

Governance and Ethics Committee

Wednesday, 24 July 2019 at 13:00

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

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| 3 | Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary) | |
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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 Keith Ford (Tel. 0115 977 2590) 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 12 June 2019 (commencing at 1.00 pm)**

membership

Persons absent are marked with `A`

COUNCILLORS

Bruce Laughton (Chairman)
Andy Sissons (Vice-Chairman)

Nicki Brooks
Steve Carr **A**
Kate Foale
John Handley
Errol Henry JP

Rachel Madden
Phil Rostance
Keith Walker
Gordon Wheeler

OTHER COUNCILLORS IN ATTENDANCE

John Longdon

OFFICERS IN ATTENDANCE

Mark McCall
Paul Johnson

Adult Social Care and Public Health

Marion Clay
Steve Edwards

Children and Families Department

Glen Bicknell
Heather Dickinson
Rob Disney
Keith Ford
Michael Fowler
Kaj Ghattaora
Simon Lacey
Nigel Stevenson
Marjorie Toward
James Ward

Chief Executive's Department

Shane Grayson

Place Department

1. CHAIRMAN AND VICE-CHAIRMAN**RESOLVED: 2019/031**

That the appointment by Full Council on 16 May 2019 of Councillor Bruce Laughton as Chairman and Councillor Andy Sissons as Vice-Chairman of the Committee for the 2019-20 municipal year be noted.

2. MEMBERSHIP

RESOLVED: 2019/032

That the following membership of the Committee for the 2019-20 municipal year be noted:- Councillors Bruce Laughton, Andy Sissons, Nicki Brooks, Steve Carr, Kate Foale, John Handley, Errol Henry JP, Rachel Madden, Phil Rostance, Keith Walker and Jonathan Wheeler.

3. MINUTES

The Minutes of the last meeting held on 1 May 2019, having been previously circulated, were confirmed and signed by the Chairman.

4. APOLOGIES FOR ABSENCE

No apologies for absence were received.

The following temporary change of membership for this meeting only was noted:-

- Councillor Gordon Wheeler had replaced Councillor Jonathan Wheeler.

5. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

6. FOLLOW-UP OF INTERNAL AUDIT RECOMMENDATIONS

Rob Disney, Group Manager Assurance, introduced the report which outlined progress with the implementation of agreed management actions in response to Internal Audit recommendations.

Shane Grayson, Business Service Manager, updated the committee on progress with the issue of checks of consolidated invoices for catering at County Hall and Trent Bridge House.

Marion Clay, Service Director, Education, Learning & Skills provided an update on the recommendations about school expansion and pupil place planning. The Chairman requested a further update on this issue in a year's time.

Paul Johnson, Service Director – Strategic Commissioning, Adult Access and Safeguarding, gave an update on the recommendations about direct payments.

Kaj Ghattora, Group Manager, Procurement, and Michael Fowler, Category Manager, Public Health updated the Committee on the issues relating to procurement of adult social care suppliers and providers.

The Chairman and Vice-Chairman, on behalf of the Committee, congratulated the officers on the progress so far achieved.

RESOLVED: 2019/033

That the progress detailed in the report be noted.

7. LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN (LGSCO)
DECISIONS MARCH 2019 – APRIL 2019

Heather Dickinson, Group Manager, Legal, Democratic and Complaints, introduced the report which detailed the LGSCO decisions received in this latest monitoring period.

RESOLVED: 2019/034

That no actions were required in relation to the issues contained within the report.

8. PRESENTATION ON 2018/19 STATEMENT OF ACCOUNTS AND
STATUS OF EXTERNAL AUDIT

Glen Bicknell, Senior Accountant, gave a presentation which outlined the background to the Statement of Accounts. The presentation included the approach taken as part of the new 'Telling the Story' initiative and the various elements of the statement including the Movement in Reserves statement; the Comprehensive Income and Expenditure account; the balance sheet; the notes to the accounts and the accounting policies.

RESOLVED: 2019/035

That the contents of the presentation be noted, with no further actions required at this stage.

