergency services
19. There is no evidence that the Council visited the site. It could assess the request using publicly available street view images, but it should consider whether this allows an accurate assessment of the issues.
20. The Council did not consider the complaint properly. I can see that the complaints process is not an appeal process by which a decision might be changed. However, it is within the remit of the complaints process to make sure that decisions are made in accordance with the relevant policy (or it has explained its reasons for departing from the policy). In this case, the Council's did not consider this when it responded to Mr B's complaint. In response to my investigation, the Council says it now ensures that complaints about how it has applied a policy are considered by the relevant department. In addition, the Council has told me that it will reconsider the request when the gate has been installed, but it is not clear that it has told Mr B this.
21. I cannot say that had the Council considered Mr B's request properly then it would have decided to extend the double yellow lines. However, its failure to properly assess the request has left Mr B uncertain that the Council might have approved his request. The Council's shortcomings have also caused Mr B time and trouble as he had to pursue the matter with the Council and the Ombudsman. I acknowledge that the Council has offered to review its decision, but it is not clear why it should wait until Mr B has installed the access gate.

Agreed action

22. The Council will within one month of the date of this decision:
- Apologise to Mr B. We publish [guidance on remedies](#) which sets out our expectations for how organisations should apologise effectively to remedy injustice. The organisation should consider this guidance in making the apology I have recommended in my findings.
 - Reconsider Mr B's request to extend the double yellow lines with reference to the Council's policy.
 - Share this decision with relevant staff and remind them that they should assess TRO requests in accordance with the policy, and that the complaints process extends to complaints that policies have not been properly applied.
23. The Council should provide us with evidence it has complied with the above actions.

Final decision

24. I have completed my investigation. There was fault causing injustice to Mr B.

Investigator's decision on behalf of the Ombudsman

The Ombudsman's final decision

Summary: Mrs X complains on behalf of her adult son, Mr Y, who is disabled, that the Council delayed in arranging suitable long-term care, resulting in an extended stay in residential respite care. The Council properly assessed Mr Y's needs and progressed arrangements for long-term care as quickly as it could. However, it was at fault because it did not properly consider whether Mr Y needed support from an independent advocate. It also failed to update other bodies about changes to Mr Y's circumstances which caused avoidable distress to Mr Y and Mrs X. The Council agreed to apologise and pay a financial remedy. It will also issue reminders to its adult social care staff, and take steps to prevent recurrence of faults in its complaint handling.

The complaint

1. Mrs X complains on behalf of her adult son, Mr Y, who is disabled. Mr Y's relationship with his home care provider broke down in 2022 so the Council placed him in residential respite care. Mrs X says the residential care arranged by the Council was unsuitable, and it then failed to properly assess her son's needs and arrange alternative home care so he could return home, in good time. She also complains about how the Council communicated with her. Mrs X says these issues caused:
 - Mr Y distress, loss of dignity and independence, worsening of his health, and isolation from his family;
 - financial loss to Mr Y; and
 - stress for Mrs X.
2. Mrs X wants the Council to:
 - repay Mr Y for the financial loss caused by his extended stay in residential care; and
 - improve its services and retrain staff to improve communication and empathy.

The Ombudsman's role and powers

3. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. We must also consider whether any fault has had an adverse impact on the person making the

complaint. I refer to this as ‘injustice’. If there has been fault which has caused significant injustice, or that could cause injustice to others in the future we may suggest a remedy. (Local Government Act 1974, sections 26(1) and 26A(1), as amended)

4. We consider whether there was fault in the way an organisation made its decision. If there was no fault in how the organisation made its decision, we cannot question the outcome. (Local Government Act 1974, section 34(3), as amended)
5. We may investigate a complaint on behalf of someone who cannot authorise someone to act for them. The complaint may be made by:
 - their personal representative (if they have one), or
 - someone we consider to be suitable.(Local Government Act 1974, section 26A(2), as amended)
6. When considering complaints we make findings based on the balance of probabilities. This means that we look at the available relevant evidence and decide what was more likely to have happened.
7. If we are satisfied with an organisation’s actions or proposed actions, we can complete our investigation and issue a decision statement. (Local Government Act 1974, section 30(1B) and 34H(i), as amended)

How I considered this complaint

8. I considered:
 - information provided by Mrs X and discussed the complaint with her;
 - documentation and comments from the Council;
 - relevant law and guidance; and
 - the Ombudsman’s [Guidance on Jurisdiction](#) and [Guidance on Remedies](#).
9. Mrs X and the Council had opportunity to comment on my draft decision. I will considered any comments received before making a final decision.

What I found

Background

10. Mr Y has complex physical and mental health needs, and a learning disability. At the start of 2022, he was living in a supported living facility. However, he was no longer receiving care and support from the care provider that managed the supported living facility. His relationship with that provider had previously broken down. He had then received support from a different care agency, which also broke down. In late 2021, his mother, Mrs X, started to arrange home care for Mr Y herself, by paying several personal assistants using money she received from the Council.
11. In early 2022, Mrs X told the Council she was struggling to find enough personal assistants to cover the 24-hour care Mr Y needed. Staff employed by Mrs X repeatedly resigned. In February, she said Mr Y needed respite care because his two remaining personal assistants both needed to take annual leave. The following day she told the Council another personal assistant had resigned. A further three days later the care package broke down completely.

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12. The Council arranged residential respite care for Mr Y in a care home, which began in February 2022. He remained there for 16 months, before he moved back to his flat with a new home care agency in place.

My findings

13. The Ombudsman is not an appeal body. It is not our role to decide what an individual's needs are for care and support, how those needs should be met, or whether neglect or abuse has taken place; that is the Council's responsibility. We do not take a second look at a decision to decide if it was wrong. We investigate the processes the council followed, to assess whether it made its decisions properly. I have considered this for each part of the Council's decision making, below.

Assessment and care planning for Mr X while in residential respite care

14. Sections 9 and 10 of the Care Act 2014 require councils to carry out an assessment for any adult with an appearance of need for care and support. The assessment must be of the adult's needs and how they impact on their wellbeing and the results they want to achieve. It must also involve the individual and where suitable their carer or any other person they might want involved. Councils must carry out assessments over a suitable and reasonable timescale considering the urgency of needs and any variation in those needs. Councils should keep people informed throughout the assessment.
15. Mr Y was in the care home for 16 months while the Council tried to plan long-term care. Mrs X told us the Council told her the care home placement would be temporary, for a maximum of eight weeks. However, having considered all available evidence I have found no fault with how the Council communicated with Mrs X about the expected length of the placement. Mrs X is correct the Council initially arranged this as a temporary respite placement. Initial discussions the Council had with Mrs X were about providing respite cover of up to two weeks for upcoming annual leave for Mr Y's personal assistants. Shortly after this however, Mr Y's home care package broke down because the personal assistant left, and Mrs X and another family member were left trying to cover Mr Y's 24-hour care. Therefore, the purpose of the residential placement changed. It is correct the care home initially agreed to an eight-week placement and funding was arranged on this basis, because at that time the Council did not know how long Mr Y would stay there. However, on the balance of the evidence available, my view is the Council did not tell Mrs X this would be for a maximum of eight weeks. The day before Mr Y moved to the placement, the Council told Mrs X it needed to explore longer term options. Its view was the existing arrangement of home care within Mr Y's flat was not sustainable. It said if the care home placement worked well and was positive for Mr Y, it may lead to a more long-term residential placement.
16. Based on all available evidence, I find the Council was continuously working to find a care and support arrangement that met Mr Y's complex needs, and aligned with the views and wishes of Mr Y and Mrs X. This was a complex situation, and my view based on the evidence is the Council did all it could to progress the case. Unfortunately, there were two occasions where alternative living and care arrangements were almost in place, which fell through at the last minute. On both occasions the issues were outside the Council's control and it prioritised Mr Y's needs and welfare throughout. I accept this took a long time, and I do not doubt this caused frustration and upset to both Mr Y and Mrs X. However, I do not find fault with the Council in how it assessed Mr Y's needs, and planned to meet them, during this time. I do not find the family were caused avoidable distress directly because of the actions of the Council.

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17. Because Mr Y remained in the care home for over a year, he stopped receiving housing benefit to cover the rent on his flat. This was the decision of a different council which administered his housing benefit. Because of this, Mr Y accrued arrears for the full amount of his rent for the period he was not in receipt of housing benefit, February to June 2023. Mrs X's view is Mr Y only remained in the care home for more than a year due to fault by Nottinghamshire County Council, so it should pay for Mr Y's rent for this period. I have not found Mr Y stayed in the home because of fault by the Council. When it considered Mrs X's complaint, the Council offered to pay half of Mr Y's rent arrears as a gesture of goodwill, to recognise the situation was outside Mr Y's control. It then paid this money directly to Mr Y's housing provider on his behalf. Mrs X said the amount the Council paid was not half of the full rent arrears accrued by Mr Y from February to June 2023. However, as I have not found Mr Y stayed in the home because of fault by the Council, I do not consider it suitable to recommend the Council takes any further action about this. A different council stopped Mr Y's housing benefit and Mrs X may complain to that council, or appeal about its benefits decision, if she wishes to do so.
18. Mrs X also complained about how the Council communicated with her during the time Mr Y was in the care home. She said it failed to take her views into account, provided false and conflicting information, and used language that was unprofessional, abusive, and threatening. I appreciate this was an extremely stressful and frustrating period for Mrs X, and Mr Y. However, my view based on all the evidence, is the Council communicated properly with the family. It was in constant communication with the family throughout, considered Mrs X's views, and worked to ensure Mr Y's long-term care arrangements were in line with the family's wishes. Although I accept Mrs X has been upset by these issues, I do not consider based on what I have seen that behaviour from, or language used by, Council staff towards the family was inappropriate or unacceptable.

Care and support Mr Y received while in residential respite care

19. Mrs X says the care home placement was not suitable for Mr Y from start. The evidence shows the Council considered several alternatives at the point of arranging the placement, and continued to consider if it could move Mr Y while he was in the care home. Although it accepted the care home was not ideal due to the distance from Mrs X, I found based on the evidence that it properly considered this to be the only available option which met Mr Y's needs in a complex situation. I have found no fault in how the Council decided this.
20. After Mr Y moved to the care home, Mrs X quickly said she was unhappy with the placement, particularly after it became clear this would last longer than the eight weeks she had expected. Mrs X repeatedly raised concerns with the Council about the suitability of the placement for Mr Y's needs, and about the care and support provided to him. The Council considered the care home suitable to meet Mr Y's needs throughout his stay there. It properly considered all the issues reported by Mrs X, and continuously worked with the care home, Mr Y, and Mrs X to resolve Mrs X's concerns. I found no fault with how the Council addressed Mrs X's concerns.
21. Mrs X said she raised several safeguarding concerns while Mr Y was in the care home. Section 42 of the Care Act 2014 says a council must make necessary enquiries if it has reason to think a person:
- may be at risk of abuse or neglect; and
 - has care and support needs which mean they cannot protect themselves.

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22. The Council did not consider any of the concerns raised by Mrs X to be allegations of abuse or neglect, and so did not begin any safeguarding investigations. Based on what Mrs X reported to the Council about the care home, I do not consider it had any information which should have led it to consider making safeguarding enquiries. I found no fault in how the Council considered the concerns raised. In the absence of any fault identified in how the Council considered this, I cannot question the decision itself.
23. When Mr Y moved into the care home, his care plan included some direct one-to-one support hours, extra to the support available from care home staff. Mrs X said the Council wrongly stopped the one-to-one support in November 2022, when Mr Y had been in the care home nine months. The Council had noted back in August 2022 it was considering removing the hours because Mr Y's needs had changed. It recorded the hours were originally agreed to support Mr Y during difficult personal circumstances, following a close bereavement, and when there were repeated changes to his care arrangements, as described at paragraph 10. The Council noted its professional opinion was the one-to-one support was no longer having a positive effect on Mr Y as it led to him being more isolated in his room within the care home. Around a month after the one-to-one support stopped, the Council noted the care home reported an improvement in Mr Y's mood and presentation without the support. Mrs X told us she disagrees with the care home's report about this. My view, based on the evidence, is the Council properly considered its decision to remove the one-to-one support. I cannot question or criticise the Council's professional judgment where this was properly considered without fault.

Support by an advocate

24. Mrs X says she repeatedly asked the Council to appoint an advocate to support Mr Y in the care assessment and planning process. She says she felt the Council did not listen to her views, so thought an independent advocate would be better placed to support Mr Y.
25. A council must arrange an independent advocate to support and represent a person in their assessment, in the preparation of their care and support plan, and in the review of their care plan, if:
- the person would have substantial difficulty in being fully involved in these processes without an independent advocate; and
 - there is no appropriate individual available to support and represent the person's wishes who is not paid or professionally engaged in providing care or treatment to the person or their carer.
- (Section 7.4, Care and Support Statutory Guidance)
26. In May 2022, Mr Y had been in the care home three months and a plan to move him to a new home in the community with 24-hour care fell through. Mrs X told the Council she wanted it to arrange an independent advocate to support Mr Y. The Council's notes of this conversation show Mrs X told it she was extremely stressed.
27. The Council told Mrs X that Mr Y did not meet the criteria for advocacy because she was available to advocate for him, and an independent advocate could add no more. This was fault. The Council should have considered whether it should arrange an advocate at that point. Although the Council clearly considered Mrs X was **appropriate** to support Mr Y, it did not consider whether she was **available** to do so. By explaining the stress it was causing her, I consider Mrs X was

making clear she was not available to provide that support herself. The Council later considered this, and an independent advocate was involved in one meeting, the last review of Mr Y's care needs while he was in the care home, in February 2023.

28. The Council's failure to properly consider whether an independent advocate was needed sooner, was fault. On the balance of probabilities, I do not consider it changed anything for Mr Y in terms of his living situation. There was no suggestion Mr Y wanted someone other than Mrs X to be his advocate. Mrs X told us he was happy for her to act as his advocate and represent his wishes. Also, once an independent advocate was involved, this did not change how Mr Y expressed his views and wishes. However, the Council's delay in considering this when Mrs X had asked it to caused Mrs X avoidable distress, for which it should provide a remedy.

Financial impact of Mr Y's stay in residential care – Motability car

29. Mr Y was in receipt of Personal Independence Payment (PIP), a benefit which helps with extra living costs for disabled people. If someone qualifies for the 'Higher Rate Mobility Component' of PIP, they can choose to use this allowance to meet the cost of having a car. This is arranged through a national scheme called the Motability scheme. Before he went into the care home, Mr Y had a car through the Motability scheme, which stayed at his flat, unused, after he moved. Mr Y does not drive and needs someone to take him out in the car.
30. Mrs X raised concerns with the Council about the impact of Mr Y's stay in the care home on his entitlement to a Motability car. The order of events was as follows.
- In January 2022, before Mr Y went into the care home, Mrs X told the Council she had concerns his Motability car was not suitable because he did not want to use the wheelchair ramp. She said she was concerned he could not get a new car with a vehicle lift because this would be too expensive. However, Mrs X told us this did not mean she was planning to replace the car imminently before Mr Y went into the home. She was exploring her options for when the vehicle was next up for renewal.
 - In May 2022, when Mr Y had been in the care home three months, the Department for Work and Pensions (DWP) wrote to the Council asking for information about his circumstances, to inform his benefits. The Council did not respond.
 - In June 2022, Mrs X told the Council the Motability scheme had said the DWP had stopped making Mr Y's Motability payments due to the length of time he had been in the care home. She said she was concerned he would lose his car. The Council said it would look into this but did not take further action.
 - In August 2022, Mrs X told the Council the Motability scheme said it was going to remove Mr Y's car because it had not received payment from DWP for four months. The Council said it would speak to the Motability scheme on Mrs X's behalf but did not take further action. The car was removed shortly afterwards. Mrs X then told the Council she was looking at different cars to replace this for when he returned home, which may be more suitable for him.
 - In September 2022, Mrs X told the Council she had discovered the DWP payments to the Motability scheme had stopped because the Council had failed to respond to the May 2022 request for information from the DWP. The same day, the Council responded to the letter it had received from the DWP four months earlier. [Page 32 of 166](#)

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- In July 2023, two weeks after Mr Y returned to his flat, Mrs X had already ordered a new Motability car for Mr Y but told the Council she was considering giving this up. However, she said Mr Y was keen on still having a car. Mrs X decided to proceed with the new Motability car and this was delivered to Mr Y two weeks later.
31. The Council did not respond to the request for information from DWP for five months. It also did not follow up on this issue when it told Mrs X it would. This was fault.
32. Mrs X said because of the Council's actions Mr Y was left without a car. He was without a car from August 2022 to July 2023. During this time, he was in the care home. The care home had a different car which it used to take residents out, including Mr Y. Mrs X said because Mr Y's Motability car was removed, he could not go out as he wished, only when the care home arranged it. However, even before the car was removed, he did not use it. He was now in residential care, and it was necessary for him to have different care arrangements, including for car trips into the community. Changes to how Mr Y took trips into the community were not caused by the absence of a Motability car. They were as a result of the change of his care arrangements from home care to residential care. Therefore, I do not consider the absence of a car during this period changed anything for Mr Y. However, I consider the removal of the car, and the uncertainty about when it would be replaced, caused him distress.
33. Mrs X also said the removal of the car caused inconvenience to the family because she had to spend significant time applying for a new car. She also said Mr Y had to make a significant upfront payment for his new car.
34. I cannot comment on whether the removal of Mr Y's Motability car was a direct result of this fault by the Council. Removal of the car resulted from decisions made by the Motability scheme and DWP, neither of which are bodies we can investigate. We only investigate the actions of the Council. The Council's failure to respond to the DWP letter may have been a contributing factor, or indeed, the only factor, in determining the decision of other bodies to remove the car. There also may have been other factors involved.
35. In responding to Mrs X's complaint, the Council accepted Mrs X's position that its failure to respond to the DWP letter resulted in removal of the car. It told Mrs X if she wanted to explain any extra costs the family incurred because of its failure to respond to the DWP, it would consider this. Mrs X did not respond to this offer, and told us this is because she did not consider Mr Y incurred extra costs because of the removal of the car. She only considered he missed out on using the car, and distress was caused by its unexpected removal and the effort of replacing it. As I have explained, I cannot make a finding about whether the car was removed as a direct result of the Council's fault. I can only conclude, on the balance of probabilities, there remains uncertainty for Mrs X and Mr Y about how things may have been different with his Motability car had the Council responded to the DWP letter in good time. Had the Council response, it may be the distress caused by the car's removal, and not knowing when it would be replaced, could have been avoided. This uncertainty causes them distress, for which the Council should provide a remedy.

Changes to Mr Y's care funding when he went into residential care

36. Councils can make Direct Payments (DPs) to those who ask for them, so they can arrange care and support themselves. This means the Council pays money to the individual and they use that money to pay for care they arrange. Where the

Council makes DPs, it should support people to use and manage the payment properly. This means the Council may refer someone to a 'Direct Payment Support Service' (DPSS), a third-party organisation which will manage the money for them.

37. Before Mr Y went into the care home, Mrs X was receiving DPs from the Council to arrange Mr Y's home care herself. She was using a DPSS to manage the money and ensure Mr Y's personal assistants who provided his home care were paid correctly.
38. Mrs X raised concerns with the Council several times about communications she had received from HMRC about the Direct Payment money from before Mr Y went into the care home. The order of events was as follows.
- In October 2022, eight months after Mr Y went into the care home, Mrs X contacted the Council. She said she had received a letter from HMRC about tax owed due to Direct Payment money the family had received from the Council, but not used to arrange care for Mr Y. The Council contacted the DPSS twice in October and asked it to investigate this and contact Mrs X.
 - In December 2022, the DPSS contacted the Council. It said the Council had continued to make payments into the DPSS account after Mr Y went into the care home and there was a large amount of money in the account. It asked the Council to ensure it had ended the DPs. The Council investigated and said it had ended the DPs in July 2022, five months after Mr Y went into the care home. However, due to a staff member being off sick when this ended, it had not sent a standard letter to the DPSS to close this off. The DPSS said it would take steps to resolve the issue with HMRC.
 - Mrs X contacted the Council again in January, April, and July 2023, as she continued to receive letters from HMRC about the issue. The Council continued to contact the DPSS to ask it to resolve the issue. The DPSS repeatedly told the Council it would resolve the issue with HMRC. Mrs X says the issue was not resolved until eventually HMRC accepted Mrs X had done all she could to chase this up, and had not received the DP money herself, so stopped pursuing the tax.
39. The Council's failure to properly stop the DPs after Mr Y went into the care home, and to inform the DPSS of this, was fault. Once it realised its fault in December 2022, there was no further action it could take to resolve this for Mrs X, other than to chase the DPSS, which it did. However, I consider the Council's fault contributed to the avoidable distress this caused to Mrs X. The Council should remedy the injustice caused.

Complaint process

40. The Council's adult social care complaints procedure says:
- all complaints will be allocated to a named complaints officer who will be the complainant's point of contact;
 - it will acknowledge receipt of a complaint within 5 working days;
 - it will aim to respond to a complaint at Stage 1 within 20 working days, or keep people updated if this will take longer. If a complainant is dissatisfied with the outcome at Stage 1, they can escalate their complaint within 10 working days; and

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- a service manager or director will then review the complaint and provide the Council's final decision within 20 working days. After this the complainant can escalate to the Ombudsman.
41. In June 2022, Mrs X complained Mr Y was still in the care home after four months. In July 2022, Mrs X had not received a response via the Council's complaints procedure. She therefore complained again the Council was not doing enough to move Mr Y from the care home. The Council responded at Stage 1 of its complaints procedure in August 2022, 32 working days after Mrs X first complained. It told Mrs X to respond if she had any remaining queries and concerns; she did not do so. This complaint response took slightly longer than the 20 working days in the Council's policy. However, Mr Y's allocated social worker had stayed in contact with Mrs X about the issues throughout, so I do not consider this to be fault.
42. In September 2022, Mrs X made a new complaint. She complained Mr Y's Motability car had been taken because the Council had failed to respond to the DWP. She also said she had concerns a home care package the Council was trying to arrange so Mr Y could move home was not suitable so would be unsuccessful. The Council responded in 16 working days. It told Mrs X to respond with details of any costs incurred because of the Motability issue but did not tell her how to escalate the complaint further if she was dissatisfied. This was fault.
43. In June 2023, Mrs X complained again, that Mr Y was still in the care home and the Council had failed to find a suitable home care package so he could return to his flat. The Council responded in 9 working days. It did not tell her how to escalate the complaint further if she was dissatisfied, which was fault. A week later, Mrs X asked the Council how she could escalate her complaint, and it directed her to the Ombudsman. The Council apologised because it had failed to include the Ombudsman's details in its complaint response. Mrs X came to us a month later.
44. The Council failed to be clear with Mrs X about which stage of its complaints procedure it was responding at, and how to escalate her complaint. Mrs X also said she rang the Council's complaints team on two further occasions, in February and March 2023, but did not receive a proper response to the issues raised. The Council's failure to keep proper track of Mrs X's complaints and follow a clear process with clear instructions for how to escalate, was fault. I consider this caused Mrs X frustration, but in this case did not make a difference to Mr Y's circumstances. The Council apologised to Mrs X because it recognised it should have directed her to the Ombudsman sooner. I consider this suitable to remedy the injustice caused. I have also recommended the Council takes steps to prevent a recurrence of issues with its complaint handling in future.

Agreed action

45. Within one month of our final decision the Council will:
- a) apologise separately to Mr Y and Mrs X for the faults identified and the impact of those faults. We publish [guidance on remedies](#) which sets out our expectations for how organisations should apologise effectively to remedy injustice. The organisation should consider this guidance in making the this apology. It should also consider how it can best apologise to Mr Y in a way that he understands and is meaningful for him;
 - b) pay a financial remedy of £300 to Mr Y. This is to recognise the uncertainty that remains about whether the distress caused to him by the unscheduled removal

of his Motability car could have been avoided, had the Council responded to queries from the DWP in good time;

c) pay a financial remedy of £500 to Mrs X to recognise:

- i. distress caused by its failure to properly consider whether it should appoint an independent advocate when Mrs X asked it to because of the stress she was experiencing;
- ii. distress caused by its failure to properly end Mr Y's direct payments when he went into the care home; and
- iii. the uncertainty that remains about whether the distress caused by the unscheduled removal of Mr Y's Motability car could have been avoided, had the Council responded to queries from the DWP in good time.

46. Within three months of our final decision the Council will:

a) issue a reminder to relevant adult social care staff about:

- i. when they should consider whether an independent advocate is needed to support in the care assessment and planning process. It should remind them that any existing appropriate representative must also be available and willing to provide the support;
- ii. the process they should follow to properly stop direct payments when needed because an individual's circumstances have changed; and
- iii. the importance of responding to enquiries for information from external organisations, such as information needed to support an individual's benefits claim.

b) ensure its complaints team considers the findings of complaint handling fault in this case and decides what steps it should take to address the faults and prevent recurrence in future. This could include changes to processes or template letters, or reminders or training to staff.

47. The Council will provide us with evidence it has complied with the above actions.

Final decision

48. I have completed my investigation. There was fault by the Council which caused avoidable distress to Mr Y and Mrs X. The Council agreed to our recommendations to remedy this injustice, issue reminders to its adult social care staff, and take steps to prevent recurrence of the faults in complaint handling.

Investigator's decision on behalf of the Ombudsman

24 July 2024**Agenda Item:5****REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND
IMPROVEMENT****FORVIS MAZARS – AUDIT STRATEGY MEMORANDUMS 2023/24****Purpose of the Report**

1. To inform Members of the External Auditors' Audit Strategy Memorandums for the 2023/24 Audit.

Information

2. The attached reports from our external auditors, Forvis Mazars, sets out the proposed Audit Strategy Memorandums, for both Nottinghamshire County Council and the Nottinghamshire Pension Fund, for the 2023/24 audit, including their approach, significant risks, fees, key staff and timelines for the audit. The reports are presented to Members for their information. Bethan Vance, Audit Manager – Forvis Mazars) will be in attendance at the meeting to introduce the reports and respond to Members' questions.

Other Options Considered

3. The reports are for comment only.

Reason/s for Recommendation/s

4. To provide information to Members on the External Audit Strategy Memorandums 2023/24.

Statutory and Policy Implications

5. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

6. The anticipated total fees for the 2023/24 audit are £264,489 for Nottinghamshire County Council and £94,120 for the Nottinghamshire Pension Fund, which are in line with expectations.

RECOMMENDATION/S

- 1) That Members note the External Auditor's Audit Strategy Memorandums for 2023/24.

Nigel Stevenson

Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:

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

Constitutional Comments (16/07/2024 GR)

7. Pursuant to the Nottinghamshire County Council constitution, this Committee has the delegated authority to receive this report.

Financial Comments (01/07/2024 GB)

8. The financial implications are set out in the 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 Strategy Memorandum

Nottinghamshire County Council– Year ending 31 March 2024

July 2024

Governance & Ethics Committee
Nottinghamshire County Council
County Hall
West Bridgford
Nottingham
NG2 7QP

Forvis Mazars
2 Chamberlain Square
Birmingham
B3 3AX

24th July 2024

Dear Governance & Ethics Committee Members,

Audit Strategy Memorandum – Year Ending 31 March 2024

We are pleased to present our Audit Strategy Memorandum for Nottinghamshire County Council for the year ending 31 March 2024. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Nottinghamshire County Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit and forthcoming accounting issues and other issues that may be of interest to you.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me at Mark.Surridge@mazars.co.uk

Yours Faithfully,

Mark Surridge
Forvis Mazars

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- 06 Audit fees and other services
- 07 Confirmation of our independence
- 08 Materiality and misstatements

- A Appendix A – Key communication points
- B Appendix B - Current year updates, forthcoming accounting and other issues
- C Appendix C: Consultations on measures to tackle the local government financial reporting and audit backlog



01

Engagement and responsibilities summary



Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of Nottinghamshire County Council (the Council) for the year to 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined overleaf.

At the time of presenting our Audit Strategy Memorandum, there are a series of active consultations in place that could impact upon both the Council's financial statements and the work we are required to undertake. Appendix C summarises the proposals under each of the consultations and further details can be found on the Financial Reporting Council's [website](#). Should the outcome of these consultations affect the risks we have identified or the scope of our work, we will provide further information to the Committee in due course.

Engagement and responsibilities summary

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Governance & Ethics Committee, as Those Charged With Governance, of their responsibilities.

The s151 Officer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists; and
- b) consider the appropriateness of the s151 Officer's use of the going concern basis of accounting in the preparation of the financial statements.

Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management [include Internal audit, other key individuals where relevant] as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nottinghamshire County Council's internal control.

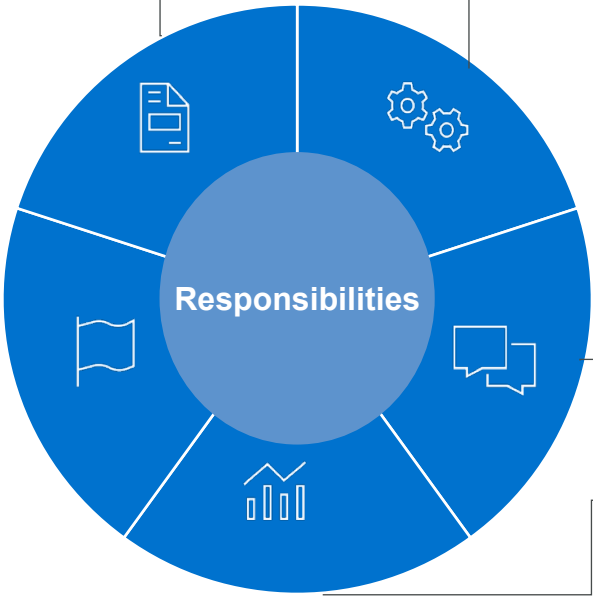
Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



02

Your audit engagement team



Your audit team



Mark Surridge
Engagement Partner

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07875 974 291



Bethan Vance
Audit Manager

Bethan.Vance@mazars.co.uk
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Sameer Amin
Audit Assistant Manager

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07977 029 387

We will utilise internal experts on this engagement in the following areas:

- Land and Buildings valuations

03

Audit scope, approach, and timeline



Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud) to aid in our risk assessment, we develop our audit strategy and design audit procedures to respond to the risks we have identified.

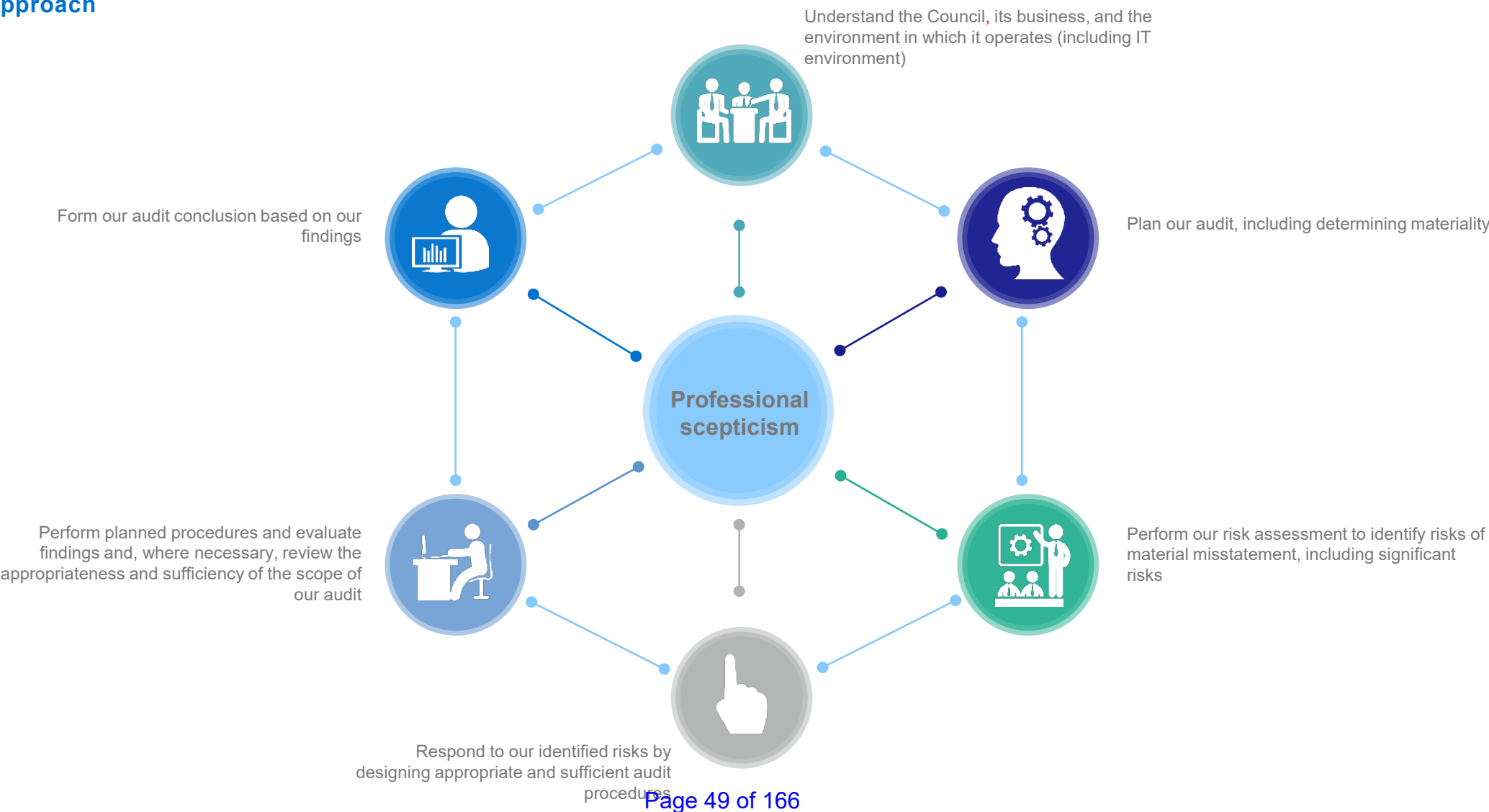
If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.

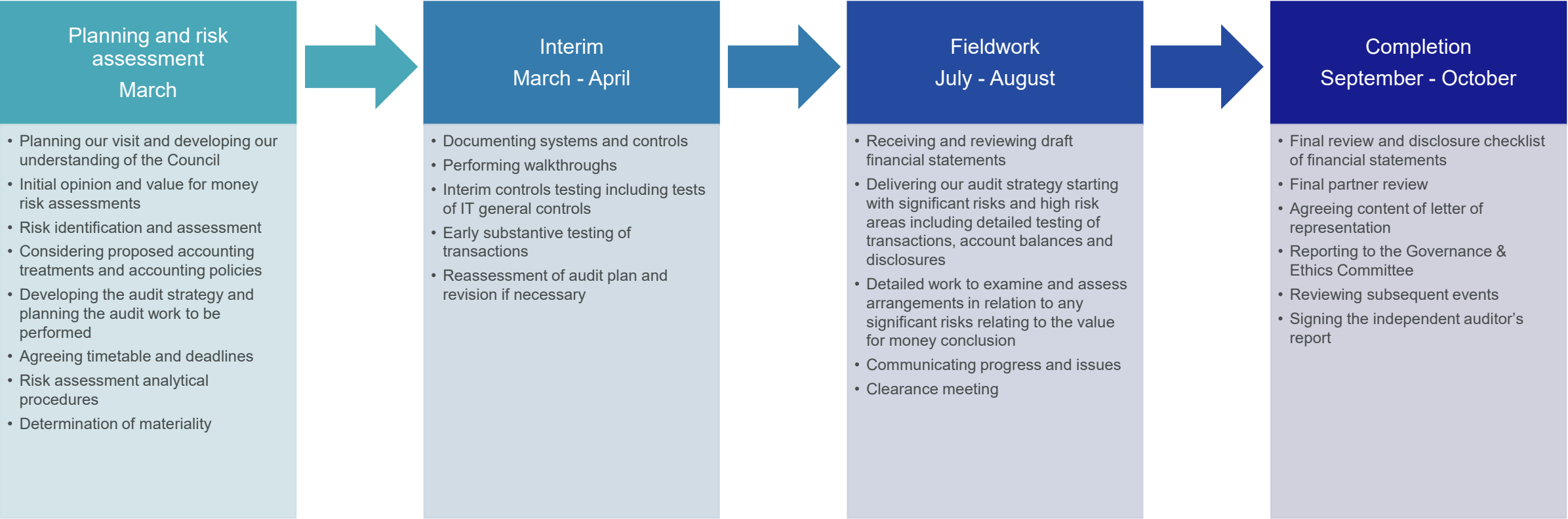
Audit scope, approach and timeline

Risk-based Approach



Audit scope, approach, and timeline

Audit timeline



Audit scope, approach, and timeline

Management's experts and our experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of Account	Management's expert	Our expert
Land and Buildings Valuations	Neil Gamble (until June 2024) and John Marriot (new valuer) (Internal valuers)	Internal Forvis Mazars valuations team, and third-party evidence provided by the NAO to support our challenge of valuation assumptions
Defined Benefit Pension Valuation	Barnett Waddingham Actuary for Nottinghamshire Pension Fund	PWC consulting actuary appointed by the NAO

04

Significant risks and other key judgement areas



Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by auditing standards), including management override of controls and revenue recognition.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

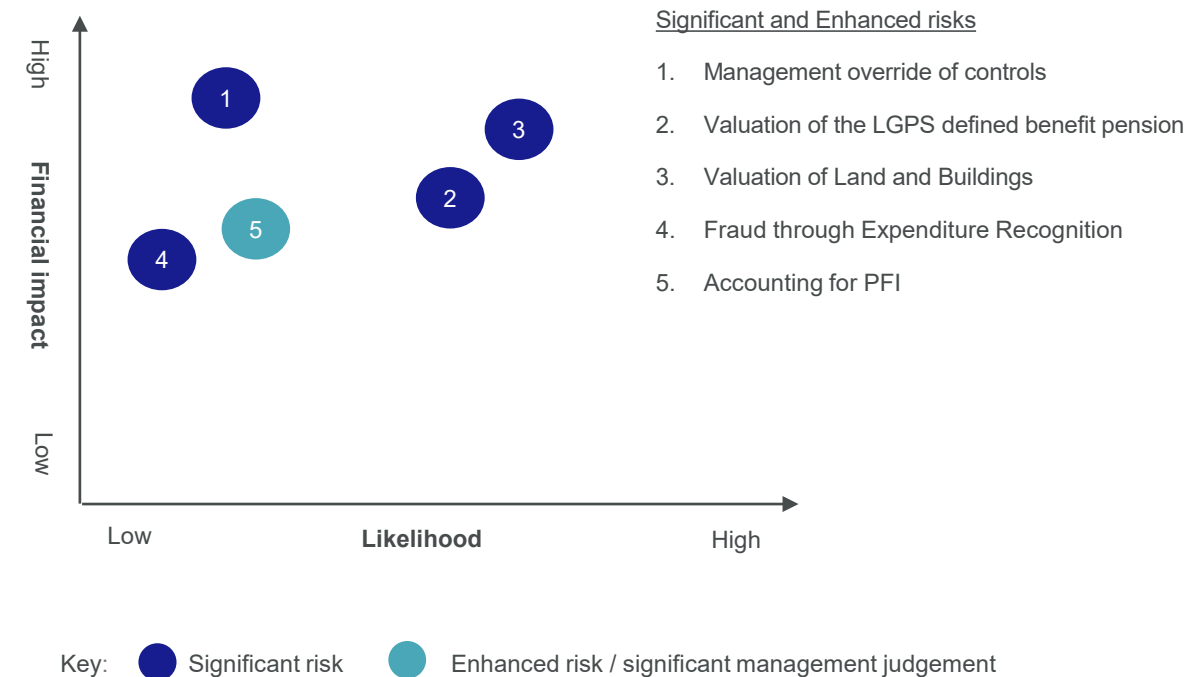
- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Governance & Ethics Committee

Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	●	●	We plan to address the risk of management override of controls by performing audit work on accounting estimates, journal entries and significant transactions that are outside the normal course of business or otherwise unusual.

Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p>Valuation of the LGPS defined benefit pension</p> <p>The Council is an employer in the Local Government Pension Scheme, administered on a local level by the Nottinghamshire Pension Fund.</p> <p>The defined benefit assets and liabilities are significant items in the Council's balance sheet and the Council engages an actuary to perform an annual valuation in accordance with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have identified a significant risk in this area.</p>	●	●	●	<p>We plan to address this risk by:</p> <ul style="list-style-type: none">• Critically assessing the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary;• Liaising with the auditors of the Nottinghamshire Pension Fund to gain assurance over the design and implementation of the controls in place at the Pension Fund. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;• Reviewing the appropriateness of the pension asset and liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by PwC and consulting actuary engaged by the National Audit Office; and• Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements. In the event of a pension surplus arising in 23/24, its accounting treatment will require specific consideration under IFRIC 14.

Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
3	<p>Valuation of land, buildings and investment properties</p> <p>Land and buildings within Property, Plant and Equipment (PPE) and Investment Properties are significant items on the Council's balance sheet.</p> <p>The valuation of land, buildings and investment properties is complex and involves a number of management assumptions and judgements. Due to the high degree of estimation uncertainty involved, we have identified a significant risk in this area.</p>	●	●	●	<p>We plan to address this risk by:</p> <ul style="list-style-type: none">• Critically assessing the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;• Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;• Assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends;• Testing a sample of assets valued during 2023/24, drawing support from our own expert, to source records and challenging key judgements made;• Critically assessing the approach that the Council adopts to ensure that assets not subject to revaluation in 2023/24 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers.

Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
4	<p>Risk of fraud in expenditure recognition</p> <p>The risk of fraud in expenditure recognition is a significant risk on all audits due to the potential to inappropriately shift the timing and basis of expenditure recognition as well as the potential to record fictitious expenditure or fail to record actual expenditure.</p> <p>Having considered the expenditure streams at the Council, we deem the risk to relate specifically to non-pay expenditure and ensuring it has been recorded in the correct financial period, with the risk being cut-off around the year-end.</p>	●	●	●	<p>We plan to address this risk by:</p> <ul style="list-style-type: none">• testing of expenditure recorded in the ledger in the pre-and post- year end period to ensure it has been coded to the correct financial year; and• testing payments in the pre- and post-year end period to ensure they have been recognised in the right year.

Significant risks and other key judgement areas

Other key areas of management judgement and enhanced risks

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

	Description	Fraud	Error	Judgement	Planned response
5	<p>Accounting for PFI Valuation of land and buildings</p> <p>The Council has PFI schemes in place for schools and for a waste recycling centre and accounting for PFI transactions involves judgement, is often supported by complex financial models, and includes large values.</p>	●	●	●	In the first year of our appointment, we will validate the accounting treatment applied under IFRIC 12 Service Concessions and perform supporting tests to gain assurance over opening balances such that the PFI schemes have been accounted for correctly and values presented in the financial statements are not materially misstated.

Significant risks and other key judgement areas

Areas of audit focus

Whilst these are not classified as areas of significant, or enhanced risk, these are areas where we will focus additional work as part of our audit.

	Description	Fraud	Error	Judgement	Planned response
6	<p>Accounting for infrastructure assets</p> <p>The government has put in place a statutory accounting override to allow local authorities to treat the value of any replaced component of infrastructure assets as nil, without the need to further evidence that this is the case. The override also removes the requirement for authorities to make prior period adjustments to infrastructure asset balances. The override does not include any provision for matters relating to gross cost or accumulated depreciation, as these matters are anticipated to be addressed through the Code.</p> <p>The statutory override does not apply to the depreciation charged in year. CIPFA bulletin 12 Accounting for Infrastructure Assets Temporary Solution specifically considers depreciation and useful lives of assets stating that depreciation is an estimate of economic consumption of economic benefits and cannot be a precise measurement.</p> <p>Given that Infrastructure Assets are highly material, we have identified useful expected lives and the depreciation estimate as a key area of management judgement with a risk of material misstatement</p>	●	●	●	<p>We may:</p> <ul style="list-style-type: none">• Review management’s review of asset life, residual value and depreciation methodology for infrastructure assets;• Assess the expertise of the engineers management use to inform their estimate of useful expected lives;• Review the accounting policies for derecognition of infrastructure assets to ensure they reflect the accounting treatment applied;• Obtain assurance that the apportionment of NBV and in-year expenditure across classes of infrastructure assets are reasonable;• Challenge the asset lives determined by the Council where they fall outside of the ranges in the CIPFA bulletin; and• Ensure management have included the disclosures required by the Code Update and Amended Regulations
7	<p>Minimum Revenue Provision (MRP)</p> <p>The Council is required to set a policy for MRP having regard to statutory guidance. The charge is an important part of the prudential framework and an area we will consider further as part of our work.</p>	●	●	●	<p>We expect to review the Council’s policy for MRP and challenge management’s assessment of how it complies with relevant statutory guidance.</p>

Significant risks and other key judgement areas

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, as part of our audit we obtain the views of, and enquire whether the Governance & Ethics Committee has knowledge of, the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between the Group and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to the Governance & Ethics Committee which we will obtain prior to completing our audit.