9. NATIONAL AUDIT OFFICE REVIEW OF LOCAL GOVERNMENT
GOVERNANCE

Rob Disney, Group Manager Assurance, introduced the report which outlined the findings of this recent review.

RESOLVED: 2019/036

That the implications for Nottinghamshire County Council of the findings of the National Audit Office Review of Local Government Governance be noted, with no subsequent changes required to the Council's governance framework.

10. ANNUAL FRAUD REPORT 2018/19

Simon Lacey, Audit Team Leader, introduced the report which sought the Committee's views on the Council's latest Annual Fraud Report.

RESOLVED: 2019/037

That the contents of the Annual Fraud Report for 2018-19 be noted and the adequacy of the Council's current and planned arrangements for tackling fraud and corruption be confirmed.

11. CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA) STATEMENT ON THE ROLE OF THE HEAD OF INTERNAL AUDIT

Rob Disney, Group Manager Assurance, introduced the report which highlighted CIPFA's updated statement on this role in public service organisations and underlined opportunities for improvement in arrangements and practice at Nottinghamshire County Council.

RESOLVED: 2019/038

That the actions identified as opportunities for improvement within the report be implemented.

12. UPDATE ON USE OF THE COUNCILLORS' DIVISIONAL FUND

Keith Ford, Team Manager – Democratic Services, introduced the report which presented Committee with a six monthly update on the use of the Councillor's Divisional Fund for the period 1 October 2018 to 31 March 2019.

RESOLVED: 2019/039

- 1) That the CDF expenditure for the period October 2018 – March 2019 be noted with no further actions required.
- 2) That the outcomes of the ongoing audit exercise and progress with the development of the new electronic system be included in the next update report to Committee.

13. RESOURCES FOR EDUCATION APPEALS PANEL MEMBERS

Keith Ford, Team Manager – Democratic Services, introduced the report which requested approval for an annual payment to reimburse these volunteers for printing costs arising from their role in education appeals.

RESOLVED: 2019/040

That Education Appeal Panel Members be permitted to submit claims for an annual payment of £30 to cover any printing costs, with a second payment of £30 also permitted for those Panel Members where it can be evidenced that they have incurred further printing costs as a result of a high number of appeals involving late papers attended in a particular year.

14. REVIEW OF COUNCIL CONSTITUTION

Heather Dickinson, Group Manager, Legal, Democratic and Complaints, introduced the report which set out the proposed scope, resource implications and proposed timescales of the planned review.

During discussions, officers clarified that a programme of work would be developed around the review, with the Committee engaged on specific relevant issues as the work developed.

RESOLVED: 2019/041

That the scope of the constitution review, as set out in paragraphs 5-9 of the committee report, be agreed.

15. WORK PROGRAMME

During discussions, Members requested that an item on the collection and distribution of Section 106 monies from property developers be added to the work programme. Officers agreed to seek clarification as to the most relevant committee to consider this issue.

RESOLVED: 2019/042

That the work programme be agreed.

The meeting closed at 2.42 pm.

CHAIRMAN

24 July 2019**Agenda Item: 4****REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE
AND EMPLOYEES****LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN DECISIONS
MAY-JUNE 2019****Purpose of the Report**

1. The purpose of this report is to inform the Committee about Local Government & Social Care Ombudsman's (LGSCO) decisions relating to the Council since the last report to Committee up to 18 June 2019.

Information

2. The Committee has asked to see LGSCO decisions 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 on 12 June 2019.
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 7 decisions relating to the actions of this Council have been made by the Ombudsman in this period (attached at annex A). Following initial enquires into 6 complaints, the LGSCO decided not to continue with any further investigation. The Ombudsman concluded that the matters were either outside their jurisdiction, that no meaningful remedy would be possible and in one case the Council had already resolved the complaint
6. One investigation was carried out in relation to the transfer review process of a child's Special Educational Needs (SEN) statement to convert it to an Education, Health and Care Plan

(EHCP). Although the department had already identified there had been some fault during the Council's complaints process and offered a formal apology and explanation for this, the investigator considered the remedy offered was insufficient. Further recommendations were made which were fully accepted by the Council (Annex A, p13). This included a final remedy of £650 in total for delay and the distress this caused and a recommended review of the corporate complaints process.