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to the Governance & Ethics Committee which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

Internal audit function

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Based on our assessment of the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors, the level of competence of the internal audit function, and whether the internal audit function applies a systematic and disciplined approach, including quality control, we do not expect to use the work of the internal audit function for the purpose of our audit.

Nonetheless, we will obtain a copy of the reports issued by internal audit relating to the financial period under audit determine whether any findings will have an impact on our risk assessment and planned audit procedures.

05

Value for money arrangements



Value for money arrangements

The framework for value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

2023/24 will be the fourth audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources include: <ul style="list-style-type: none">• NAO guidance and supporting information;• information from internal and external sources including regulators;• knowledge from previous audits and other audit work undertaken in the year; and• interviews and discussions with officers and Members.
Additional risk-based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report. Our commentary will also highlight: <ul style="list-style-type: none">• significant weaknesses identified and our recommendations for improvement; and• emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Value for money arrangements

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Although we have not fully completed our planning and risk assessment work, at this stage we have not identified any risks of significant weaknesses in arrangements. We will report any further identified risks to the Governance & Ethics Committee on completion of our planning and risk identification work.

06

Audit fees and other services



Audit fees and other services

Fees for work as the Council's appointed auditor

Public Sector Audit Appointments (PSAA) set the fee scale each year based on the income it needs from audit fees to meet the costs of the audit contracts for opted in bodies and its own costs. PSAA has published the scale fee for 2023/24 on its website, where it also explains the basis of its calculations in coming to this value. PSAA propose using the fee variations process for certain areas where it felt there was insufficient information at the time to include in the 2023/24 scale fee. It expects to build the following into the future fee scale:

- ISA315 Identifying and Assessing the Risks of Material Misstatement, applicable from 2022/23
- IFRS16 Leases, applicable from 2024/25.

Periodically, PSAA returns any surplus to opted-in bodies by means of a distribution, once it is clear the surplus is no longer needed.

Our fees (exclusive of VAT) for the audit of Nottinghamshire County Council for the year ended 31 March 2024, are outlined below. Fee variations for 2023/24 are yet to be confirmed.

Area of work	2023/24 Proposed Fee	2022/23 Actual Fee
Scale fee in respect of our work under the Code of Audit Practice	£264,489	£84,374
Additional fees in respect of additional work from the introduction of new auditing standards (ISA 540 estimates)	TBC	£6,000
Additional fees in respect of additional work from the introduction of new auditing standards (ISA 315)	TBC	£5,000
Other additional testing: <ul style="list-style-type: none">• first year audit costs arising from significant judgements / estimates (PFI)• Infrastructure assets	TBC	-
Other additional costs (per predecessor auditor's reports)	-	£19,700
Additional fees in respect of the VFM Commentary	Included in scale fee	£19,000
Total fee variations	TBC	£49,700
Total fees	TBC	£134,074

Fees for non-PSAA work




At this stage, we have not been engaged by the Council to carry out any additional work. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

07

Confirmation of our independence



Confirmation of our independence

	Requirements	We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Ethical Standard 2019.
	Compliance	We are not aware of any relationship between Forvis Mazars and Nottinghamshire County Council that, in our professional judgement, may reasonably be thought to impair our independence. We are independent of Nottinghamshire County Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.
	Non-audit and Audit fees	We have set out a summary any non-audit services provided by Forvis Mazars (with related fees) to Nottinghamshire County Council in Section 6, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC’s Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with Mark Surridge in the first instance.

Prior to the provision of any non-audit services, Mark Surridge will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 2018/19 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

08

Materiality and misstatements



Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Governance & Ethics Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements

Materiality (continued)

We consider that gross revenue expenditure is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 2% of gross revenue expenditure

As set out in the table below, based on currently available information (draft 2023/24 financial statements) we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £31.8m, and performance materiality to be in the region of £22.3m.

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

	2023/24 £'000s
Overall materiality	£31,792
Performance materiality	£22,255
Clearly trivial	£954
Specific materiality - Senior Officers' Remuneration	£5

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to the Governance & Ethics Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £954k, based on 3% of overall materiality. If you have any queries about this, please raise these with Mark Surridge.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to the Governance & Ethics Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover quantitative misstatements, including those relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to the Governance & Ethics Committee as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

C: Consultations on measures to tackle the local government financial reporting and audit backlog



Appendix A: Key communication points

We value communication with the Governance & Ethics Committee as a two way feedback process at the heart of our client service commitment. ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Audit strategy memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none">• Uncorrected misstatements and their effect on our audit opinion;• The effect of uncorrected misstatements related to prior periods;• A request that any uncorrected misstatement is corrected; and• In writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none">• Enquiries of the Governance & Ethics Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and• A discussion of any other matters related to fraud.	Audit completion Report and discussion at Governance & Ethics Committee Audit planning and clearance meetings

Appendix A: Key communication points

Required communication	Where addressed
Significant matters arising during the audit in connection with the entity’s related parties including, when applicable: <ul style="list-style-type: none">• Non-disclosure by management;• Inappropriate authorisation and approval of transactions;• Disagreement over disclosures;• Non-compliance with laws and regulations; and• Difficulty in identifying the party that ultimately controls the entity.	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none">• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;• Significant difficulties, if any, encountered during the audit;• Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;• Written representations that we are seeking;• Expected modifications to the audit report; and• Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Governance & Ethics Committee in the context of fulfilling their responsibilities.	Audit Completion Report

Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report and Governance & Ethics Committee meetings
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Governance & Ethics Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance & Ethics Committee may be aware of.	Audit Completion Report and Governance & Ethics Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements. 	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, the firm's ISQM 1 team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on the firm's System of Quality Management:</p> <ul style="list-style-type: none"> • Ensure there is an appropriate assignment of responsibilities under ISQM1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities • Identify, review and update quality risks each quarter, taking into consideration of number of input sources (such as FRC / ICAEW review findings, AQT findings, RCA findings, etc.) • Identify, design and implement responses as part of the process to strengthen the firm's internal control environment and overall quality • Evaluate responses to identify and remediation process / control gaps <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p>	Audit Strategy Memorandum

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2024

The information detailed on this slide is for wider IFRS information only. They will be subject to inclusion within the FReM and Code as determined by FRAB.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Issued January 2020), Deferral of Effective Date (Issued July 2020) and Non-current Liabilities with Covenants (Issued October 2022)

The January 2020 amendments clarify the requirements for classifying liabilities as current or non-current in IAS 1 by providing clarification surrounding: when to assess classification; understanding what is an 'unconditional right'; whether to determine classification based on an entity's right versus discretion and expectation; and dealing with settlements after the reporting date.

The October 2022 amendments specify how covenants should be taken into account in the classification of a liability as current or non-current. Only covenants with which an entity is required to comply with by the reporting date affect the classification as current or non-current. Classification is not therefore affected if the right to defer settlement of a liability for at least 12 months is subject to compliance with covenants at a date after the reporting date. These amendments also clarify the disclosures about the nature of covenants, so that users of financial statements can assess the risk that non-current debts accompanied by covenants may become repayable within 12 months.

Amendments to IAS 16 Leases: Lease Liability in Sale and Leaseback (Issued September 2022)

The amendments include additional requirements to explain how to subsequently measure the lease liability in a sale and leaseback transaction, specifically how to include variable lease payments.

For further information, please refer to our blog article: [Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback](#)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued May 2023)

The amendments introduce changes to the disclosure requirements around supplier finance arrangements with the intention of providing more detailed information to help users analyse and understand the effects of such arrangements.

The amendments provide an overarching disclosure objective to ensure that users of financial statements are able to assess the effects of such arrangements on an entity's liabilities and cash flows, as well as some additional disclosure requirements relating to the specific terms and conditions of the arrangement, quantitative information about changes in financial liabilities that are part of the supplier financing arrangement, and about an entity's exposure to liquidity risk.

For further information, please refer to our blog article: [IASB publishes final amendments on supplier finance arrangements](#)

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments (continued)

Effective for accounting periods beginning on or after 1 January 2023

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies (Issued February 2021)

The amendments set out new requirements for material accounting policy information to be disclosed, rather than significant accounting policies. Immaterial accounting policy information should not be disclosed as accounting policy information taken in isolation is unlikely to be material, but it is when the information is considered together with other information in the financial statements that may make it material.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Issued February 2021)

The amendment introduces a new definition for accounting estimates and clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events.

IFRS 17 Insurance Contracts (issued May 2017) and Amendments to IFRS 17 Insurance Contracts (Issued June 2020)

IFRS 17 is a new standard that will replace IFRS 4 *Insurance Contracts* (IFRS 4). The standard sets out the principles for the recognition, measurement, presentation and disclosure about insurance contracts issued, and reinsurance contracts held, by entities.

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Financial Instruments (Issued December 2021)

The amendments address potential mismatches between the measurement of financial assets and insurance liabilities in the comparative period because of different transitional requirements in IFRS 9 and IFRS 17. The amendments introduce a classification overlay under which a financial asset is permitted to be presented in the comparative period as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period. The classification overlay can be applied on an instrument-by-instrument basis.

IFRS 17 Insurance Contracts has not yet been adopted by the FReM. Adoption in the FReM is expected to be from April 2025; early adoption is not permitted.

Appendix C: Consultations on measures to tackle the local government financial reporting and audit backlog

There are a number of consultations currently taking place that may have implications format and content of the Council's financial statements, the work we are required to undertake under the Code for: the of Audit Practice and the timetable for the publication of the audited statements of account.

The General Election may effect the outcome and timing of these consultations.

CIPFA/LASAAC consultation on short-term measures to aid the recovery of local authority reporting and audit

This [consultation](#) proposes amendments to the Code of Practice on Local Authority Accounting (the Accounting Code), applicable only to relevant bodies in England. The proposals are to:

- Extend the current temporary solution for accounting for infrastructure assets beyond 2024/25;
- Remove some disclosure requirements relating to a body's net defined benefit liabilities / assets; and
- Simplify the measurement for operational property, plant and equipment in specific circumstances up to 2025/26.

DLUHC consultation on addressing the local audit backlog in England

This [consultation](#) proposes a range of measures aimed at 'clear the backlog and put the system on a sustainable footing' and outlines two key phases of recovery up to 2027/28. A key aspect of the proposals is to require Category 1 bodies, such as the Council, to publish audited financial statements by a series of backstop dates. This proposal will be put in place by amending the Accounts and Audit Regulations 2015. For statements of account for financial years up to and including 2022/23, this would mean audited accounts will need to be published by 30 September 2024 unless a pre-defined exemption criteria has been met (such as there being an outstanding objection to the accounts at the backstop date).

The consultation sets out other proposals including:

- Publishing a list of bodies and audit firms which do not meet the statutory deadline for publishing audited statements of account; and

- Setting out 'backstop' dates for each financial year up to and including 2027/28.

In including a statutory backstop date for the publication of audited statements of account, the consultation makes it clear that the DLUHC expects that this will give rise to auditors issuing modified audit reports where they have not been able to complete their work on the financial statements.

NAO consultation on draft amendments to the Code of Audit Practice

This [consultation](#) has been launched alongside DLUHC's consultation on amendments to the Accounts and Audit Regulations 2015 and seeks to introduce measures that support more timely auditor reporting. The principle changes to the Code of Audit Practice being proposed are to:

- Require the auditor to issue an opinion on the financial statements by the 'backstop' date outlined in the amended Accounts and Audit Regulations 2015, whether this opinion is modified or not (subject to a number of exemptions);
- Allow the auditor to apply a reduced scope of work in relation to VFM arrangements work for outstanding audits up to and including 2022/23; and
- Require the auditor to publish the Auditor's Annual Report by 30 November each year from the 2023/24 audit year, and for this report to provide a summary of progress on the audit at the time of issue (even if the audit is not complete).

Contact

Forvis Mazars

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Audit Strategy Memorandum

Nottinghamshire Pension Fund – Year ending 31 March 2024

July 2024

Governance and Ethics Committee
Nottinghamshire Pension Fund

County Hall
West Bridgford
Nottingham
NG2 7QP

24th July 2024

Forvis Mazars
One St Peter's Square
Manchester
M2 3DE

Dear Governance and Ethics Committee members,

Audit Strategy Memorandum – Year Ending 31 March 2024

We are pleased to present our Audit Strategy Memorandum for Nottinghamshire Pension Fund for the year ending 31 March 2024. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 6 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Nottinghamshire Pension Fund which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me at Alastair.Newall@mazars.co.uk

Yours Faithfully,

Alastair Newall

Forvis Mazars

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01

Engagement and responsibilities summary



Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of Nottinghamshire Pension Fund (the Pension Fund) for the year to 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined overleaf.

At the time of presenting our Audit Strategy Memorandum, there are a series of active consultations in place that could impact upon both the Pension Fund's financial statements and the work we are required to undertake. Appendix C summarises the proposals under each of the consultations and further details can be found on the Financial Reporting Council's [website](#). Should the outcome of these consultations affect the risks we have identified or the scope of our work, we will provide further information to the Governance and Ethics Committee in due course.

Engagement and responsibilities summary

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or Governance and Ethics Committee, as Those Charged With Governance, of their responsibilities.

The s151 Officer is responsible for the assessment of whether it is appropriate for the Pension Fund to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists; and
- b) consider the appropriateness of the s151 Officer's use of the going concern basis of accounting in the preparation of the financial statements.

Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management, Internal audit, other key individuals where relevant as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

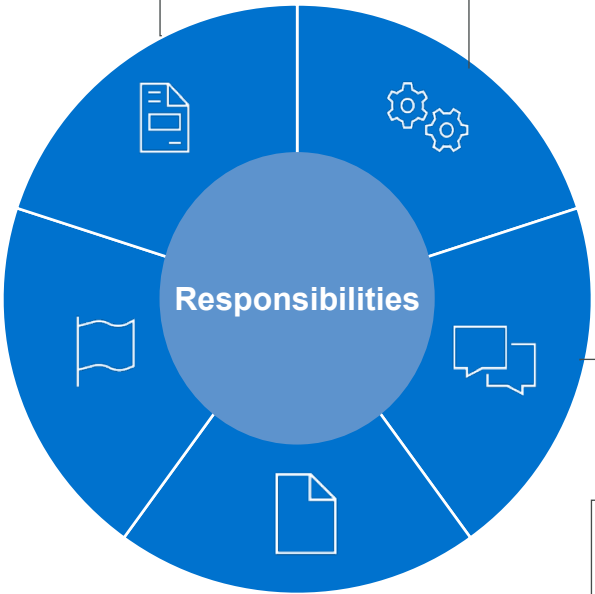
We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nottinghamshire Pension Fund's internal control.

Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Pension Fund and consider objections made to the accounts. This would include an objection made to the accounts of the Pension Fund included in the administering authority's financial statements. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Consistency Statement

We are responsible for forming and expressing an opinion on the consistency of the financial statements within the Pension Fund's annual report and the Pension Fund's financial statements included in the Statement of Accounts of Nottinghamshire County Council.



02

Your audit engagement team



Your audit team



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Engagement Partner

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03

Audit scope, approach, and timeline



Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud) to aid in our risk assessment, we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 7.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.

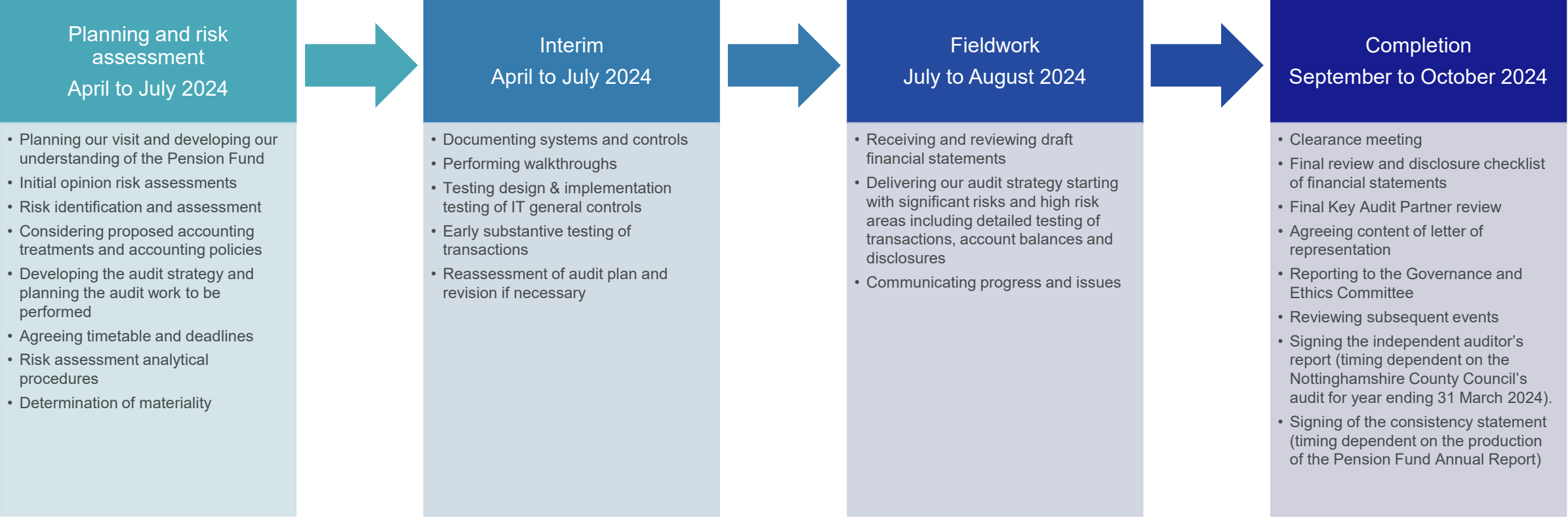
Audit scope, approach, and timeline

Risk-based approach



Audit scope, approach, and timeline

Audit timeline



Audit scope, approach, and timeline

Management's experts and our experts

Management makes use of experts in specific areas when preparing the Pension Fund's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of Account	Management's expert	Our expert
Investment assets (financial investments and directly held properties) and related disclosures	Investment managers engaged by the Fund to manage investments, who provide valuations as part of their reporting on this role and property valuer employed to provide quarterly valuations.	At this stage we do not intend to engage our own expert. Should this change we will report this to the Committee in our Audit Completion Report.
Funding arrangements and actuarial present value of promised retirement	Barnett Waddingham Public Sector Consulting	NAO consulting actuary PwC

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Pension Fund that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

The table below summarises the service organisations used by the Pension Fund and our planned audit approach.

Item of Account	Service organisation	Audit approach
Investment assets and related disclosures	Custodian	Substantive procedures

04

Significant risks and other key judgement areas



Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by auditing standards), including management override of controls and revenue recognition.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

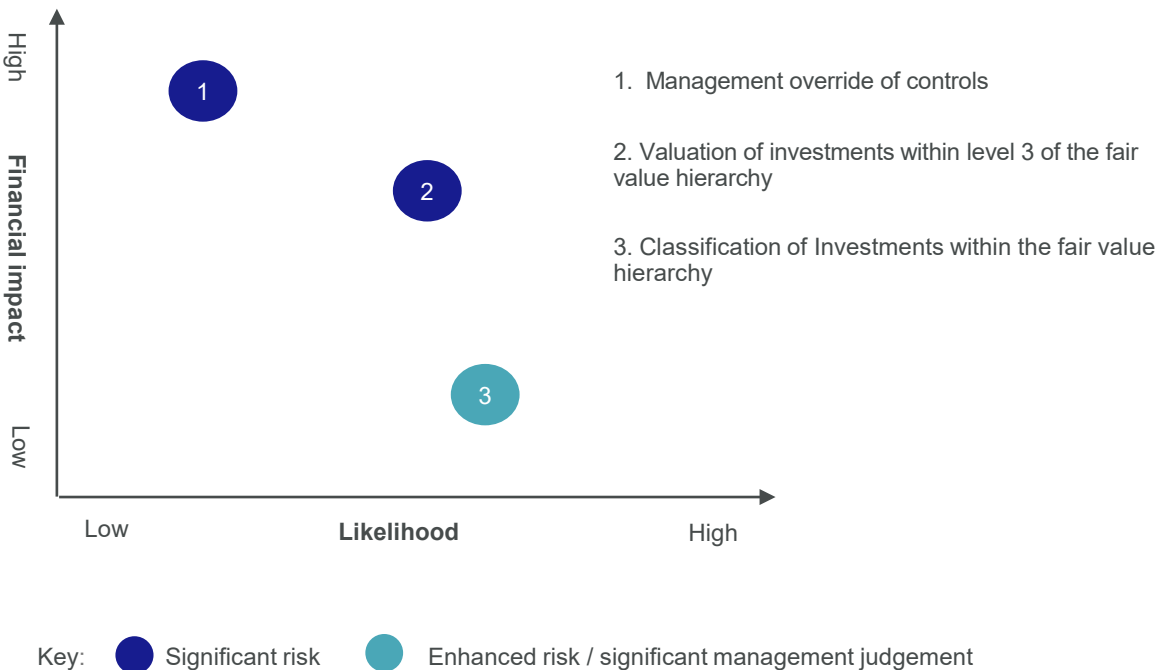
- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Pension Fund. We have summarised our audit response to these risks on the next page.



Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to Governance and Ethics Committee.

Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●		●	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.

Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p>Valuation of investments within level 3 of the fair value hierarchy</p> <p>At 31 March 2024, the Pension Fund held investments within level 3 of the fair value hierarchy of £552m (including Directly held properties). Inherently these assets are harder to value, as they do not have publicly available quoted prices from a traded market, and as such they require professional judgement or assumptions to be made when valuing them at year end.</p> <p>As the pricing of these investment assets is subject to judgements, they may be susceptible to pricing variances for 2023/24 due to the assumptions underlying the valuation. We therefore consider that there is an increased risk of material misstatement.</p>		●	●	<p>We plan to address this risk by completing the following procedures:</p> <ul style="list-style-type: none">• obtaining an understanding of the skills, experience and qualifications of any external valuers used by the Pension Fund;• obtaining an understanding of the basis of valuation applied in the year, and reviewing the valuation methodologies;• agreeing a sample of valuations to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation;• reviewing management's reconciliation of fund manager reports to the custodian's report;• agreeing a sample of valuations to audited accounts or other independent supporting documentation, and considering the impact of any modified audit reports on those audited accounts.