Statutory and Policy Implications

7. 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

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

Financial Implications

Case reference 18 009 020 page 13 found fault and the following financial remedies were accepted:

£500 to be met from the Children's Families and Cultural Services Budget and £150 has been met from the Complaints Team Budget.

Implications for Service Users

9. 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

That members consider:-

1. Whether there are any actions they require in relation to the issues contained within the report.

Marjorie Toward

Monitoring Officer and Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Laura Mulvany-Law, Temporary Team Manager – Complaints and Information Team

Constitutional Comments SLB (Standing)

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 [RWK 03/07/2019]

The costs of the financial remedies set out in the report of £500 and £150 have been met from the existing revenue budgets of the Children's and Families and Chief Executive's departments respectively.

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

The Ombudsman's final decision

Summary: The Ombudsman will not investigate whether an Education Health and Care Plan meets Mrs X's child's needs as a Tribunal is deciding this. We will not investigate the alleged Council fault before the Tribunal appeal, as it is not possible to find out what has been missed until the Tribunal decision is known.

The complaint

1. The complainant, whom I shall call Mrs X, says the Council failed to provide her child with their education as set out in their Education Health and Care Plan (EHC Plan). Mrs X also says it delayed in amending an EHC Plan following an annual review.

The Ombudsman's role and powers

2. SEND is a tribunal that considers special educational needs. (*The Special Educational Needs and Disability Tribunal ('SEND')*)
3. We cannot investigate a complaint if someone has appealed to a tribunal. (*Local Government Act 1974, section 26(6)(a), as amended*)
4. 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'. We provide a free service, but must use public money carefully. We can decide whether to start or discontinue an investigation into a complaint within our jurisdiction. (*Local Government Act 1974, sections 24A(6) and 34B(8), as amended*)

How I considered this complaint

5. I considered the information Mrs X provided with her complaint and the Council's replies which it provided. I considered Mrs X's comments on this draft version of this decision.

What I found

Background

6. Mrs X has a child, D, who has special educational needs. A child with special educational needs may have an Education, Health and Care (EHC) plan. This sets out the child's needs and what arrangements should be made to meet them.

The EHC plan is set out in sections. We cannot direct changes to the sections about education, or name a different school. Only the tribunal can do this.

7. D has an EHC Plan. In March 2018, the Council carried out its annual review of D's EHC Plan. D was due to move educational setting in September 2018 to move to the next stage of their education.
8. The Council is responsible for putting in place the arrangements named in the EHC plan. We can look at complaints about this, such as where support set out in the EHC plan has not been provided, or where there have been delays in the process.
9. Mrs X says the Council unreasonably delayed in amending D's EHC Plan following the annual review. The Council sent Mrs X the final version in December 2018. Mrs X says meanwhile D has not received a satisfactory education. Mrs X has appealed the EHC Plan wording to the Tribunal.
10. The Council accepts it delayed. It says it took steps to provide the education D needs.

Analysis

11. We cannot investigate whether the EHC Plan is worded in a way which should meet D's needs. This is because the Tribunal is considering this.
12. It is not practical at this time, to investigate the delays before the Council issued the EHC Plan in December. This is because it is not possible to work out the injustice to D, the education they did not receive, until we know what they should have received. We will not know this until the Tribunal has decided what the EHC Plan should say.

Final decision

13. The Ombudsman will not investigate this complaint. This is because we cannot investigate whether the EHC Plan is worded adequately. The Tribunal is considering this. It is not possible to know the injustice to D caused by any Council fault until the Tribunal's decision is known.

Investigator's decision on behalf of the Ombudsman

The Ombudsman's final decision

Summary: The Ombudsman will not investigate this complaint about a safeguarding investigation carried out by the Council. This is because we could not add to its review of the investigation, and could not achieve the outcome the complainant wants.

The complaint

1. The complainant, who I refer to here as Mr T, says that
 - His father was not properly cared for in his care home and was unfairly served with an eviction notice;
 - Mr T was unjustly banned from the care home;
 - The care home unfairly raised the fees for Mr T's father;
 - The care home did not investigate the Mr T's complaints properly;
 - The Council has not investigated properly Mr T's safeguarding concerns regarding his mother's death and a fall suffered by his father at the care home; and
 - The Council has not investigated his complaints properly.

The Ombudsman's role and powers

2. The Local Government Act 1974 sets out our powers but also imposes restrictions on what we can investigate.
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)
4. 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'. We provide a free service, but must use public money carefully. We may decide not to start or continue with an investigation if we believe:
 - it is unlikely we would find fault, or
 - it is unlikely we could add to any previous investigation by the Council, or

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- we cannot achieve the outcome someone wants.
(*Local Government Act 1974, section 24A(6), as amended*)

How I considered this complaint

5. I considered the information provided by Mr T and by the Council. I also considered information provided by Mr T in respect of a related complaint against the Care Provider. I have sent Mr T a draft decision for his comments.

What I found

6. Mr T's parents were placed in a new Care Home in early 2017. His mother, sadly, passed away soon after this, and Mr T raised a safeguarding concern to the Council regarding the Care Home's actions in the period before she was taken to hospital.
7. Over the following months Mr T raised several complaints against the Care Home. They were not upheld, but he was unhappy with the responses.
8. In July 2017 the Care Home served notice on Mr T's father, stating that Mr T appeared to have no trust in the Care Home. Mr T appealed the decision. He also complained about a decision by the Care Home to ban him from its premises.
9. Further complaints were made by Mr T about the level of fees charged, but they were not upheld. He additionally raised further safeguarding concerns to the Council in respect of his father.
10. Eventually, Mr T's father left the Care Home in December 2017.
11. Mr T remained dissatisfied, and complained to the Council both about the actions of the Care Home, and about the Council's response to his safeguarding concerns.
12. The Council considered the complaint and reviewed the safeguarding investigation, in its response of July 2018.
13. It did look at the complaints about the Care Home's actions and did not uphold them. However it also pointed out that as the care for Mr T's father was privately commissioned and funded (with some NHS funding support), it had no responsibility for the actions of the Care Home, or the response from the Care Provider.
14. The Council also reviewed its own safeguarding investigation. Its findings were that the issues were properly looked at, but that there was no evidence to support the allegations made, and that the documented evidence from the Care Home and the ambulance service did not support the allegations.
15. Mr T has now complained to the Ombudsman, but we will not investigate the complaint. This is for several reasons:
 - There is no fault in the Council's handling of the complaints about the actions of the Care Provider, as it has no responsibility for them.
 - Much of the complaint made relates to the Care Provider's actions, and that has been responded to in a related complaint against the Care Provider.
 - Parts of the complaint also relate to issues dating from 2017. The Ombudsman cannot consider complaints about issues known to the complainant more than 12 months previously, so those are out of our jurisdiction.

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- We could not add anything to the Council's thorough review of the safeguarding investigation;
 - We cannot investigate general issues such as the Council's relationship with the Care Provider or concerns about other residents, as our role is to consider whether there is specific fault by the Council causing injustice to the individual who complains to us, so we could not achieve Mr T's desired outcome of preventing the Council from placing further residents at the Home.

Final decision

16. I will not investigate this complaint. This is because some of the issues are out of our jurisdiction, and we could not add anything to the Council's response or achieve the outcomes that Mr T is looking for.

Investigator's decision on behalf of the Ombudsman

The Ombudsmen's decision

Summary: The Ombudsmen will not investigate Mr X's complaint about a best interest decision to discharge his wife to a residential home. The Ombudsmen are unlikely to be able to add to previous investigations by Nottinghamshire County Council and Nottinghamshire Healthcare NHS Foundation Trust.

The complaint

1. Mr X complains that Nottinghamshire County Council (the Council) and Nottinghamshire Healthcare NHS Foundation Trust (the Trust) wrongly decided it was in his wife's (Mrs X) best interests to discharge her from hospital to a residential home in February 2017. Mr X said this caused him significant distress, and he would like to make sure similar fault does not happen to others.