Significant risks and other key judgement areas

Other key areas of management judgement and enhanced risks

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

	Description	Fraud	Error	Judgement	Planned response
4	<p>Classification of Investments within the fair value hierarchy</p> <p>Financial assets valued at fair value are classified as level 1, 2 or 3 under the International Financial Reporting Standard 13 (IFRS13). The classification is based on the inputs used to determine the value, with level 1 assets being those with less estimation uncertainty, and level 3 assets being those with more estimation uncertainty. The classification involves management judgement and there is an enhanced risk of misclassification error as a result of the judgement and assumptions involved.</p>		●	●	<p>Our audit procedures will include:</p> <ul style="list-style-type: none">• Reviewing management’s judgements around the classification of investment assets at level 1, 2 and 3; and• Testing the classification of a sample of assets to ensure that the Council’s disclosures are appropriate for each level.

Significant risks and other key judgement areas

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, as part of our audit we obtain the views of, and enquire whether Governance and Ethics Committee has knowledge of, the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between the Group and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to Governance and Ethics Committee which we will obtain prior to completing our audit.

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to Governance and Ethics Committee which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

05

Audit fees and other services



Audit fees and other services

Fees for work as the Pension Fund’s appointed auditor

Area of work	2023/24 Proposed Fee
Core Audit Work	
PSAA Scale fee ¹	£94,120
Additional fees ²	TBC
Fee variation in respect of additional work required to comply with ISA 315	TBC
Audit related fees	
Additional audit fees: Additional work to respond to requests from employer auditors ³	TBC

As 2023/24 is our first year as the Pension Fund’s auditor we have not reported the previous auditor (Grant Thornton) fees for the previous year. Based on the predecessor auditor’s report the fees subject to PSAA agreement were £70,656.

¹ PSAA set the audit scale fee. The 2023/24 scale fees were set following PSAAs consultation. More information is available on the PSAA website.

² Additional fees relate to enhanced procedures required due to increased regulatory expectations and changes in accounting standards.

³ Each year we receive requests from employer body auditors to undertake a programme of work in respect of data held by the Pension Fund which is used by the actuary to calculate pension assets and liabilities for individual employers. The fee for this work is charged to the Pension Fund, it is expected that the Pension Fund will recharge these fees to the relevant employers. This approach is in line with the PSAA Terms of Appointment, and the expectation with NAO’s AGN01 General Supporting Local Audit.

Fees for non-PSAA work




We are not engaged to carry out any work outside of that to deliver the Code of Audit Practice audit.

06

Confirmation of our independence



Confirmation of our independence

	Requirements	We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Ethical Standard 2019.
	Compliance	We are not aware of any relationship between Forvis Mazars and Nottinghamshire Pension Fund that, in our professional judgement, may reasonably be thought to impair our independence. We are independent of Nottinghamshire Pension Fund and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.
	Non-audit and Audit fees	We have set out a summary any non-audit services provided by Forvis Mazars (with related fees) to Nottinghamshire Pension Fund in Section 5, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC’s Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with Alastair Newall in the first instance.

Prior to the provision of any non-audit services, Alastair Newall will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 2018/19 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

07

Materiality and misstatements



Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to Governance and Ethics Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements

Materiality (continued)

We consider that Net assets is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 1% of net assets for overall materiality.

As set out in the table below, based on currently available information (draft 2023/24 financial statements) we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £70,000k, and performance materiality to be in the region of £45,500k.

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

	2023/24 £'000s
Overall materiality	£70,000
Performance materiality	£45,500
Specific materiality - Fund Account - Overall materiality	£27,000
Specific materiality – Fund Account – Performance materiality	£17,550
Trivial threshold for errors to be reported to the Governance and Ethics Committee	£2,100

Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to Governance and Ethics Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £2,100k, based on 3% of overall materiality. If you have any queries about this, please raise these with Alastair Newall.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to Governance and Ethics Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover quantitative misstatements, including those relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to Governance and Ethics Committee as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

C: Consultations on measures to tackle the local government financial reporting and audit backlog



Appendix A: Key communication points

We value communication with Governance and Ethics Committee as a two way feedback process at the heart of our client service commitment. ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Audit strategy memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none">• Uncorrected misstatements and their effect on our audit opinion;• The effect of uncorrected misstatements related to prior periods;• A request that any uncorrected misstatement is corrected; and• In writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none">• Enquiries of Governance and Ethics Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and• A discussion of any other matters related to fraud.	Audit completion Report and discussion at Governance and Ethics Committee Audit planning and clearance meetings

Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	Audit Completion Report
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Governance and Ethics Committee in the context of fulfilling their responsibilities. 	Audit Completion Report

Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report and Governance and Ethics Committee meetings
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of Governance and Ethics Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that Governance and Ethics Committee may be aware of.	Audit Completion Report and Governance and Ethics Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements. 	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, the firm's ISQM (UK) 1 team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on the firm's System of Quality Management:</p> <ul style="list-style-type: none"> • Ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities • Identify, review and update quality risks each quarter, taking into consideration of number of input sources (such as FRC / ICAEW review findings, AQT findings, RCA findings, etc.) • Identify, design and implement responses as part of the process to strengthen the firm's internal control environment and overall quality • Evaluate responses to identify and remediation process / control gaps <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p>	Audit Strategy Memorandum

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2024

The information detailed on this slide is for wider IFRS information only. They will be subject to inclusion within the FReM and Code as determined by FRAB.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Issued January 2020), Deferral of Effective Date (Issued July 2020) and Non-current Liabilities with Covenants (Issued October 2022)

The January 2020 amendments clarify the requirements for classifying liabilities as current or non-current in IAS 1 by providing clarification surrounding: when to assess classification; understanding what is an 'unconditional right'; whether to determine classification based on an entity's right versus discretion and expectation; and dealing with settlements after the reporting date.

The October 2022 amendments specify how covenants should be taken into account in the classification of a liability as current or non-current. Only covenants with which an entity is required to comply with by the reporting date affect the classification as current or non-current. Classification is not therefore affected if the right to defer settlement of a liability for at least 12 months is subject to compliance with covenants at a date after the reporting date. These amendments also clarify the disclosures about the nature of covenants, so that users of financial statements can assess the risk that non-current debts accompanied by covenants may become repayable within 12 months.

Amendments to IAS 16 Leases: Lease Liability in Sale and Leaseback (Issued September 2022)

The amendments include additional requirements to explain how to subsequently measure the lease liability in a sale and leaseback transaction, specifically how to include variable lease payments.

For further information, please refer to our blog article: [Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback](#)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued May 2023)

The amendments introduce changes to the disclosure requirements around supplier finance arrangements with the intention of providing more detailed information to help users analyse and understand the effects of such arrangements.

The amendments provide an overarching disclosure objective to ensure that users of financial statements are able to assess the effects of such arrangements on an entity's liabilities and cash flows, as well as some additional disclosure requirements relating to the specific terms and conditions of the arrangement, quantitative information about changes in financial liabilities that are part of the supplier financing arrangement, and about an entity's exposure to liquidity risk.

For further information, please refer to our blog article: [IASB publishes final amendments on supplier finance arrangements](#)

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments (continued)

Effective for accounting periods beginning on or after 1 January 2023

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies (Issued February 2021)

The amendments set out new requirements for material accounting policy information to be disclosed, rather than significant accounting policies. Immaterial accounting policy information should not be disclosed as accounting policy information taken in isolation is unlikely to be material, but it is when the information is considered together with other information in the financial statements that may make it material.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Issued February 2021)

The amendment introduces a new definition for accounting estimates and clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events.

IFRS 17 Insurance Contracts (issued May 2017) and Amendments to IFRS 17 Insurance Contracts (Issued June 2020)

IFRS 17 is a new standard that will replace IFRS 4 *Insurance Contracts* (IFRS 4). The standard sets out the principles for the recognition, measurement, presentation and disclosure about insurance contracts issued, and reinsurance contracts held, by entities.

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Financial Instruments (Issued December 2021)

The amendments address potential mismatches between the measurement of financial assets and insurance liabilities in the comparative period because of different transitional requirements in IFRS 9 and IFRS 17. The amendments introduce a classification overlay under which a financial asset is permitted to be presented in the comparative period as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period. The classification overlay can be applied on an instrument-by-instrument basis.

IFRS 17 Insurance Contracts has not yet been adopted by the FReM. Adoption in the FReM is expected to be from April 2025; early adoption is not permitted.

Appendix C: Consultations on measures to tackle the local government financial reporting and audit backlog

As we outline in the introduction to this report, the outcomes of two consultations that could impact the timetable for audit reporting for the Pension Fund are yet to be announced.

In this Appendix, we summarise the proposals in each of the consultations for information.

DLUHC consultation on addressing the local audit backlog in England

This [consultation](#) proposes a range of measures aimed at 'clear the backlog and put the system on a sustainable footing' and outlines two key phases of recovery up to 2027/28. A key aspect of the proposals is to require Category 1 bodies, such as the Pension Fund, to publish audited financial statements by a series of backstop dates. This proposal will be put in place by amending the Accounts and Audit Regulations 2015. For statements of account for financial years up to and including 2022/23, this would mean audited accounts will need to be published by 30 September 2024 unless a pre-defined exemption criteria has been met (such as there being an outstanding objection to the accounts at the backstop date).

The consultation sets out other proposals including:

- Publishing a list of bodies and audit firms which do not meet the statutory deadline for publishing audited statements of account; and
- Setting out 'backstop' dates for each financial year up to and including 2027/28.

In including a statutory backstop date for the publication of audited statements of account, the consultation makes it clear that the DLUHC expects that this will give rise to auditors issuing modified audit reports where they have not been able to complete their work on the financial statements.

NAO consultation on draft amendments to the Code of Audit Practice

This [consultation](#) has been launched alongside DLUHC's consultation on amendments to the Accounts and Audit Regulations 2015 and seeks to introduce measures that support more timely auditor reporting. The principal changes to the Code of Audit Practice being proposed are to:

- Require the auditor to issue an opinion on the financial statements by the 'backstop' date outlined in the amended Accounts and Audit Regulations 2015, whether this opinion is modified or not (subject to a number of exemptions);
- Allow the auditor to apply a reduced scope of work in relation to VFM arrangements work for outstanding audits up to and including 2022/23; and
- Require the auditor to publish the Auditor's Annual Report by 30 November each year from the 2023/24 audit year, and for this report to provide a summary of progress on the audit at the time of issue (even if the audit is not complete).

Contact

Forvis Mazars

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Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

24 July 2024**Agenda Item: 6****REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE &
IMPROVEMENT****INTERNAL AUDIT TERM 3 2023-24 PROGRESS AND TERM 2 2024-25 PLAN****Purpose of the Report**

1. To inform Members of the work carried out by Internal Audit in Term 3 of 2023-24.
2. To consult with Members on the Internal Audit Plan for Term 2 of 2024-25.

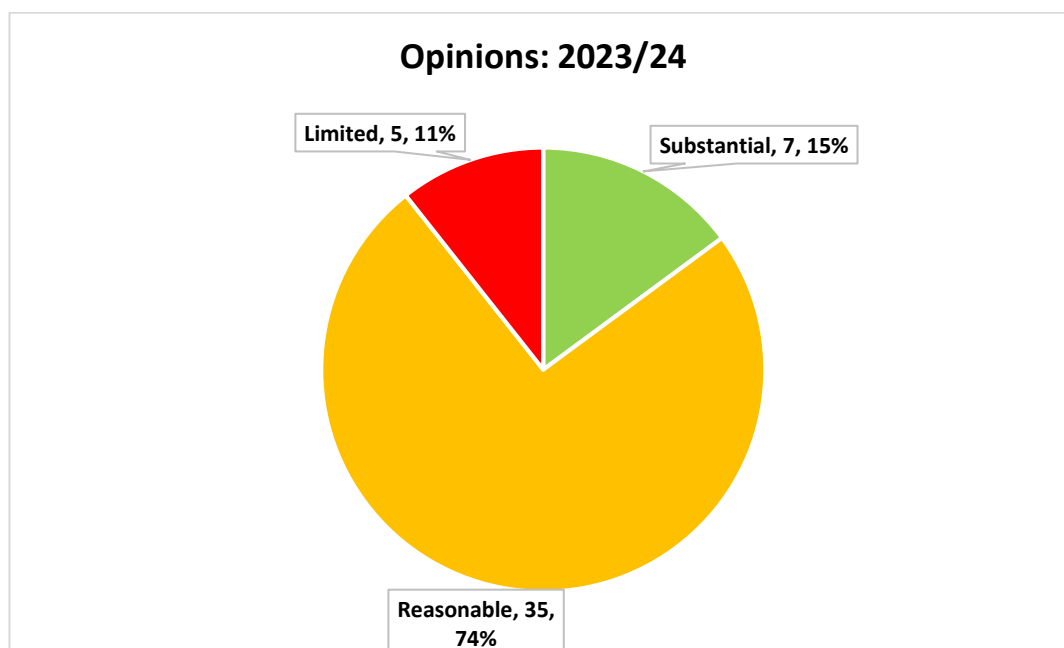
Information**Internal Audit's work in Term 3 – 2023-24 – December 2023 to March 2024**

3. Internal Audit continued to deliver its service through a flexible and agile approach. A range of work was completed across the Council, covering the following key types of Internal Audit input:
 - Assurance audits - for which an audit opinion is issued
 - Advice and consultancy – often relating to key developments, initiatives and changes to the internal control framework
 - Counter-fraud – primarily focussed on pro-active work to raise awareness of emerging fraud issues.

Audit assurance

4. The opinion-based assurance work is a key contributor to the Head of Internal Audit's year-end opinion on the adequacy of the Council's arrangements for governance, risk management and control. This was reported to the previous Committee in June 2023. **Chart 1** shows the cumulative distribution of opinions issued in the full year 2023-24, to the end of Term 3. This chart includes schools audits undertaken by the Children & Families Finance Team.

Chart 1- Opinions to end of Term 3 2023-24



5. The above opinions are just one of the sources of assurance that internal audit provides. The other main sources of assurance that we provide are:
- Our action tracking provides assurance that the findings of our audits, which as shown above led mostly to Reasonable Assurance opinions, are being addressed. A report on this is also presented to this July 2024 committee.
 - Our assurance mapping, which includes sources of internal and external assurance, is carried out annually and was last reported to the June 2024 committee.
 - We have developed a series of continuous assurance indicators, monitored on a monthly basis, and reported to the Council's statutory officers. The year-end position was summarised in the Internal Audit Annual Report to the June 2024 committee, and its headline was that 28 of the 31 areas (90%) provided positive assurance.
6. In terms of the work completed on the County Council's services and systems, **Chart 2** analyses the opinions issued in Term 3 by service area and level of assurance.

Chart 2 - Opinions for Term 3 2023-24

	LIMITED ASSURANCE	REASONABLE ASSURANCE	SUBSTANTIAL ASSURANCE
Council-Wide		Governance Update Consultant Engagements	
Childrens Place		Blue Badge – fraud and misuse risks Climate Change – follow-up	
Adults			
Chief Exec's			
School Audits	1 Visit*	8 Visits	1 Visit

* The main reason for Limited Assurance on school audits in the above table is the breakdown of internal controls in relation to separation of duties and authorisation, over overtime, payroll, payments and purchase orders, etc. However small the number of office staff at a school, there is always a solution to this, even if it means checks by the headteacher and/or a Finance Governor. This problem arises at schools regardless of the number of office staff, and can be due to high turnover, lack of knowledge, or lack of organisation. The School Finance Team provides training, on request, to schools' office staff undertaking such functions.

7. The significant pieces of assurance work during Term 3 were the following:

- Continuous Assurance – to provide a monthly report to the Council's statutory officers on the application of internal control in key Council processes. This report was expanded this term to include six new Irregularity / Fraud indicators.
- Governance Update – to the April 2024 committee.
- The above audits on Consultant Engagements, Blue Badges, and a follow-up report on Climate Change.

Advisory input

8. Internal Audit continued to provide advisory input to developments across the Council. In term 3 we provided three pieces of advice on substitutions by staff when on leave, bank account signatories, and vetting (DBS) checks.
9. Internal Audit's advisory input ensures that timely advice is delivered and can influence subsequent actions. It helps to maintain our focus on control issues and provides intelligence for subsequent planned assurance activity.

Counter-Fraud

10. Internal Audit pursued its pro-active programme, disseminating fraud awareness materials to alert departments and staff of fraud risks and scams that emerged. The following summarises the key areas of activity:
 - Our mid-year Counter-Fraud Progress Report to the January 2024 committee.
 - National Fraud Initiative (NFI) – coordination and review of matches with departments.
 - National and Local Fraud Alerts – screening and distributing to relevant sections, of alerts publicised by national fraud agencies.
11. In addition, Internal Audit advises in fraud investigation activities involving live cases, and these are summarised in the Annual Fraud Report, which is also presented to this July 2024 committee.

Certification

12. Internal Audit provides a certification function for a variety of grants received and distributed by the Council, and financial accounts in which the Council has an interest. During Term 3 the following were audited:
 - Sustainable Warmth Grant – from the national Department for Energy Security & Net Zero
 - Arts Council Grant – Libraries Improvement Fund – Radio Frequency Identification (RFID)
 - Beeston Youth and Community Centre – annual accounts for 2022/23.

Internal Audit Performance

13. **Appendix 1** provides an update on the Section's performance in Term 3 against its key indicators. It includes the following charts to depict progress against the Term 3 Plan, expressed in terms of the following:
- Inputs – the number of audit days delivered against the plan. Each segment in the chart represents one month - ¼ of the Termly Plan.
 - Outputs – the number of jobs completed against the plan. Each segment in the chart represents one month - ¼ of the Termly Plan.
 - Productivity indicator – the target score is 1.
14. A good level of performance has been achieved and members' attention is drawn particularly to the following:
- Staffing resources – a Senior Auditor left in early term 3. This was one of the new recruits in the previous Term. This meant that the productive days available for term 3 was less than planned. Appendix 1 shows that despite the number of days being reduced, the number of jobs done fell proportionately less, leading to a positive productivity indicator of 119%. The post was readvertised and filled in late March. This has led to the increase in planned days available for term 2 (as shown in the chart at paragraph 21 below). A vacancy remains for an Internal Audit Apprentice, and we plan to recruit to this now that the Senior Auditor post has been filled. Time has been set aside from the planned audit work for the Team Manager's involvement in the recruitment and induction of new staff.
 - Assurance and Advisory activities – the completion of internal audit activity reflects the impact of staffing changes and is reflected in the agile approach adopted. Term 3 again demonstrated that the team continues to flex plans and provide advisory activities to support the immediate risks facing the Council. This can have an impact on delivery of the planned assurance reviews, but these are kept under review for ongoing priority in subsequent plans, as identified in the Term 2 plan for 2024-25.
 - Action tracking implementation rates, for actions arising from audits, met or exceeded the target of 75% on the last two 6-monthly reviews, before a fall in our latest report to this July 2024 Committee. This showed an implementation rate of 87% for 2022/23 actions and 70% for 2023/24 actions. The reason for the fall is included in the report to this July committee. The next update on this is scheduled for November 2024.

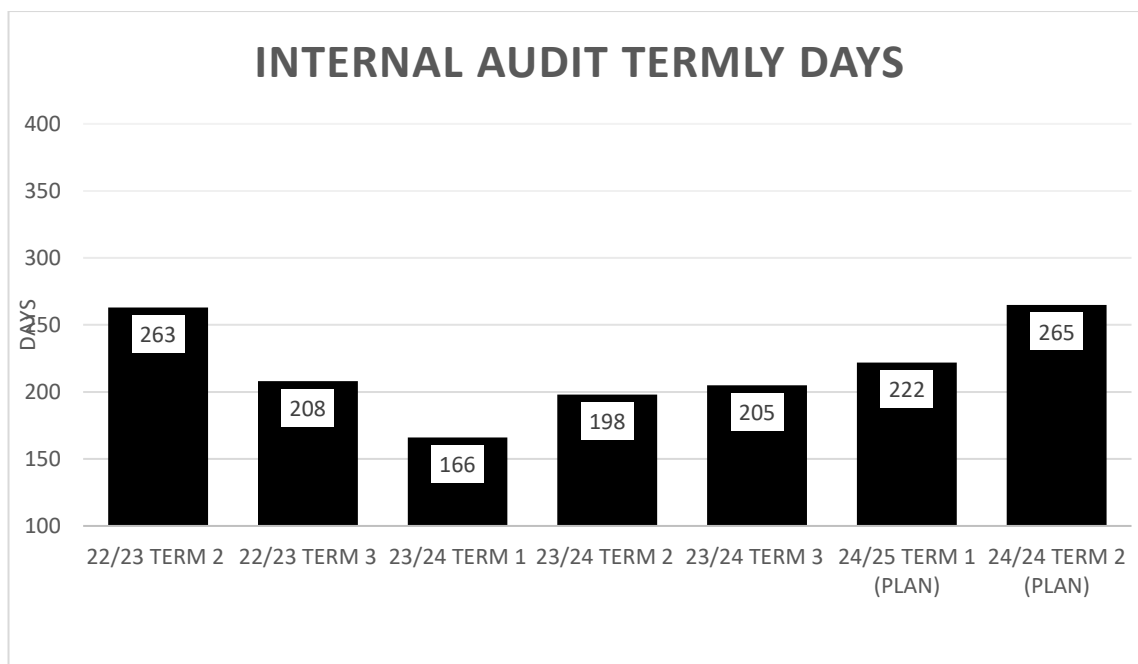
Proposed Internal Audit Plan for Term 2 - 2024-25

15. Internal Audit termly plans continue to be determined on a risk basis, as required by the Public Sector Internal Audit Standards, and using the methodology previously reported to Members.
16. In addition to undertaking an assessment of audit risks, the termly plan also needs to consider the assurance it provides that the Council's Core Processes remain robust. The termly plan includes coverage of core processes on a cyclical basis to ensure that this assurance can be provided to support the Chief Internal Auditor's Annual Report. A reminder of the Core Processes was provided in the November 2023 progress report.

17. The Term 2 plan represents the Section's assessment of the key areas that need to be audited in order to satisfy the Authority's statutory responsibility to undertake an adequate and effective internal audit of its system of internal control. The Section's aim is to complete enough work to express an overall, annual opinion on the adequacy and effectiveness of the Authority's internal control arrangements.
18. Termly planning continues to be developed in an agile way allowing the precise scope and objectives for each audit assignment to be agreed at the time the audit is to commence. Detailed discussions prior to an audit commencing should identify other sources of assurance already available for the area in question, thereby clarifying the risks on which Internal Audit's focus should most impactfully be applied. At this planning stage, therefore, proposed topics for audit are expressed in terms of the broad rationale for their inclusion.
19. Similarly, the termly plan contains a forward plan of areas to be considered for inclusion in subsequent terms, which again will be subject to more precise scoping at the time the audit is to commence.
20. **Appendix 2** sets out details of the draft coverage by Internal Audit for Term 2, and it is summarised in the following table.

Assurance from Audit Coverage	Days	Outputs
Second Line Assurance work	20	2
Opinion Assurance	131	5
Advice / Consultancy Assurance	61	1
Counter Fraud Assurance	26	5
Certification Assurance	27	2
Total	265	15
External Client (Notts Fire & Rescue Service)	35	
Grand Total	300	

21. The chart below shows the trend in the number of actual days available in recent terms, excluding the external client. The last two bars reflect planned days, as these terms had not ended at the time of this report. The increase planned in term 2 (to 265 days) reflects the recruitment of a new Senior Auditor in March, since the last termly report to this Committee.



22. The next Internal Audit update to Committee will cover details of the outcome of Internal Audit's work in Term 1 2024-25 (April to July 2024).

Other Options Considered

23. The Internal Audit Team is working to the Public Sector Internal Audit Standards. This report meets the requirement of the Standards to produce a risk-based plan and to report the outcomes of Internal Audit's work. No other option was considered.

Reason/s for Recommendation/s

24. To set out the report of the Chief Internal Auditor to propose the planned coverage of Internal Audit's work in Term 2 of 2024-25, providing Members with the opportunity to make suggestions for its content.

Statutory and Policy Implications

25. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required. Individual audits completed and in the proposed Termly Plan may potentially have a positive impact on many of the above considerations.

Financial Implications

26. 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 for Finance, Infrastructure & Improvement 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 for Finance, Infrastructure & Improvement and Section 151 Officer.

RECOMMENDATION

- 1) That the Committee notes the outcome of the Internal Audit work carried out in Term 3 of 2023/24, and the planned coverage of Internal Audit's work in Term 2 of 2024/25 to be progressed to help deliver assurance to the Committee in priority areas.

Nigel Stevenson

Service Director for Finance, Infrastructure & Improvement and Section 151 Officer

For any enquiries about this report please contact:

Simon Lacey

Group Manager - Internal Audit & Risk Management

Constitutional Comments (GR - 27/06/2024)

27. Pursuant to the Nottinghamshire County Council Constitution this committee has the delegated authority to receive this report.

Financial Comments (SES – 26/06/2024)

28. There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

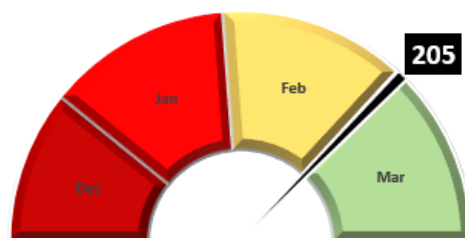
Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

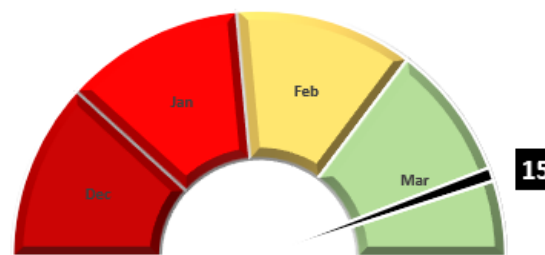
Electoral Division(s) and Member(s) Affected

- All

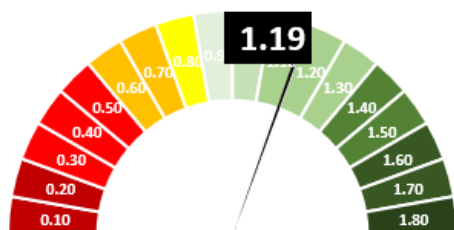
Progress against the Term 3 Plan 2023/24



Term 3 Days target - 277
Position as at end of Mar 2024



Term 3 Jobs target: 17
Position as end of Mar 2024



Term 3 Productivity at end of Mar 2024
Target = 1.0

A Senior Auditor left the team in early January and so the days input were lower than planned. A further recruitment exercise has taken place, and the new member of staff has started audit work from 1 April.

Key Performance Indicators

Performance Measure/Criteria	Target	Outcome in Term 3
1. Risk-aware Council		
Completion of Termly Plan – Days	90%	X 74%
- Jobs	90%	X 88%
Productivity	1.0	✓ 1.19
As illustrated in the charts above, the number of days input was lower than planned because a Senior Auditor left in January. The number of jobs done reduced by proportionately less, resulting in a positive productivity rate of 119%.		
Regular progress reports to:		
- Departmental Leadership Teams	1 per term	✓ Completed
- Corporate Leadership Team	1 per term	✓ Completed
- Governance & Ethics Committee	1 per term	✓ Completed
Publication of periodic fraud/control awareness updates	2 per annum	✓ Counter Fraud Progress Report, Jan 2024; and Annual Counter Fraud Report, July 2024
2. Influential Audit Section		
Recommendations agreed	95%	✓ 100%
3. Improved internal control & VFM		
Percentage of Priority 1 & 2 recommendations implemented. (Position as at last action tracking exercise reported in July 2024)	75%	✓ 87% of 2022/23 actions X 70% of 2023/24 actions
The reason for the 2023/24 actions falling slightly below target is reported in the Action Tracking report which is presented to the same Committee as this report.		
4. Quality measures		
Compliance with the Public Sector Internal Audit Standards (PSIAS)	Compliance achieved	✓ An External Quality Assurance review is required every 5 years. Last undertaken in March 2023. An annual self-assessment was done for the Chief Internal Auditor's Annual Report to the

Performance Measure/Criteria	Target	Outcome in Term 3
		June 2024 committee. Both of these reviews confirmed compliance.
Positive customer feedback through Client Satisfaction Survey (CSS) scores	Feedback good or excellent (where a score of 4 is excellent and a score of 3 is good)	✓3.47

Internal Audit Plan: 2024-25 - Term 2 (August to November 2024)										APPENDIX 2
Area of Assurance Coverage	Priority Level (if risk assessed)	Job count	Other 3rd Line Assurance	Assurance from audit coverage and planned days					Potential scope or area of assurance coverage	
				2nd Line Assurance Role	Opinion Assurance	Advice/ Consultancy Assurance	Counter-Fraud Assurance	Certification Assurance		
Audit Risk Assessment - Assurance Requirements for the Term				Rationale for Assurance Requirement						
Governance Framework										
Continuous Audit Assurance	H	1		20					Core process based : continued reporting to Statutory Officers of routine assurance that core processes are operating as intended, or to identify areas for management/audit attention.	
Action Tracking	H	1			25				Follow-up work : six monthly review of the implementation of management actions agreed from previous audits	
Counter-Fraud										
Pro-active Counter Fraud - Continuation of pro-active counter fraud activity and International Fraud Week	H	1						8	Counter fraud : Pro-active counter fraud activity in accordance with the fraud action plan, including the annual fraud report.	
Misuse of Direct Payments in Adult Social Care	H	1						10	Counter fraud : From the action plan in the Annual Fraud Report to the July 2024 Committee. A pro-active review of the potential misuse of Direct Payments in Adult Social Care. This will complement the specific review, in our plan, of Direct Payments to Family Member Carers. It will be a wider review of concerns that have arisen from a counter-fraud perspective, based on the Council's Fraud Risk Assessment relating to direct payments, and may include the use of data analysis to identify issues.	
Pro-active Counter Fraud – <i>Review of Matches 2022-24</i>	H	1						4	Counter fraud : Review and report on the completion of recommended matches by the key contacts within departments, for the Cabinet Office's National Fraud Initiative (NFI).	
Counter Fraud Alerts - network dissemination & review of training materials	H	1						3	Counter fraud : Review and dissemination of fraud alerts from national counter-fraud agencies.	
Counter Fraud case reviews	H	1						1	Counter fraud : Regular liaison to address concerns including misuse and financial abuse involving service users	
Certification										
Bus Subsidy Revenue Grant	H	1							6	Certification : audit certificate of use of the grant funds.
Beeston Youth & Community Centre, and Platt Lane Playing Fields	H	1							6	Certification : audit certificate of the annual accounts.
Sustainable Warmth Grant	H	0							15	Certification : Required by the Department for Energy Security & Net Zero, commencement of a review to certify use of the grant to make energy saving home improvements in compliance with the grant conditions
Assurance										
Governance - Cabinet and Scrutiny Model	H	1					15			Core process based : The new governance arrangements, under the Cabinet and Scrutiny model, are under continuous review and our input is now to provide support to this review.
Accounts Receivable (Invoicing and Debtors)	H	1				10				Core process based : Completion of a review of arrangements for income recognition and invoicing at a departmental level to ensure completeness, and the effective management and recovery of debts, to support the MTFs. Review delayed due to Senior Auditor leaving in January.
Health & Safety	H	1				15				Core process based : From our forward plan previously reported to the G&E Committee, to complete a review to identify and assess the coverage of existing assurances and indicators that are available on Health & Safety, for subsequent inclusion in our Continuous Assurance monitoring and reporting.
Purchasing through Mosaic	H	0				15				Core process & intelligence based : Following on from our 2023 review of Waivers from Tendering, commencement of a review of purchases committed to through the Mosaic social care software system, before being recorded on the Council's BMS purchasing system and before Corporate Procurement might become aware of them.
Direct Payments to Family Member Carers	H	1				15				Intelligence based : Completion of a review to give assurance regarding Direct Payments to Carers who are family members, following recent adverse publicity regarding abuse of position and complaints to the ombudsman.
Off Payroll Working (IR35)	H	0			15				Intelligence based : Following on from our 2024 review of the Use of Consultants, commencement of a complementary review to confirm that the HM Revenue & Customs off-payroll working rules (IR35) are complied with. The IR35 rules were potentially in the scope of our review of the Use of Consultants, as requested by the e151 Officer, but were made a	
Asset Management - Recording of Property assets	H	1			11				Intelligence based : Completion of a review of the completeness and accuracy of properties recorded (on the P2 system etc) for asset management, insurance and financial accounting purposes, following a recently identified omission	

Area of Assurance Coverage	Priority Level (if risk assessed)	Job count	Other 3rd Line Assurance	Assurance from audit coverage and planned days					Potential scope or area of assurance coverage
				2nd Line Assurance Role	Opinion Assurance	Advice/ Consultancy Assurance	Counter-Fraud Assurance	Certification Assurance	
Vacant Properties	H	0			10				Intelligence based: Commencement of a review of vacant properties, to ensure there are appropriate maintenance arrangements in line with the Council's insurers requirements and policy clauses.
ICT Audit - Payment Card Industry - Data Security Standard	H	1			15				ICT Risk Based: Commencement of this audit from the current ICT Audit Needs Assessment. It relates to the secure handling of information from credit & debit cards, which is provided by those who pay the Council by these methods.
Sub-totals				20	131	15	26	27	
Planning, reporting, client management									
Governance & Ethics Committee		0				16			Core Activity: Preparation of reports in accordance with the Governance and Ethics Committee annual work plan and attendance at meetings.
Client management		0				20			Core Activity: Planning and termly progress reports to Corporate Leadership Team.
Advice		0				10			Core Activity: Advice to client on financial and other controls, on request.
Sub-totals				0	0	46	0	0	
Grand Totals		15		20	131	61	26	27	
				265					
Forward Plan for assurance in subsequent Terms									
Corporate Budgeting & MTFS	H								Core Process based: Undertake a review focussed on the Medium Term Financial Strategy (MTFS), budget pressures, and the contribution made to savings from the Transformation Programme.
Asset Management - Building & Office Rationalisation	H								Core Process based: Undertake a review of the Building and Office Rationalisation Programme, in response to hybrid and smarter working - including the management of assets and the realisation of capital receipts.
Payroll	H								Core process based: A review of corporate Payroll controls including for starters, leavers, payments, allowances, using data analytical techniques where appropriate.
Information Governance	H								Core process based: Review of the arrangements for managing information governance risks, including Data Protection
Workforce planning & employee recruitment	H								Core process based: a review of progress on the Authorised Staffing and Establishment Workforce Review (ASEWR) which began in August 2022
Ethical Culture	H								Risk based: it is a requirement of the Public Sector Internal Audit Standards that we evaluate the organisation's ethical framework. Our previous review reported in 2019. This next review will examine how the ethical framework is understood and applied, including with reference to the Nottinghamshire Way approach adopted by the Council.
s106 agreements - sufficiency of contributions	H								Intelligence based: A review of the sufficiency of developer contributions obtained under s106 agreements, to enable the proposed infrastructure to be provided
Use of Agency Staffing	H								Intelligence based: Undertake a review of the use of agency staffing contracts across the Council and especially in high use areas.
PFI - arrangements for the exit	H								Intelligence based: Arrangements in place for the completion, exit and hand back of arrangements under PFI schemes
Thematic Review of Schools Financial Sustainability - NAO Guidance	H								Intelligence based: Undertake a review of processes within schools based on risks emerging from the NAO guidance on financial sustainability of schools.
Social Care - Future Needs & Impact	H								Intelligence based: Undertake a review of intelligence and data analytics used to form a view of future needs with comparison of practices nationally within Adults and Children's.

24 July 2024

Agenda Item: 7

**REPORT OF SERVICE DIRECTOR, FINANCE, INFRASTRUCTURE &
IMPROVEMENT****FOLLOW-UP OF INTERNAL AUDIT RECOMMENDATIONS****Purpose of the Report**

1. To report progress with the implementation of agreed management actions to address Internal Audit recommendations.

Information

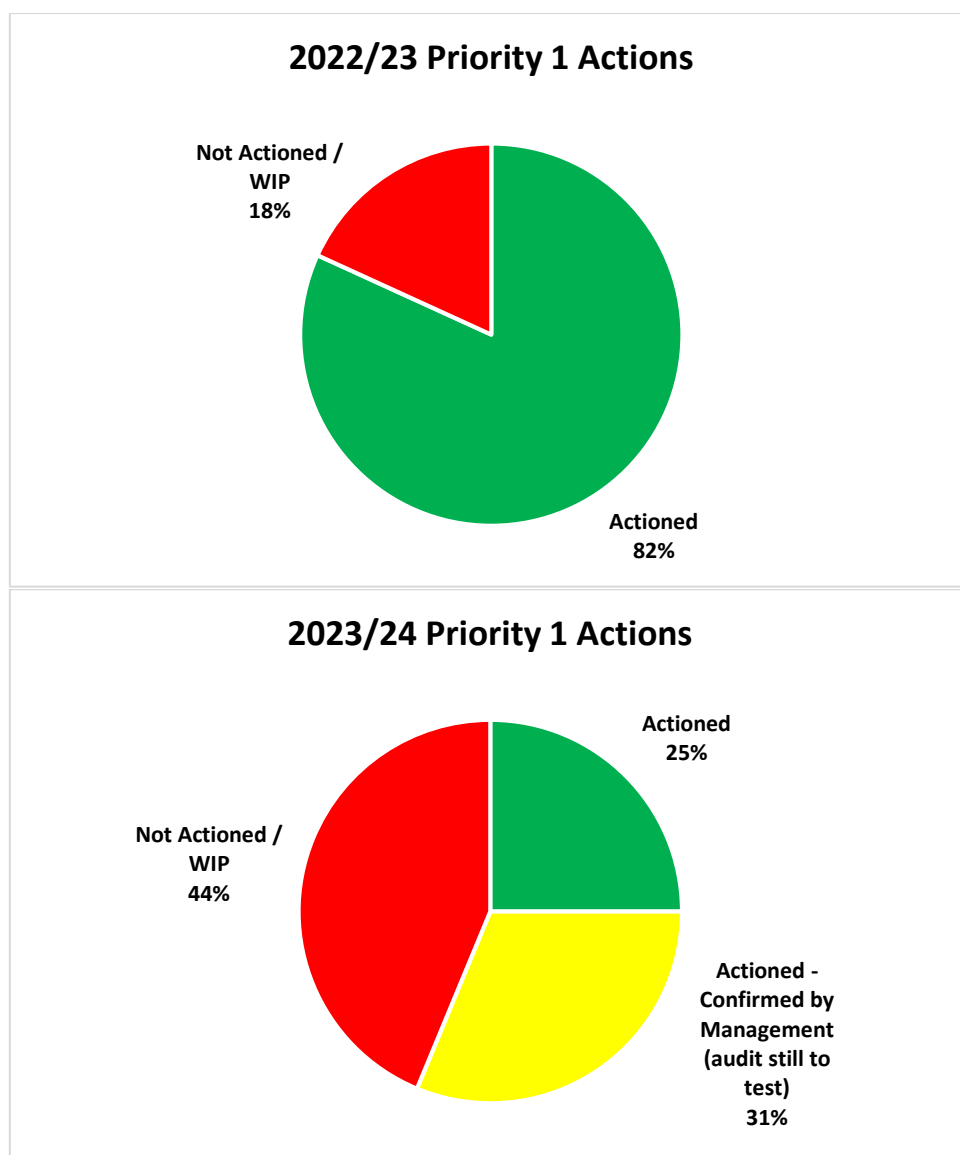
2. Internal Audit carries out follow-up work every six months, as follows:

Priority rating of recommendation	Management assurance	Internal Audit assurance
Priority 1	Updates sought from action owners about implementation	Testing to confirm management assurances about implementation
Priority 2		Sense-checking of updates, but no testing required

3. The charts, tables and text in this report, and its appendix, describe the progress made in the implementation of actions from internal audit reports, plus the outcomes of our testing of Priority 1 actions.

Priority 1 Actions

4. The degree of progress made with implementing and testing the more recent Priority 1 actions are summarised in the pie charts below, which cover the latest two financial years:



5. The green and yellow segments of the pie charts confirm that the majority of Priority 1 recommendations from both years have been actioned. The green segments are where we have tested these actions and confirmed that they are implemented. Those that have been confirmed in this latest 6-monthly exercise are summarised in the table in paragraph 6 below.
6. Our testing has confirmed satisfactory implementation for the following Priority 1 actions:

Priority 1 Actions – Cleared by Internal Audit following recent testing	
Audit	Actions cleared
2023/24	
ICT – Patching and Change Management	The Council continues to invest in this area and has met the recommendations of the Audit. The Council will continue to address improvements in its Cybersecurity.
Waivers from Tendering	We originally reported that some purchases could be committed to through the Mosaic social care software system, before being recorded on the Council's BMS purchasing system and before Corporate Procurement became aware of them. We undertook to look further into this. Our enquiries have identified that there is a control in place which should ensure that only properly procured suppliers are entered on Mosaic. However we consider that this control could be

Priority 1 Actions – Cleared by Internal Audit following recent testing	
Audit	Actions cleared
	strengthened – we have informed the Quality and Market Management Team what should be done – and also the control has failed occasionally, as was the case in our original audit report. We have therefore included a further review of Purchasing through Mosaic in our work plan for future audits.

7. Where management provides assurance that Priority 1 actions have been implemented, internal audit tests them before confirming they are implemented (as in paragraph 6 above and the green segments in the pie charts). We have obtained evidence to test all implemented Priority 1 actions, apart from the following actions (represented by a yellow segment in the pie chart above) where management have informed us that they have been implemented, and this will be confirmed by internal audit testing in the near future.

Priority 1 Actions – implementation to be confirmed by internal audit in our next review	
Audit	Actions implemented – to be confirmed by internal audit
2021/22	
Councillors Divisional Fund	The original report had 6 Priority 1 actions and 3 were cleared 18 months ago in our November 2022 Committee report. The other 3 Priority 1 actions relate to the completeness of application forms; checks on applications before payment; and checks undertaken after payment. Management's responses indicate that these have now been implemented. The third was completed, and reported on, in a report to last month's G&E committee meeting (June 2024) entitled 'Use of the Councillors' Divisional Fund.' At the time of writing this report we are preparing to confirm the implementation of these actions. This will be included in our next 6-monthly review.
2023/24	
Errors in Enhanced Pay in the Short Breaks Units	5 of the Priority 1 actions from this review are now reported by management to have been implemented. These relate to the input and checking of payroll entries, the use of standard timesheets, removing staff from the payroll as soon as they leave, checking actual hours paid against hours planned, and managers responding to payroll queries raised by employees. Another 5 actions from this review are overdue and so are included in appendix 1 and described later in this report. Internal audit will re-assess the position at our next 6-monthly review and confirm the implementation of actions when a reasonable proportion have been implemented and a full assessment can be made.