The Ombudsmen'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'. We provide a free service but must use public money carefully. We may decide not to start or continue with an investigation if we believe it is unlikely we could achieve a different outcome.

(Local Government Act 1974, section 24(A)(6) as amended, and Health Service Commissioners Act 1993, section 3(2))

How I considered this complaint

3. I considered information Mr X provided in writing and by telephone. This includes documents by the organisations complained about. I have also written to Mr X with my draft decision and considered their comments.

What I found

4. Mrs X suffered with vascular dementia and Mr X cared for her.
5. During an admission at the Trust in February 2017, a social worker completed a mental capacity assessment of Mrs X. The social worker determined Mrs X lacked capacity to decide what care and support she received. The Council and Trust later jointly decided it was in Mrs X's best interests to move to a residential home. Mr X disagreed with the decision, and said she needed one to one care, 24 hours a day, because she was prone to falls.

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6. In March 2017, Mrs X moved to the residential home.
 7. In May 2017, Mr X agreed with the social worker his wife should stay at the residential home.
 8. In August 2017, Mrs X fell and broke her hip. She also later had a seizure.
 9. Mrs X died in July 2018.
 10. In response to Mr X's complaints:
 - The Council said it considered many options for Mrs X during the best interest decision making process and considered Mr X's views. However, it should also have completed a risk assessment to see if Mrs X could have coped at home. The social worker would learn from this. The Council also agreed Mrs X needed one to one care, 24 hours a day, which the residential home provided.
 - The Trust said it supported the social worker to make the best interest decision for Mrs X.
 11. Mr X said the decision to discharge his wife to the residential home in her best interests was distressing for him. That decision, if it was taken with or without fault, would have always been distressing for Mr X.
 12. I do not believe further investigation could add to anything to address Mr X's distress. The social worker has demonstrated learning from not carrying out a risk assessment to see if Mrs X could have coped at home.
 13. The Ombudsmen must consider what material difference we can achieve by using public money to investigate. In this case it is unlikely further investigation would achieve more for Mr X.

Final decision

14. I consider the Ombudsmen should not investigate this complaint. I do not consider further investigation of these issues by the Ombudsmen would achieve more for Mr X.

Investigator's decision on behalf of the Ombudsmen

The Ombudsman's final decision

Summary: Mr B complained about the Council's refusal to renew his 'Blue Badge'. The Council, after obtaining more information has changed its decision and renewed the badge.

The complaint

1. Mr B complained that Nottinghamshire County Council (the Council) refused without good reason to renew his 'Blue Badge'.

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 an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)
3. If we are satisfied with a council'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

4. I have considered the complaint and the documents provided by the complainant, and the Council. I have written to Mr B and the Council with my draft decision and considered their comments.

What I found

5. Mr B had been in receipt of a 'Blue Badge' for a number of years. In January 2019 he applied, via a Government website, to renew it. He said he experienced excessive pain on waling and could only walk for a few minutes.
6. In February 2019 the Council refused his application on the grounds that he did not meet the eligibility criteria because his mobility problems were not severe enough.
7. He requested a review and detailed his medical conditions along with the impact on his daily life including walking. In March 2019 the Council refused to review its decision as it said Mr B had not provided any new information.

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8. Mr B then complained to us. Following notification of the complaint, the Council, in April 2019, offered Mr B a mobility assessment. It also telephoned Mr B's daughter and obtained more information about Mr B's disabilities. On the basis of this, it changed its decision and renewed Mr B's 'Blue Badge', which it sent to him on 9 May 2019. It said it made the original decision due to deficiencies with the information requested on the government website.
 9. I asked Mr B if he wished to pursue his complaint in the light of the new decision, but did not receive a reply.

Analysis

10. The Council's initial decision letter was very brief and failed to properly explain why the application had been refused. This made it difficult for Mr B to understand the decision and to know what information to provide to enable the Council to renew it. Following notification from us it promptly made efforts to obtain more accurate information and renewed the badge.
11. Given the lack of response to us I assume Mr B is satisfied with the outcome.