8. Despite the positive messages above, our work continues to identify Priority 1 actions where implementation is overdue. These are set out in **Appendix 1**, and summarised by year, and by department, below:

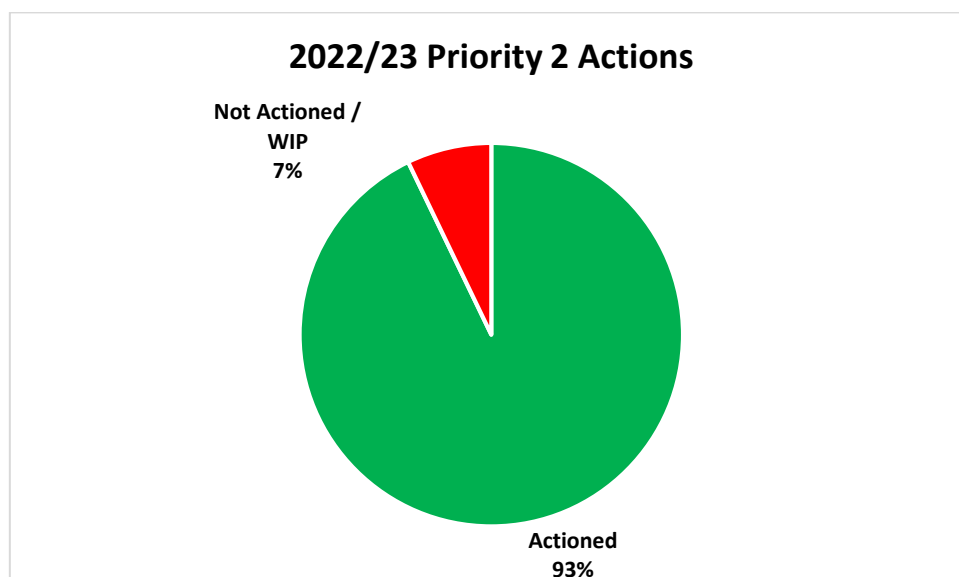
Overdue Priority 1 Actions						
Audit report year	Council total	Departmental Analysis				
		ASCPH	C&F	Place	CEx	Cross-cutting
Pre-2021/22	7	0	0	0	0	7
2021/22	7	0	0	1	6	0
2022/23	6	3	0	0	3	0
2023/24	7	5	0	0	2	0
Total	27	8	0	1	11	7

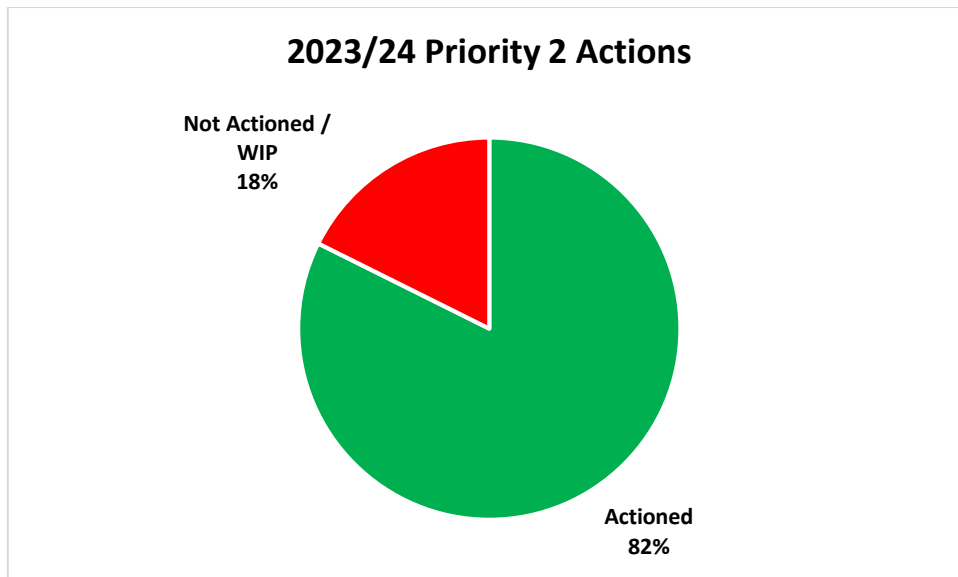
Governance Arrangements of Arms Length Organisations

9. In the above table six of the overdue actions in the Chief Executive's department relate to our report on Governance Arrangements of Arms Length Organisations. All the recommendations in that report are now due for implementation based on the original estimated timescales provided by management, which were given subject to the availability of additional resources to carry out this new work.
10. Progress with the implementation of the Priority 1 recommendations in that report is summarised in Appendix A, in which reference has been made to limited progress because of previously identified resource and capacity issues. It also acknowledges that the Section 151 Officer, Monitoring Officer, and the Corporate Director for the Place Department have identified the companies and actions that should be focused on, and established a working group which includes the Head of Internal Audit, Group Manager for Legal & Democratic Services, and the two Service Directors in the Place Department.
11. From this, the working group is scheduled to present a report to the October 2024 G&E Committee to review the Governance Arrangements of Arms Length Organisations. This is expected to address the actions identified in our original internal audit report. As part of our tracking process, we will seek to test and ensure that these actions are addressed by this or through other appropriate measures.

Priority 2 Actions

12. Progress with implementing Priority 2 actions over the last two financial years is summarised in the following pie-charts:

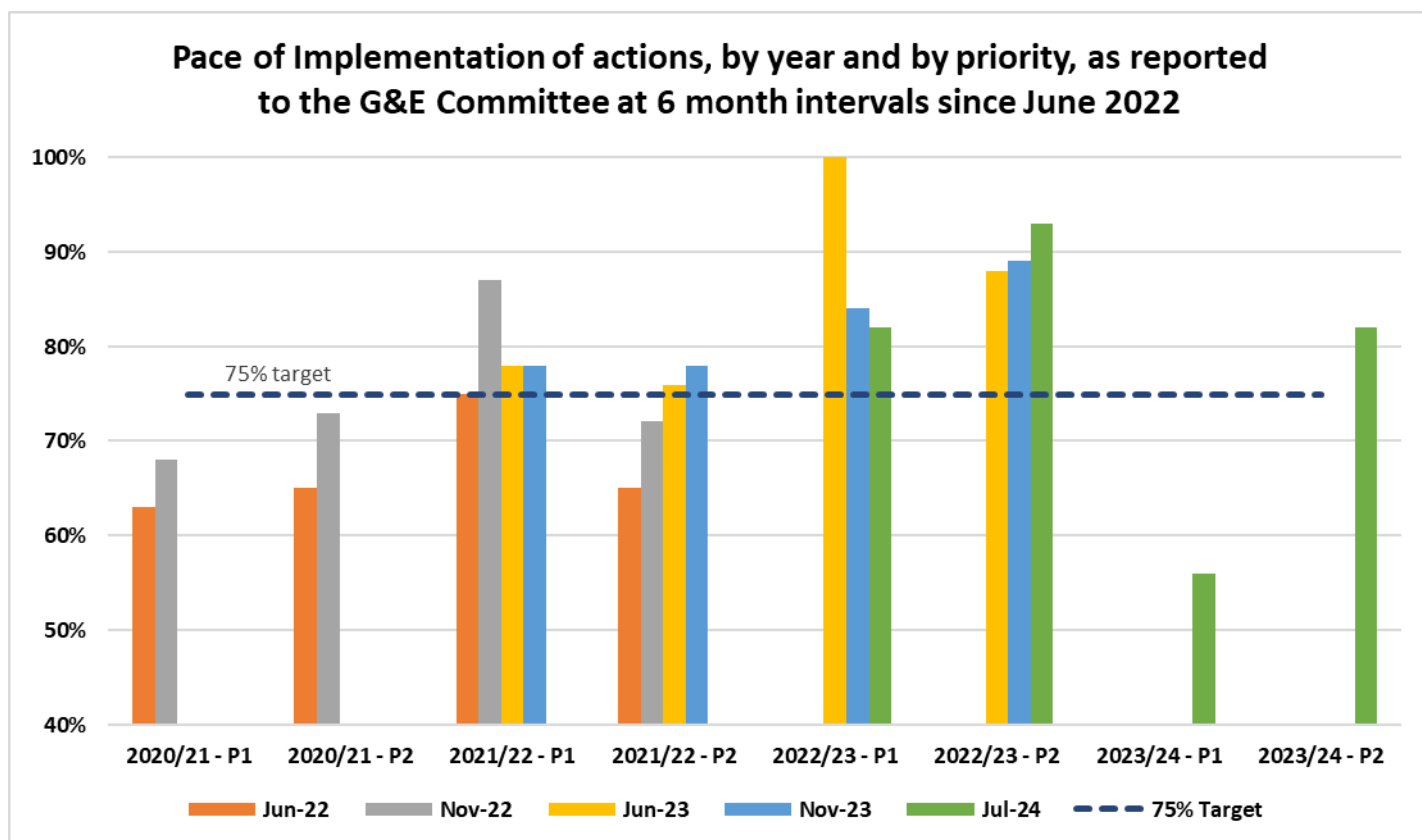




13. The green segments confirm that the majority of Priority 2 recommendations from both years have been actioned. The red segments indicate where there remains more to do.

Pace of implementation

14. For each financial year, a key performance indicator has been agreed, for 75% of Priority 1 and Priority 2 actions to be implemented on schedule. The following chart tracks the pace with which actions have been implemented since 2020/21, as reported to successive G&E Committees since June 2022, which was when the implementation of actions was beginning to recover from the interruption of some activities during the Covid-19 pandemic:



15. The above chart shows an improving trend as activity recovered from Covid-19 pandemic. Implementation exceeded the 75% target at our previous two reviews in June and November 2023.
16. The overall implementation rate on this latest action tracking exercise is 87% for 2022/23 actions and 70% for 2023/24 actions. The implementation rate for Priority 2 actions has continued to rise, but performance has been impacted by a 56% implementation rate of Priority 1 actions from 2023/24, the year just ended.
17. Seven of these Priority 1 actions from 2023/24 are still to be implemented. These can be seen at the end of Appendix 1. Five of these are from a November 2023 report about Enhanced Pay in the Short Breaks Units, which had implementation dates between November 2023 and April 2024.
18. For these five actions still to be implemented, two are dependent on the development of software external to the department; for two the recommended improvements to the system have already been made but training and guidance is still to be developed to enhance this; and one was delayed by sick leave at the Units which has recently ended. It is also worth noting that another five actions from this report have been implemented, as noted in the table at paragraph 6 above. We can therefore provide assurance that the actions from this recent report are in progress and receiving attention, and this will be revisited in our next 6-monthly review.

Management updates to the Governance & Ethics Committee

19. The continued drive and support from the Committee is key in securing improved implementation rates going forward. Arising from the details presented in this report, the Committee may consider that it requires further updates and assurances from management at its next meeting in relation to one or more of the areas in which agreed actions remain outstanding.

Other Options Considered

20. The other option considered would be to not bring an update report to the Committee, however this was rejected as it would mean the committee would not have the oversight of progress needed to gain assurance that actions identified were being implemented.

Reason for Recommendation

21. To enable the Governance & Ethics Committee to consider whether it has received sufficient assurance that actions in response to Internal Audit's recommendations are being implemented as agreed, or whether it considers that further and more detailed updates from management are required.

Statutory and Policy Implications

22. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.
23. Many of Internal Audit's recommendations are made with specific financial implications in mind. Such recommendations, and the associated management actions, are designed to secure effective governance, internal control, and risk management.

RECOMMENDATIONS

- 1) That the Committee note the contents of the reports and the progress that has been made against the Internal Audit recommendations.
- 2) That a further progress report and an update on those actions outstanding be included in the next 6-monthly review.

Nigel Stevenson

Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact: Simon Lacey, Chief Internal Auditor

Constitutional Comments (GR - 03/07/2024)

24. This Committee has the delegated authority to receive this report.

Financial Comments (SES 03/07/24)

25. There are no specific 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

Agreed action and risk	Original implementation target and position at the previous follow-up in Nov 2023	Latest progress update	Internal Audit follow-up
Pre-2021/22 audit reports			
Budget Forecasting (cross-cutting) – March 2020			
Training A training package is being developed. This will be available as on-line training and will include updated guidance on the expectations of budget holders and approvers. <i>Risk: Where staff are not fully aware of their roles and responsibilities or properly trained, inaccurate forecasts may be produced.</i>	September 2020 Nov 2023: Delays to past external audit work, and staff vacancies, delayed this. A deep dive review of financial monitoring in the Public Health area including a training needs assessment and the development of online training was scoped with an aim to complete by end Dec 2023. Following this it was planned for online training to be rolled out across other departments, hopefully to be in place by April 2024.	Online training is not yet available. However, budget training continues to be delivered by Finance staff to individual budget holders as required. Monthly budget monitoring has not identified inaccurate forecasts and the process continues to be robust. There is a new Group Manager for Financial Services who is to be informed of this action.	To be followed up in next 6 months.
Commissioning (cross-cutting) – June 2020			
Commissioning Project Management Draft commissioning plans to be circulated between departmental commissioning boards, panels and teams and also a cross-departmental Expert Commissioner group. <i>Risk: Opportunities for joint working and commissioning are missed at the operational level.</i>	October 2020 Nov 2023: This action was largely addressed by Departmental Commissioning Boards established in the Adults and Children's departments. For the Place Department, there remained discussions on how commissioning activity could be covered. Analysis was undertaken of the Place spend and contract pipeline to understand where future opportunities may sit to consider Strategic Commissioning. Following the September 2023 Place Leadership Team it was intended to identify a specific contract where they can apply Strategic Commissioning as a Pilot, and then look to build on this more widely across the department.	The option of Place Department having its own Commissioning Board was revisited and the Council is looking at a wider Commissioning Group that will consist of all service directors for commissioning including Place. One meeting has taken place and subsequent meetings will take place once this spoke of the Forward-Looking Resilient Council (FLRC) programme is underway. The Place Department commissioning pilot will be incorporated into the wider scoping of this programme.	To be followed up in next 6 months
Training and quality control A framework of commissioning courses ranging from basic to advanced, sourced either internally or externally, to be established and rolled out.	October 2020 Nov 2023: An e-Learning Module for Strategic Commissioning was drafted and with HR for final development. It was expected to be released late Autumn 2023 and is closely aligned to the Contract Management and Procurement e-Learning which	The e-learning is complete and due to launch shortly.	As above

Overdue Priority 1 Actions

Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in Nov 2023	Latest progress update	Internal Audit follow-up
<i>Risk: The quality of commissioning activity varies across the organisation.</i>	already exist. The first two commissioners from Public Health have joined the August 2023 cohort of the Commissioning Academy and a further 18 commissioners will join the January 2024 cohort which will be hosted by NCC at County Hall.		
<p>Strategic Commissioning Framework</p> <p>This action has developed from the one in our original report which was: Databases and data analysis: Commissioning groups and teams to review the data analytical skills required of staff and consider options for addressing skills gaps.</p> <p><i>Risk: Best practice is not promoted, resulting in sub-optimal outcomes.</i></p>	<p>October 2020</p> <p>Nov 2023: A new Strategic Commissioning Framework went to Cabinet in March 2023. It is based on 8 principles of strategic commissioning which will underpin all commissioning activity. This will come out through the e-Learning and also 'How to use the Strategic Commissioning Toolkit' which will be explicit in detailing the importance of each principle.</p> <p>Meetings were held with all Service Directors and their senior leadership teams to introduce Strategic Commissioning and to raise awareness of the resources available for commissioners to support them in this activity. It was agreed that Service Directors will continue to meet quarterly with the Group Manager for Procurement to ensure embedding activities are underway and lessons learned can be shared.</p> <p>Phase 2 Strategic Commissioning is expected to begin March/April 2024 with resource from the Transformation and Delivery team and will ensure that:</p> <ul style="list-style-type: none"> • Departmental-level gap-analysis in relation to the implementation of Strategic Commissioning • Creation and delivery of departmental-level roadmaps which will focus on moving from the current position to the use of the Strategic Commissioning Framework being embedded into practice • Development of commissioning intentions, outlining our forward plans across the Council and exploring 	<p>As noted above the e-learning is complete and due to launch shortly.</p> <p>Internal audit will review the introduction of the Training and Toolkit in future follow-ups, and obtain a wider update on the embedding of strategic commissioning across the Council.</p>	<p>As above</p>

Overdue Priority 1 Actions

Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in Nov 2023	Latest progress update	Internal Audit follow-up
	opportunities for collaboration and joint work internally and externally		
Business Continuity Planning (BCP) (cross-cutting) – August 2020			
BCPs Managers of critical services in the ASC&PH and C&F Departments need to produce BCPs for the 10 critical services currently without one. Once completed they need to be uploaded onto SharePoint. <i>Risk: Services deemed as critical do not have an action plan in the event of an emergency.</i>	March 2021 Nov 2023: The Risk, Safety and Emergency Management Board (RSEMB) agreed that a full and thorough review of the Council's business continuity arrangements was urgently required. It agreed that the Business Continuity Forum will be formed again to lead this work. The first meeting of the Business Continuity Forum, chaired by the Head of Service Delivery and Governance Standards, Technology and Digital ICT, took place on 15 September 2023. The group agreed the ToR and the intended program of work: <ul style="list-style-type: none"> • Review of the NCC Business Continuity strategy, considering organisational changes since the last review (hybrid working, investing in Nottinghamshire, ASDMs/Outsourcing) • Review of the current corporate Business continuity arrangements as outlined in the NCC Corporate Plan, to address gaps. • Review of NCC Critical Services list. • Review and revision of critical service plan templates and guidance, to include cyber incidents and lessons from Covid and the County Hall fire. • Monitoring of progress of Business Continuity incident recommendations e.g. Ransomware attack action plan approved at the RSEMB in July. • Liaison with RSEMG's and critical services to ensure BC plans and arrangements are up to date. • Identification of training needs for Emergency Planning to develop eLearning / workshop 	NCC critical services list will be reviewed during a dedicated workshop session led by Zurich. Date to be confirmed soon.	To be followed up in next 6 months.
Training The Emergency Planning Team to submit a report to the Risk, Safety and Emergency Management Board (RSEMB) on training options and other matters arising from the returned questionnaires. <i>Risk: Lack of engagement from BCP managers and ineffective actions taken in the event of an emergency.</i>			As above
Annual Reviews of BCPs Managers of critical services to ensure that BCPs to be reviewed, updated, and made subject to training exercises. <i>Risk: Actions taken in response to an emergency situation are not effective, exposing the Council</i>			As above

Overdue Priority 1 Actions

Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in Nov 2023	Latest progress update	Internal Audit follow-up
<p><i>and its service users to prolonged disruption.</i></p>	<ul style="list-style-type: none"> Validation of new corporate BC plans and arrangements (through exercising). <p>The priority being:</p> <ul style="list-style-type: none"> the simplification of the current Business Impact Analysis and Critical Service BC Plan templates to help increase buy in from services. A new Excel based system has already been drafted and circulated for consultation. This will be discussed at the next forum meeting on 10 November 2023. Corporate workshop, led by Zurich, to review the critical services list Review of corporate BC arrangements e.g. relocation, ICT, telephony. <p>In the meantime, critical services can continue to use the current templates and guidance to update their plans and are being encouraged to do so via the departmental RSEMG's.</p> <p>Regarding the annual review of BCPs, a program will be put in place to ensure this is audited by the emergency planning team, via the RSEMG's once the new guidance and templates are in place. At present, critical services are reminded re the need to review on a regular basis.</p>		
2021/22 audit reports			
Sale of land and building properties (Place Dept) – November 2021			
<p>Asset Management Plans To develop the Service Asset Management Plans.</p> <p><i>Risk: The property requirements of the Council may be unclear.</i></p>	<p>March 2022</p> <p>Nov 2023: Some progress was made before a delay caused by Covid-19. Service Asset Management Plans (SAMPs) are being developed but this remains in progress. It is envisaged that these will be in place across all services by the end of the year.</p>	<p>The Property (Strategy & Information) Team has been working with the services, to get this process bedded in, but it is proving challenging. A new Property Group Manager will start this summer and this SAMP work is likely to be a focus, so the process will hopefully speed up then.</p>	<p>To be followed up in next 6 months.</p>

Overdue Priority 1 Actions

Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in Nov 2023	Latest progress update	Internal Audit follow-up
Governance Arrangements of Arms Length Organisations (Chief Execs Dept) – December 2021			
Ownership of Company Governance Centralise the Council's governance arrangements for its companies, including monitoring, reporting and guidance. <i>Risk: Lack of oversight and assurance</i>	Various dates up to June 2023 Nov 2023: No progress had been made in the previous 6 months due to no additional resources being made available to support this work. Legal Services asked for the 'due dates' for the work assigned to them to be reviewed and extended by a further 12 months pending additional resources being made available.	The Section 151 Officer, Monitoring Officer, and the Corporate Director for the Place Department have identified the companies and actions that should be focused on, and established a working group which includes the Head of Internal Audit, Group Manager for Legal & Democratic Services, and the two Service Directors in the Place Department. From this, the working group is scheduled to present a report to the October 2024 G&E Committee to review the Governance Arrangements of Arms Length Organisations. This is expected to address the actions identified in our original internal audit report.	A report is scheduled for the October 2024 G&E Committee. Internal audit will also follow this up in the next 6 months.
Roles and Responsibilities Ensure appropriate Council representatives are on each company's board, and appointed as shareholders, and their roles are clear and understood. <i>Risk: Ineffective governance if roles and responsibilities are not defined.</i>			
Training and Development Professional training provided to Council representatives on each company's board, and those appointed as shareholders. <i>Risk: Ineffective governance if representatives are not appropriately trained.</i>			
Conflicts of Interest Review the Council representatives on each company's board, and those appointed as shareholders, for any conflicts of interest. Manage this on an ongoing basis.			

Overdue Priority 1 Actions

Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in Nov 2023	Latest progress update	Internal Audit follow-up
<i>Risk: Ineffective governance if conflicts of interest are not managed.</i>			
Assurance Reporting Performance reporting by the companies to be tracked, and an annual governance report on the companies to be provided to the G&E Committee. <i>Risk: Governance is not demonstrated if arrangements are inconsistent.</i>			
Terms of Appointment Terms of appointment for shareholders acting on the Council's behalf to specify their limits of authority. Records of meetings with decisions made to be retained. <i>Risk: Decisions made without control, oversight, or visibility.</i>			
2022/23 audit reports			
Pensions Administration (Chief Execs Dept) – August 2022			
Inaccurate data As part of the national Guaranteed Minimum Pension project, it was identified that there was a requirement to reconcile the pensioner payroll in SAP with the pension benefit payment held in the Pension Administration System (UPM).	May 2022 onwards Nov 2023: To progress the Guaranteed Minimum Pension rectification exercise, the programme was split into several parts. Part 1 of the programme (Reconciliation) was completed and highlighted 766 cases that require rectification. The Fund was now able to progress with the Rectification phase.	To date 580 overpayments have been corrected. The department is unable to confirm a timescale for this work to be completed as this time.	To be followed up in next 6 months.

Overdue Priority 1 Actions

Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in Nov 2023	Latest progress update	Internal Audit follow-up
<i>Risk: Inaccurate data is held relating to pension scheme contributors and their payments.</i>			
Counter-Fraud Learning & Responsiveness – Direct Payments (Adults Dept) – December 2022			
Annual reviews outstanding – identification Prompt identification where information has not been provided for the annual review of the bank account <i>Risk: Funds may be misappropriated without detection and recovery of funds may be difficult.</i>	April 2023 Nov 2023: Training, and a review of the checklist, has taken place in the Living Well Service and is to be completed in the Ageing Well Service by the end of December 2023.	Following a reorganisation of operational teams in Adult Social Care, further work will be undertaken in the coming months to ensure that all staff are appropriately trained and that annual reviews include a check of bank account information where a Direct Payment is in place.	To be followed up in next 6 months.
Annual reviews outstanding - actioning Review of cases where bank account information is not provided, and the consideration of alternatives, such as a pre-paid card (the use of which is more visible to the Council) <i>Risk: Funds may be misappropriated without detection and recovery of funds may be difficult.</i>			
ICT – Cyber Security (Chief Execs Dept) – March 2023			
Training for the Risk, Safety and Emergency Management Board (RSEMB), and update of the Cyber Security Incident Response Plan To ensure that all staff on the RSEMB or with roles in the Cyber Security Incident Response Plan,	Sept 2023 The current update (see next column) is the first time that we have followed up this action.	Training for RSEMB will be completed once EMB established and an exercise will be run later in the year with the EMB. Cyber Security Incident Response Plan and playbooks are updated and circulated to response teams. A comprehensive review of plans is underway with	To be followed up in next 6 months.

Overdue Priority 1 Actions

Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in Nov 2023	Latest progress update	Internal Audit follow-up
are aware of and understand their roles and responsibilities. <i>Risk: Staff without the appropriate skill levels and training may not be able to provide direction and to react effectively in the event of an incident.</i>		our new Cyber Security Incident Response Partner to take account of this new capability.	
Risk appetite and tolerance Development of risk appetite and tolerance, within the ICT Operational Risk Register. <i>Risk: Lack of clarity about risks may lead to ineffective decision making.</i>	June 2023 Nov 2023: The risk register format is being considered to take account of risk appetite and tolerance.	Work is on-going and tied into work being completed in the above action.	To be followed up in next 6 months.
Adult Care Direct Payments – Pre-paid Cards (Adults Dept) – March 2023			
Monitoring of Excessive Account Balances To check accounts with large balances, to confirm if the accounts continue to be used. <i>Risk: Funds in card accounts no longer being used may be misappropriated.</i>	April 2023 Nov 2023: The introduction of quality checks on higher account balances is planned to be in place by the end of 2023. This is the only one of the 8 actions in the audit report that had still to be implemented.	The team have not yet been able to undertake these Quality Checks due to resource issues. Management have been unable to recruit to the Payments & Billing Team, meaning that Quality Assurance Officers are still undertaking the Direct Payments processing work rather than being able to start on Quality Assurance work.	To be followed up in next 6 months.
2023/24 audit reports			
ICT – Patching and Change Management (Chief Execs Dept) – April 2023			
050721 To monitor systems and applications reaching the end of life. <i>Risk: Systems no longer supported may present a security risk</i>	June 2023 Nov 2023: The biggest risks are being addressed but there are still actions to be taken in relation to the life of SAP (BMS) which are receiving attention.	In respect of SAP (BMS): There has been some engagement with ICT and conversations are taking place, however progress remains slow on identifying a suitable replacement. ICT have mitigated as many of the vulnerability and protocol issues within the BMS infrastructure as they can. However, there	To be followed up in next 6 months.

Overdue Priority 1 Actions

Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in Nov 2023	Latest progress update	Internal Audit follow-up
		remains the issue of the burning platform and the amount of resource necessary to migrate in ever shrinking timescales.	
Waivers from Tendering (Chief Execs Dept) – Nov 2023			
Retrospective Waiver Requests Record and act upon non-compliances with financial regulations that lead to waiver requests. <i>Risk: Non-compliances with financial regulations are not fully recorded, and not further considered, to identify trends and corrective actions.</i>	Nov 2023 onwards The current update (see next column) is the first time that we have followed up this action.	The Procurement Group Manager will send a reminder to all Group Managers about complying with the financial regulations requirement for tendering. This will reference the new Procurement Act.	To be followed up in next 6 months.
Errors in Enhanced Pay in the Short Breaks Units (Adults Dept) – Nov 2023			
Hiring Forms – Data Entry Guidance to staff on how to calculate weekly pay. <i>Risk: Input errors result in incorrect payments</i>	31 March 2024 The current update (see next column) is the first time that we have followed up this action.	This work is ongoing within the BSC as it reviews and revises its business process and implements new functionality. As part of this the guidance notes will be updated, and support is also available via a series of short videos.	To be followed up in next 6 months.
Hiring Forms – Post Entry Validation Checks on the input of data, including automated validation checks, and checks by business support and the manager. <i>Risk: Input errors and lack of checking result in incorrect payments</i>	31 March 2024 The current update (see next column) is the first time that we have followed up this action.	Specific Short Breaks Unit payroll guidance has been developed and published. The Payroll Senior Practitioners have delivered SBU payroll training to the identified Business Support staff. SBU staff have direct access to named Payroll team members to raise any specific queries. Payroll Team have undertaken a detailed payroll validation exercise across all three units. Work is ongoing due to changes within the SBU at a 'middle manager' level and the Payroll team have been supporting the interim managers to improve the current timesheet and time recording methods.	To be followed up in next 6 months.

Overdue Priority 1 Actions

Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in Nov 2023	Latest progress update	Internal Audit follow-up
<p>Consistent use of the Auto Enhanced Payments (AEP) system A consistent approach would be beneficial across all Short Breaks Units</p> <p><i>Risk: Inconsistencies, inefficiencies and errors may occur. Hours paid might not agree to those worked.</i></p>	<p>1 April 2024</p> <p>The current update (see next column) is the first time that we have followed up this action.</p>	<p>It is intended that all units will use Auto Enhanced Pay for shift workers but this is still being worked on. Its introduction was delayed by sick leave at the Units which has now ended, so support and training to implement the system could not be provided earlier.</p>	<p>To be followed up in next 6 months.</p>
<p>Payroll Budgets – setting and guidance Payroll Budgets should be based on the staffing establishment and checked monthly. The Finance team should provide guidance on the use of the payroll calculator.</p> <p><i>Risk: Inadequacies in setting up and monitoring staffing budgets resulting in inability to identify or correct errors. Budget may become overspent.</i></p>	<p>Nov 2023 onwards</p> <p>The current update (see next column) is the first time that we have followed up this action.</p>	<p>Partially completed - The staffing budget is set based on the approved establishment including an allowance for enhancements and absence cover. The staffing sheet (payroll calculator) contains all the data needed to effectively monitor the budget. It is updated every month. Managers do check payroll reports to identify any discrepancies. Additional guidance has been given and a training guide is being produced.</p>	<p>To be followed up in next 6 months.</p>
<p>Reporting errors – online form Create an online portal and DASH form where payslip queries can be raised and picked up by Payroll.</p> <p><i>Risk: Reported errors might not be prevented from reoccurring.</i></p>	<p>31 March 2024</p> <p>The current update (see next column) is the first time that we have followed up this action.</p>	<p>Work is progress with the online payslip provider, Engeneum, in the development of a 'contact us' form. This form is currently undergoing 'system' testing before being released for end user testing. This will enable users of the online portal to submit a query 24/7 when viewing their payslip. A date for the form to be launched is to be confirmed.</p>	<p>To be followed up in next 6 months.</p>

24 July 2024**Agenda Item:8****REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE &
IMPROVEMENT****ANNUAL FRAUD REPORT 2023/24****Purpose of the Report**

1. To present to Members the Council's Annual Fraud Report.

Information

2. The Council's strategy for countering fraud and corruption includes the requirement for an Annual Fraud Report to be submitted to the Governance & Ethics Committee. This requirement is included in the strategy with a view to demonstrably strengthening the counter-fraud culture at the Council.
3. The attached report represents the eighth edition of the Annual Fraud Report. It sets out an update regarding national fraud risks impacting on the County Council, the preventative and detective incidents identified over the last 12 months and an assessment of the Council's resilience to attacks. The report also reviews progress against the fraud related actions planned for delivery in 2023/24, along with those to be pursued in 2024/25 to ensure the Council's defences against fraud are maintained.

Other Options Considered

4. None, since the requirement to publish an Annual Fraud Report is a feature of the Council's strategy for countering fraud and corruption.

Reason for Recommendation

5. To inform the Committee of the Council's current arrangements for tackling fraud and corruption and to invite suggestions for how those arrangements can be improved.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human

rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment 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 notes the content of the Annual Fraud Report 2023/24.

Nigel Stevenson

Service Director for Finance, Infrastructure & Improvement

For any enquiries about this report please contact:

Simon Lacey

Group Manager Internal Audit and Risk Management

Constitutional Comments (EKH 18/06/2024)

The report falls within the remit of the Governance and Ethics Committee.

Financial Comments (SES 11/06/2024)

There are no specific financial implications arising directly from the 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

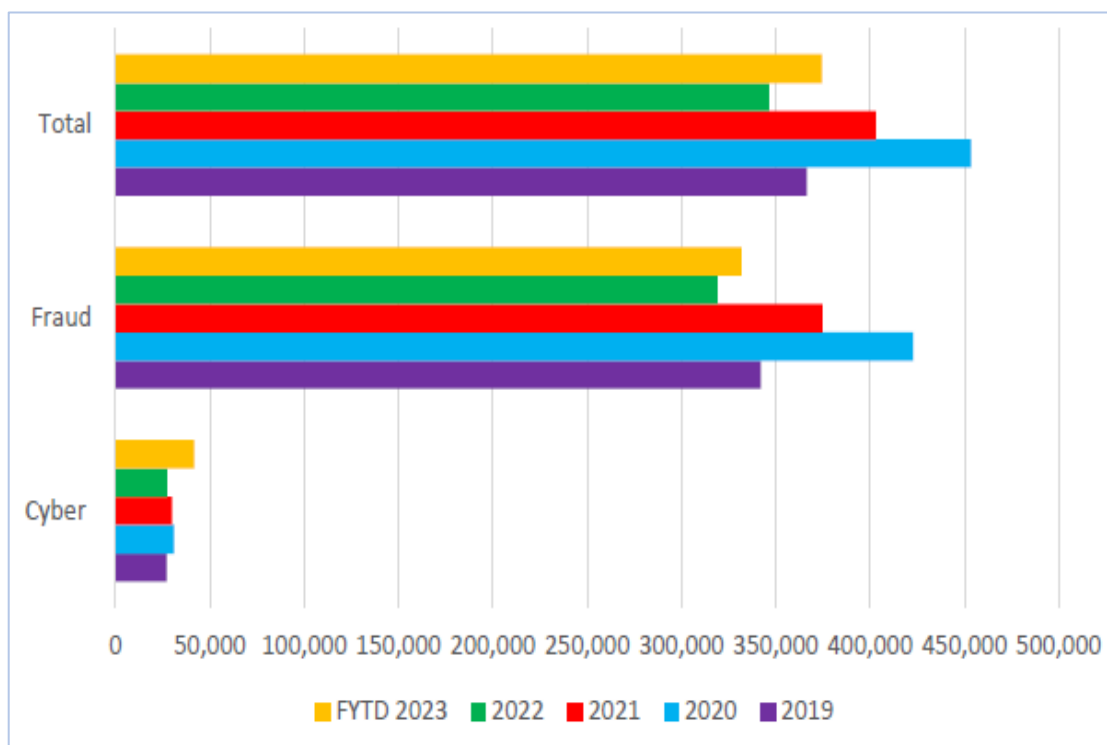
Electoral Division(s) and Member(s) Affected

- All

ANNUAL FRAUD REPORT 2023/24

1. National Fraud Landscape

- 1.1. The CIPFA backed publication, 'Fighting Fraud & Corruption Locally' (FFCL), is the recognised counter fraud and corruption strategy for local government and was adopted by the Council in 2020. This strategy was reviewed by FFCL in 2023 and continues to remain fit for purpose.
- 1.2. As previously reported, in recent years, no fraud data for local government has been compiled by CIPFA. Therefore, we have been proactive in obtaining and reviewing more recent general fraud statistics from the National Fraud Intelligence Bureau (NFIB) at City of London Police. The NFIB provides monthly threat updates and statistics based upon all crimes reported through Action Fraud. Crime reporting relates to reports where there has been a verified loss.
- 1.3. The NFIB graph below shows the total number of action fraud crime reports received for each financial year, broken down by all reports, fraud reports and cyber-crime reports. Whilst total fraud has reduced since 2020, we are seeing increased amounts of cyber-crime:

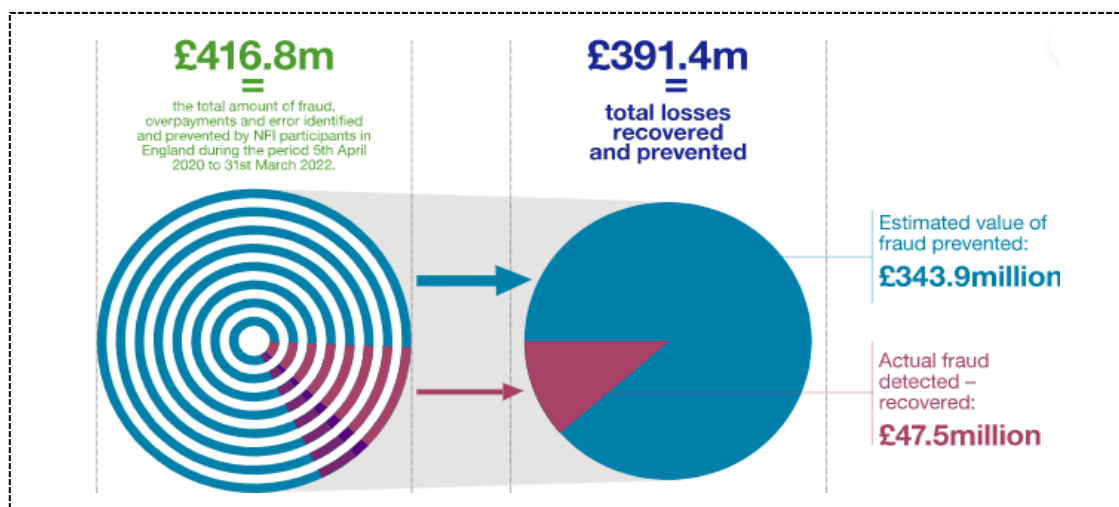


- 1.4. The Cyber-Intelligence Team at the NFIB reports that social media hacking is the most prolific cyber-fraud type being reported and is steadily increasing. In some cases where an email address is compromised, this can result in all accounts linked to the email address being taken over. This type of fraud has been attempted in some Schools.

- 1.5. The graph below shows the shift in the volume of reports reported to Action Fraud on certain types of crime compared with the monthly average in the previous 12 months:



- 1.6. The NFIB analysis shows high volumes of social media and hacking frauds in the period, compared to other types of fraud as well as increasing numbers of fraud by abuse of position.
- 1.7. According to the Cabinet Office National Fraud Initiative Report (NFI) December 2022, fraud is estimated to account for 40% of all crime committed across the UK. Matched data is used to help in the prevention and detection of fraud. It is reported that in the period 2020 to 2022, the NFI has enabled participant organisations to detect £417m across England.



Source: NFI 2020 to 2022 Outcomes in England, Cabinet Office

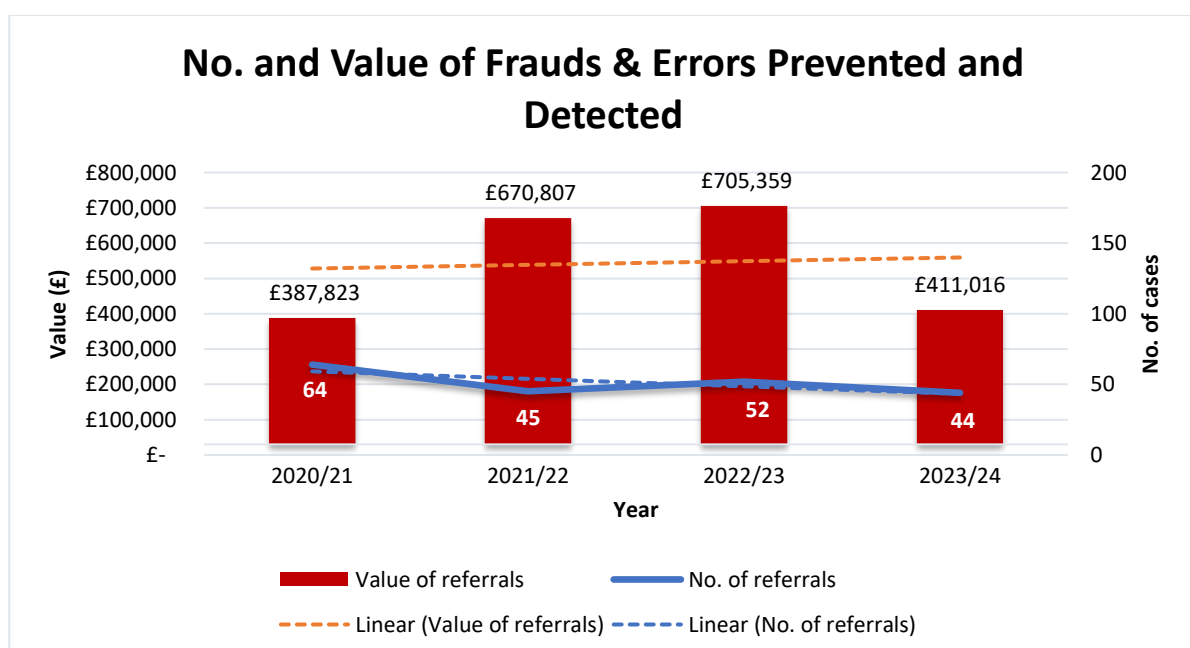
- 1.8. Nottinghamshire County Council participates bi-annually in the NFI exercise. Further details of our involvement in the NFI exercise and any reported outcomes are included in section 2.8 below. The next batch of data for the 2024/25 exercise is due to be submitted in November 2024 and the matches are expected to be provided to us in January 2025. Outcomes will be provided in the fraud update report and next annual fraud report.

2. Incidence of Fraud Prevention and Detection at Nottinghamshire County Council

- 2.1. The Council is committed to responding to the threat of fraud and it continues to take a zero-tolerance stance. This is put into practice through a broad range of activities. The continuing counter fraud strategy over the past few years has focused on prevention and detection of fraud. This can be attributed to several factors including:

- Corporate Leadership Team's and senior members' commitment to the counter fraud agenda through the development and backing of the Counter Fraud and Counter Corruption Strategy.
- Continued engagement with national research, intelligence gathering and development of data analysis.
- Risk assessment to identify emerging risks and to target reviews in higher risk areas.
- Raising awareness of the counter fraud agenda amongst all our staff, along with improving understanding and arrangements for capturing instances of detected and prevented fraud.
- Officers across the Council undertaking a variety of daily activities to prevent and detect fraud.
- A minority of cases result in sufficient evidence to warrant the use of the prosecution sanction.

- 2.2. Within this section we recognise both fraud detection and fraud prevention outcomes in assessing the value of the Council's overall exposure to suspected and possible fraudulent activity. The graph below analyses the trend over the last four years in the number and value of fraud prevention and detection cases at the Council. The dotted lines represent trends in the number and the value of cases.



2.3. The blue line on the chart above shows a decrease in the total number of cases compared to the previous year and a downward trend in terms of the last 4 years. In 2023/24 the value of suspected fraud cases has also decreased significantly. This is due mainly to a reduction in mandate and insider fraud cases identified in 2023/24. Robust controls in the Business Support Centre as well as more robust controls being introduced in ICT and Direct Payments Teams have reduced the risks to the Council.

2.4. A summary of the cases of potential fraud and errors identified in 2023-24 is presented in the following table:

Nature of potentially fraudulent activity and errors	No of Cases	Detection Source	Estimated Value Involved	Action Taken
Schools - Mandate Fraud	2	Internal Controls	£17,163	Cases reported to the bank and Action Fraud. £6,094 recovered. Schools' Finance have alerted schools to the risk.
Schools - Purchase Card – Payments	2	Internal Controls	£1,826	Fraudulent activity reported to Barclaycard and monies recovered.
Schools – Purchase Card Phishing scam	2	Internal Controls	£54,600	Reported to Barclaycard Fraud Team and card cancelled. The frauds were prevented.
Schools - Scam Invoices	1	Internal Controls	£192	The scam was reported to Schools' Finance and notified to other schools.
Adult Social Care – Financial Assessments deprivation of assets	14	Internal Controls	£102,835	Estimated annual reduction in NCC costs because of checks.
ICT – SIM Card theft and fraudulent use	6	Through internal controls	£88,906	Sim cards blocked via EE. £77,000 recovered.
Place Dept - Homes for Ukraine rent fraud	3	Picked up through internal controls	£19,000	Internal investigation concluded and monies recovered.
Place Dept – Fraudulently requesting/misusing permits in resident parking schemes	13	Picked up through enforcement and internal systems	£494*	Permits cancelled. Penalty charge notices (PCN) issued.
Tour of Britain Hosting Fee – False representation	1	Notification received	£126,000	Information reviewed but no fraud identified.
*Based upon £38 cost of each parking permit				
TOTALS	44		£411,016	
Blue Badge - Misuse	35	Special Enforcement days, Blue Badge Action Day and CEO Patrols	£22,750 ¹	Misuse resulting in the issue of a PCN and cessation of passes
Disabled/Over 60's Concessions	150 Stolen 2,273 Lost	User notifications	£4,646 ²	Cessation of passes
Cyber Security	Numerous Daily	ICT Controls	Not Quantified	External and internal defence systems to prevent or detect attacks
¹ £650 per blue badge cancelled to reflect the estimated annual cost of blue badge fraud, the likelihood that badges are misused and the duration that fraudulent misuse will continue.				
² Number of passes stolen multiplied by £30.97, based on the NFI estimate cost of reimbursement to bus operators for journeys made under the concessionary pass scheme and the duration of fraudulent pass misuse estimated.				

- 2.5. In compliance with the Transparency Code, NCC publishes summary information on its website each year concerning its arrangements for countering fraud. This includes the number of suspected fraud cases investigated each year and the estimated cost of all investigations into fraud, irrespective of whether fraud was proven. The published details for the past three years are shown below.

Information	2021/22	2022/23	2023/24
No. employees (individuals not FTE) involved in fraud investigation	26	40	27
No. professionally accredited fraud specialists	1	1	1
Estimated Cost of employee time investigating fraud	£173,339	£205,058	£199,144
No. of suspected fraud cases investigated	45	52	44

- 2.6. The number of staff involved in fraud investigations has decreased in 2023/24 due to a reduced number of cases of insider and mandate fraud, although the number of Direct Payments Auditors (Personal Budget Officers - now part of the Quality Assurance and Resolutions Team) has increased from three to five full-time staff. The cost and employee time spent on counter fraud work in total equates to 5.89 full-time staff, compared to 4.5 staff in 2022/23, although the previous year included more management time.

National Fraud Initiative

- 2.7. The 2020-22 exercise is now complete and the key statistics for Nottinghamshire were:



34 reports matching NCC data against data from DVLA, DWP, mortality data, etc



11,762 total matches
4,883 high priority matches



NCC staff examined
11,664 matches on a risk basis



£519,330 outcomes identified (including £487,153 “co-estimates”)

- 2.8. The 2020-2022 NFI national outcomes in England (July 2022, compiled by the Cabinet Office), in the headline categories of fraud for County Councils are shown below, alongside the NCC potential fraud/error outcomes for 2020-22 and 2022-24.

Category	Cabinet Office Annual Stats (England) 2020-2022	NCC Outcomes 2020-2022	NCC Outcomes 2022-2024
Pension/Payroll matches	£9.3m reported outcomes from 12,098 cases	No reported outcomes from 1,668 matches	820 of 927 cases have been processed with no reported outcomes.

Category	Cabinet Office Annual Stats (England) 2020-2022	NCC Outcomes 2020-2022	NCC Outcomes 2022-2024
Trade Creditors	£6.1m detected from 955 duplicate creditor payments	£81,640 reported outcome from 7,639 matches	1,796 cases opened from 5,881 matches identified. 6 duplicate payments totalling £32,177 were detected.
Total Reported Outcomes	£15.4m	£81,640	£32,177
Other significant estimated results			
Blue Badges cancelled or withdrawn (no's) – based upon potential misuse	£24.4m ¹ outcomes from 42,383 matches	£276,000 ¹ reported outcomes from 480 matches	All 2,193 cases have been processed. 663 errors were noted with co-estimated savings of £430,950 ¹ .
Concessionary Travel Passes Cancelled (no's)	£5.5m outcomes from 255,710 matches	£44,136 ² reported from 1,839 matches	All 2,641 matches processed. £56,203 ² reported outcomes from 1,815 cases
Residents Parking Permits	N/A	11 cases completed. No reported outcomes	12 cases opened and processed. No reported outcomes
¹ £650 (£575 in 2020-2022) per blue badge cancelled to reflect the estimated annual cost of blue badge fraud, the likelihood that badges are misused and the duration that fraudulent misuse will continue.			
² Number of passes identified by NFI and cancelled due to person deceased, multiplied by £30.97 (£24 in 2021-22), based on the cost of reimbursement to bus operators for journeys made under the concessionary pass scheme and the duration of fraudulent pass misuse during fy 2022-23.			

Notes re above

2.9. The Council is only required to examine those cases identified by the NFI as “High Risk” but should also investigate the lower risk matches if these are likely to identify fraud or error. The detailed investigation of these cases can be time consuming and costly and the decision to investigate them needs to be based upon the risk, as determined by the relevant service manager.

2.10. In relation to trade creditors, 5,246 matches related to duplicate records by amount and creditor reference. A decision was made to only review transactions where the gross transaction value was £5,000 or above. Therefore 1,160 of these cases were subject to further review. Six payments totalling £32,177 were identified as duplicate payments and five of these related to Transport Section. Most of these related to invoices posted via the interface from the Transport system (Trapeze) and then submitted again through the non-purchase order route in error. The remaining duplicate transaction was paid twice in error due to two purchase orders being raised against different vendor numbers. All duplicate payments have since been

refunded. To address the recurring issues, the Accounts Payable Team have held various training sessions with the Transport Team to go through the full end-to-end procedures to ensure further duplicates are avoided.

- 2.11. Blue Badge matches consisted of 1,467 deceased notifications, 49 potential duplicate badges, 676 where there was more than one application with a matching phone number or email address and one fraudulent application. The latter may be due to a third-party organisation assisting multiple applicants to apply for the badge, using their phone number/email address as the contact details. The NFI process identified 663 badges that had not been notified as deceased. These badges have now been cancelled and the team is proactive in using the Tell Us Once system to identify deceased notifications to cross-reference to the blue badges scheme.
- 2.12. In addition to the above, the NFI process has identified matches where there could be potential failures to declare that employees were directors of companies that had provided goods and services to the Council. These cases are being examined against the requirements of the Code of Conduct for Council employees. Any outcomes arising from this will be reported in the next counter-fraud progress report.

3. Fraud Risk Assessment

- 3.1. Internal Audit annually reviews and updates the Council's FRA to assess the nature of fraud and corruption threats to the Council. The assessment draws on intelligence from a variety of sources:
- National Anti-Fraud Network and National Fraud Intelligence Bureau alerts which are routinely received, reviewed and disseminated by Internal Audit.
 - Liaison with the Midland Counties Counter Fraud Group – Knowledge Hub. This group is used as a forum to raise questions and share knowledge of potentially fraudulent activity or issues that have arisen at other local authorities.
 - National publications, professional bodies such as CIPFA & IIA.
 - Discussion with service managers across the Council to understand inherent and residual risks facing services vulnerable to fraud.
 - Head of Internal Audit's knowledge and risks from core systems and the assurance mapping process.
 - Analysis of incidences of suspected cases at the Council.
- 3.2. The latest review of the FRA, highlights the following threats as potentially having the highest impact at the Council:

External Threats

- Adult social care – personal budgets
- Adult social care – misuse of direct payments
- Adult social care – deprivation of assets to increase the Council's contribution for care costs
- Bank mandates – attempts made to make changes to supplier bank accounts
- Pension fund – continuation of payments in respect of deceased persons

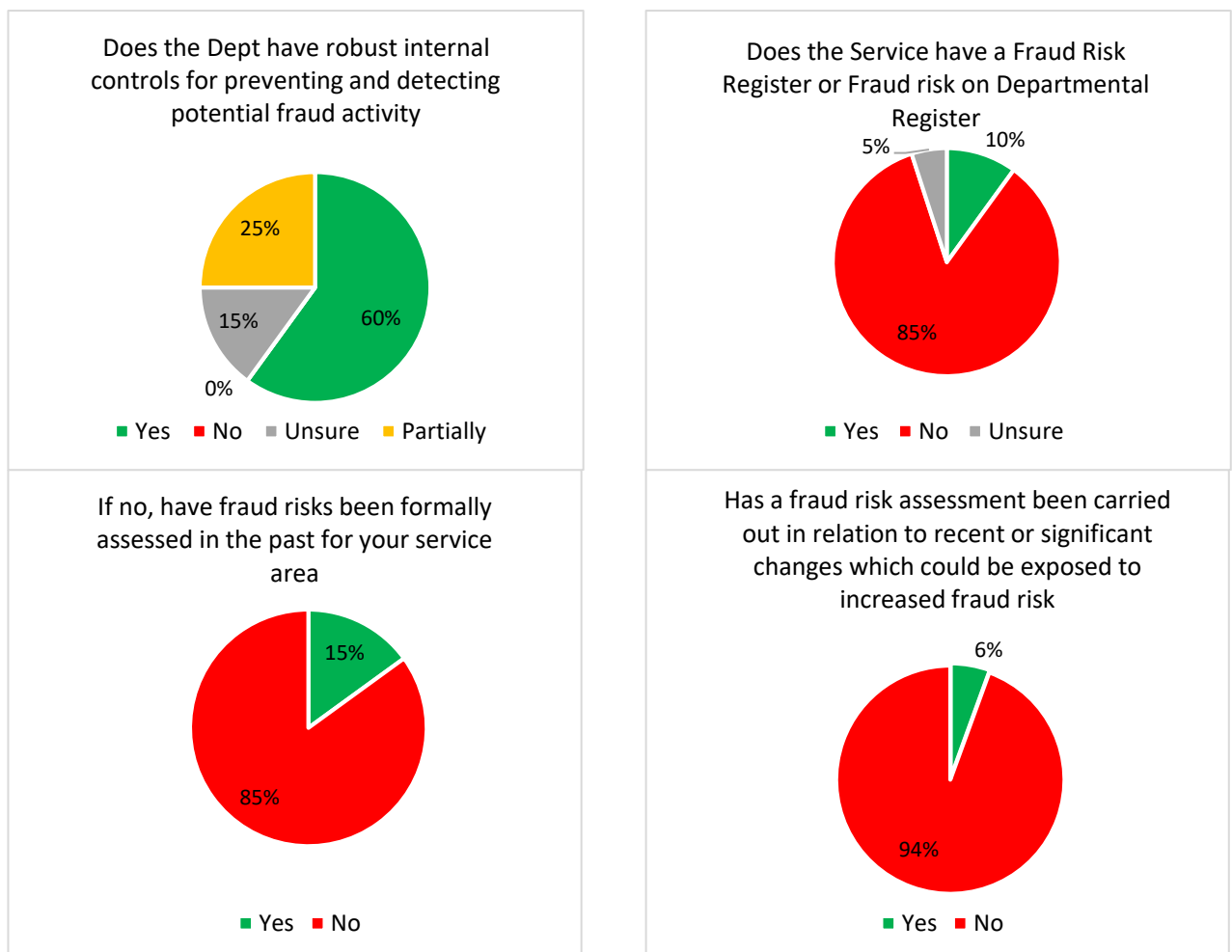
- Procurement fraud – during the contract management stage of activities and including invoices for services not delivered or sub-standard
- Social Engineering – Phishing, vishing etc to obtain data by deception
- Identity Crime – Impersonating the Council, suppliers and customers.
- Blue badges – improper use of parking permits

Internal Threats

- Payments – abuse of position and opportunity
- Collusion – two or more employees acting together to nullify internal checks.
- Payroll – submission of false claims for overtime, allowances and expenses
- Procurement – abuse of procurement processes and procurement cards

A member of the Internal Audit Team recently completed the Certificate in Fraud Risk Management course run by the Chartered Institute of Public Finance and Accountancy (CIPFA). This was to further develop Internal Audit skills to proficiently work with stakeholders to identify and manage fraud risks within the Council. The objective was to develop more effective fraud risk assessment processes which in turn will help to identify key fraud risk areas and guide the Audit Plan. A questionnaire was sent to Team Managers to gauge knowledge and understanding and identify key risk areas. Initial key findings from the analysis were as follows:

Analysis of Fraud Risk Assessment Questionnaire:



Following this initial analysis, Internal Audit is in the process of engaging with departments further to widen understanding of fraud risks and develop the fraud risk assessment process involving a wider range of stakeholders.

4. How is Nottinghamshire County Council responding to fraud risk?

Governance and Members

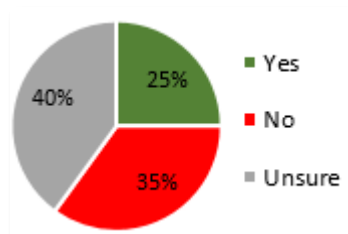
4.1. The Council's Governance and Ethics Committee continues to provide the focal point for member engagement with the counter fraud agenda. Members oversee the review of policies and guidance material that underpin the delivery of the counter fraud agenda across the Council, and this continued through 2023/24:

- Counter Fraud & Corruption Policy and Fraud Response Plan
- Anti-Money Laundering Policy
- Whistleblowing policy

Internal Audit and Counter Fraud

4.2. The Internal Audit Team incorporates pro-active and responsive counter-fraud work in its termly plans:

- Helping to promote a counter-fraud culture - awareness-raising articles in 'Team Talk' and 'Intranet News' over the year, and especially to coincide with the International Fraud Awareness Week in November. The online counter-fraud training was updated in October 2021 and 66 people have completed the course in financial year 2023/24. As part of our



FRA analysis we asked if relevant staff had undertaken Counter-fraud awareness training. The chart indicates the uptake of training is relatively low. In view of this, we are planning on reviewing and updating the content of the training and considering whether this training should become mandatory for relevant staff.

- Detective checking – through application of its data-enabled audit strategy and use of data analytic software as part of its routine audit work.
- Prompting targeted checks by others - through the dissemination of information and advice.
- Data-matching - co-ordination of the Council's participation in ongoing NFI and NFI Recheck exercises.
- Continuous assurance – routine data monitoring for indicators of fraud in a range of corporate systems and processes.
- A review of Blue Badge procedures to prevent and detect fraud and misuse was undertaken in 2023/24. The final report was issued to management in April 2024. We identified some good controls in place and no significant control failures. Further actions were agreed and implementation of these will be monitored during 2024/25.
- Outcomes in relation to ongoing fraud cases is reported to Members as part of our termly updates.

Business Services Centre (BSC)

4.3. A range of fraud preventative activities are carried out by the BSC as part of the recruitment process and the setting-up of new employees on the payroll:

- Recruitment – applying checks for new employees on the right to work in the UK, along with workflow prompts for managers to complete ongoing checks for those with temporary leave to remain in the UK. Carrying out Disclosure and Barring Service (DBS) checks (including identity checks) for prescribed categories of employee and improving reference response rates through the use of the online application. Identity checks for right to work and DBS checks are processed using the Home Office approved digital identity verification processes meeting the DCMSUK digital identity and attributes trust framework (UKDIATF) and Government Good Practice Guide 45 (GPG45) Standards. Strong controls are in place as demonstrated through the year.

The Accounts Payable (AP) Team have continued to be active in the year as part of their ongoing commitment to reduce the potential for duplicate invoice payments or fraudulent attempts to divert payments to a different bank account. They have implemented a number of activities and have others that are in progress or planned for the year including:

- AP hold a register of information relating to potential and actual fraud activities and this is shared within the Team to raise awareness, this is also reviewed at a monthly AP Controls Meeting.
- Draft up and send out a reminder to Budget Holders about the responsibilities for ensuring appropriate checks are in place to ensure payments aren't duplicated.
- Issue a general reminder to all staff about Fraud Awareness and refer to e-learning modules (mandatory training), not sharing supplier bank details and making sure suppliers send invoices directly to AP instead of locally to individuals.
- Call recording now implemented via Touchpoint.

ICT

- 4.4 The cyber security agenda continues to make national headlines, and this is a primary area of focus for the ICT team including:

- The council continues to address improvements in its Cybersecurity
- Risk management process – alignment with the National Cyber Security Centre (NCSC) and Local Government Association (LGA) Directives and Best Practices.
- Digital and physical asset protection measures – these continue to successfully detect and deflect a variety of cyber related virus, malware and other malicious attacks against the Council.
- IT security standards - reviewed annually.
- Annual penetration testing by CREST – an accredited Cyber Security Company is undertaken. Monthly statistics on any successful Cyber Security incidents are collected, but so far there have been no incidents.
- Monthly reports on firewall blocking and SPAM email Phishing attacks.

In addition, following an audit of control procedures within the Computer Equipment Replacement Program (CERP), more robust measures have been implemented around the security of assets.

Adult Care Financial Services Department (ACFS)

- 4.5 ACFS has developed a proactive approach and has in place rigorous measures to address the threat of losses due to the misuse of direct payments and intentional deprivation of assets:

- Direct Payment Policy, Agreement and staff guidance – embedded in the department's processes
- Direct Payments Auditing and ACFS escalation process – Over 84% of financial audits for 2023/24 have been completed in the year. In cases where misuse is identified, measures are in place to recover the money, including raising invoices for repayment where necessary.
- Deprivation of assets - cases continue to be identified, resulting in recovery action being undertaken in accordance with Section 70 of the Care Act 2014.

Risk & Insurance

- 4.6. The Risk and Insurance Team continues to take a robust approach to fraudulent claims and has a well-developed fraud protocol in place. The team continues to use a 48-point checklist to screen new claims on a risk basis to detect false, exaggerated and potentially fraudulent cases. During 2023-24 the team have successfully defended 1,553 claims for compensation during the year with a savings value of £2.78m. No claims finalised during 2023/24 were identified as being potentially fraudulent.

Schools Finance

- 4.7. The work of the Schools Finance Team makes an important contribution to the counter-fraud activities:
- Advice to schools on finance and governance - including liaison with Internal Audit in relation to potential fraud cases.
 - Fraud alerts – dissemination of intelligence about new and emerging fraud threats for schools through the Schools' Portal.
 - Routine audits – audits of schools on a five-year basis incorporate checking controls designed to mitigate potential fraud risks. Findings from individual reviews provide intelligence to identify areas of fraud risk and to disseminate warnings to others.

Procurement

- 4.8. The Procurement Team have robust processes and due diligence in place at the tendering stage to counter fraud.

Blue Badges

- 4.9. Activity to identify the misuse of Blue Badges continues. The focus for counter-fraud activity in this area includes the following:
- Issue of Penalty Charge Notices (PCNs) where Enforcement Teams identify incorrect use of badges.
 - Vigilance in identifying suspicious applications for badges, including repeated claims of badges being lost.
 - Liaison with the City Council and Police Compliance and Fraud Officer to share intelligence of badge misuse.
 - Participation in the NFI to identify and cancel active badges linked to deceased badge holders.

In addition, in 2023-24 four specific enforcement days were carried out as well as the National Blue Badge Day of Action. Two instances of misuse were picked up within the 171 Blue Badge checks undertaken. In total, 35 Blue Badges have been seized in the year and PCNs have been

issued for blue badge misuse. All seizures have been done during a Civil Enforcement Officer's day-to-day patrol.

Concessionary Passes

- 4.10. Key actions to counter the fraudulent use of concessionary travel passes centre around failure to notify the Council of the death of a pass holder:
- Participation in the bi-annual NFI process
 - Linking in with the Council's 'Tell Us Once' process to facilitate notification of the death of a pass holder and establishing closer links with the Registration Service appears to have reduced the number of NFI matches significantly.
 - The hot-listing system designed to facilitate remote cancellation of any badges that should no longer be in use, has been delayed due to technical issues but it is anticipated to start during 2024. The facility for prompt cancellation of badges will most likely prevent some instances of fraud.
 - We now use a national website on a weekly basis from which we can filter Nottinghamshire deaths weekly and check against our database. This has enabled deceased pass holders to be quickly identified and should reduce the number of NFI matches moving forwards.

Communities Department

- 4.11. Regular reviews of payments to people hosting Ukrainian refugees are carried out including regular check-ins with hosts and guests to verify ongoing status. In-person check of arrangements every 6 months.

5. Counter Fraud Priorities for 2024/25

- 5.1 The following sets out priorities for 2024/25, all of which will be led by Internal Audit.

Action	Timescale
Carry out a review of the misuse of Direct Payments in Adult Social Care	April 2025
Continue to carry out actions in relation to the FFCL self-assessment, pending the release of a new strategy.	Ongoing
Review counter-fraud e-learning and consider whether training should be mandatory for finance staff, budget holders and those involved in purchasing, payments and other financial activity.	April 2025
Develop a more effective fraud risk assessment processes to help identify key fraud risk areas to guide the Audit Plan. Internal Audit will engage with departments to widen understanding of fraud risks, involving a wider range of stakeholders. It is anticipated that further engagement will identify potential areas of weakness for fraud. Any fraud risks will be considered as part of our termly plan and reported to the G&E Committee.	April 2025

24 July 2024**Agenda Item: 9****REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND
EMPLOYEES****WORK PROGRAMME****Purpose of the Report**

1. To review the Committee's work programme.

Information

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 includes items which can be anticipated at the present time.

Other Options Considered

4. The option to not present a work programme to the Committee was rejected as it would not allow forward planning or management of agenda items.

Reason/s for Recommendation/s

5. To assist the Committee in preparing and managing its work programme.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment 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 Committee considers whether any changes are required to the work programme.

Marjorie Toward

Service Director, Customers, Governance and Employees

For any enquiries about this report please contact:

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Constitutional Comments (EH)

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

Financial Comments (NS)

8. 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

GOVERNANCE & ETHICS COMMITTEE – WORK PROGRAMME (as at 16 July 2024)

<u>Report Title</u>	<u>Brief Summary of agenda item</u>	<u>Lead Officer</u>	<u>Report Author</u>
24 July 2024			
Update on Local Government and Social Care Ombudsman Decisions	To consider any recent findings of the Local Government Ombudsman in complaints made against the County Council	Marie Rowney	Richard Elston
Term 3 Progress 2023/24 and Term 2 Plan 2024/25	To consider proposed audit coverage for Term 2	Nigel Stevenson	Simon Lacey
Annual Fraud Report 2022-23	To review the incidence of fraud over the year and an update on risks and mitigations	Nigel Stevenson	Simon Lacey
Follow-Up of Internal Audit recommendations – 6 monthly update	To consider an update on progress with implementing agreed actions from Internal Audit reports	Nigel Stevenson	Simon Lacey
External Audit Strategy Memorandums 2023-24	To consider the External Audit Strategy Memorandums	Nigel Stevenson	Glen Bicknell
4 September 2024			
Update on Local Government and Social Care Ombudsman Decisions	To consider any recent findings of the Local Government Ombudsman in complaints made against the County Council	Marie Rowney	Richard Elston
Whistleblowing Annual Report	To review whistleblowing activity over the previous 12 months	Heather Dickinson	Charles Mason
Financial Regulations Waiver Annual Report 2023-24	To consider Financial Regulations waivers issued in 2023-24	Nigel Stevenson	Kaj Ghattora
16 October 2024			
Update on Local Government and Social Care Ombudsman Decisions	To consider any recent findings of the Local Government Ombudsman in complaints made against the County Council	Marie Rowney	Richard Elston
Review of Arms Length Organisations	To review the governance arrangements of Arms Length Organisations	Nigel Stevenson	Derek Higton
27 November 2024			
Update on Local Government and Social Care Ombudsman Decisions	To consider any recent findings of the Local Government Ombudsman in complaints made against the County Council	Marie Rowney	Richard Elston

Internal Audit Term 1 Progress and Term 3 Plan 2024-25	To consider proposed audit coverage for Term	Nigel Stevenson	Simon Lacey
Follow-Up of Internal Audit Recommendations	To consider an update on progress with implementing agreed actions from Internal Audit reports	Nigel Stevenson	Simon Lacey
Governance Update		Nigel Stevenson	Simon Lacey
Internal Audit Charter Refresh		Nigel Stevenson	Simon Lacey
15 January 2025			
Update on Local Government and Social Care Ombudsman Decisions	To consider any recent findings of the Local Government Ombudsman in complaints made against the County Council	Marie Rowney	Richard Elston
Counter Fraud Progress Report		Nigel Stevenson	Simon Lacey
5 March 2025			
Update on Local Government and Social Care Ombudsman Decisions	To consider any recent findings of the Local Government Ombudsman in complaints made against the County Council	Marie Rowney	Richard Elston
23 April 2025			
Update on Local Government and Social Care Ombudsman Decisions	To consider any recent findings of the Local Government Ombudsman in complaints made against the County Council	Marie Rowney	Richard Elston
25 June 2025			
Update on Local Government and Social Care Ombudsman Decisions	To consider any recent findings of the Local Government Ombudsman in complaints made against the County Council	Marie Rowney	Richard Elston