Final decision

12. I have completed my investigation as the Council's actions have resolved the complaint.

Investigator's decision on behalf of the Ombudsman

The Ombudsman's final decision

Summary: The Ombudsman will not investigate Mr X's complaint about the Council's child protection team's choice of words to describe a safeguarding allegation. It is unlikely our investigation would find he had been caused any significant injustice by this.

The complaint

1. The complainant, whom I shall call Mr X, says the Council recorded an allegation against him inaccurately then took unnecessary action.

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'. We provide a free service, but must use public money carefully. We may decide not to start or continue with an investigation if we believe:
 - it is unlikely we would find fault, or
 - the fault has not caused injustice to the person who complained, or
 - the injustice is not significant enough to justify the cost of our involvement, or
 - it is unlikely we could add to any previous investigation by the Council, or
 - it is unlikely further investigation will lead to a different outcome. (*Local Government Act 1974, section 24A(6), as amended*)
3. We investigate complaints of injustice caused by 'maladministration' and 'service failure'. I have used the word 'fault' to refer to these. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3), as amended*)

How I considered this complaint

4. I considered the information Mr X provided with his complaint which included the Council's replies which it provided. I considered Mr X's comments on a draft version of this decision.

What I found

Background information

5. A child alleged Mr X had touched them in such a way that it made them feel uncomfortable. The child told their mother who reported it to the Council's children services team. A Council officer spoke to the education setting where Mr X works. Mr X says the Council officer then wrongly recorded the allegation. He says the officer referred to a specific part of the body rather than a general area.
6. Mr X believes that if the officer had recorded it as a general area, and not a specific part, the Council's following action would have been different.
7. The Council had a strategy meeting and decided to carry out a child safeguarding investigation. It also notified the Council in which Mr X lives and recommended it carry out a safeguarding investigation on his child.
8. The Council's investigation concluded with no further action and a decision of 'unfounded allegation'.
9. Mr X says there would have been no safeguarding investigation if the Council had recorded the area touched more accurately. He is concerned his future employment prospects might be affected. He believes it is wrong his home Council conducted a safeguarding investigation on his child.
10. The Council says if its officer had recorded the allegation as Mr X says it should have, it would have made no difference to its actions. It invited Mr X to set out the corrections he would like to the records for it to consider within its information complaints process.

Analysis

11. It is unlikely our investigation would say the alleged injustice caused to Mr X, the safeguarding investigation, has been directly and solely caused by the Council's use of words.
12. The Council is clear changing the words would not have made a difference.
13. Mr X says the Council should have given more consideration to the context in which the events took place. Given the allegation, it is unlikely we would conclude the Council should not have considered it properly. To consider the context, it is likely the Council would call a strategy meeting. And to consider the context fully a safeguarding investigation.
14. While Mr X may disagree with this, we will not investigate Council decisions just because a person disagrees with them.
15. The Council recently proposed a process to enable Mr X's comments to sit with the records he disputes. It is unlikely our investigation could achieve more on this part of his complaint.
16. It was not this Council's decision to conduct a safeguarding investigation into Mr X's child's situation.
17. This Council is not involved in the provision of Mr X's references should he change employers.

Final decision

18. The Ombudsman will not investigate this complaint. This is because it is unlikely we would find that he has been caused any injustice by the Council's choice of words.

Investigator's decision on behalf of the Ombudsman

The Ombudsman's final decision

Summary: The Council was at fault when it carried out a transfer review to convert Mr Y's SEN statement to an Education, Health and Care Plan. The significant delay, and poor communication with Mrs X, Mr Y's mother, caused injustice. The Council has accepted our recommendations for a financial remedy and a review of procedures.

The complaint

1. Mrs X made this complaint in her own right, and on behalf of her son, Mr Y, who is now 18. Mr Y has complex special educational needs associated with autism and severe learning difficulties. He relies on others to manage every aspect of his daily life. He lacks capacity to make a complaint himself. Mrs X, his mother and carer, is a suitable person to make the complaint on his behalf.
2. In broad terms, the complaint is about the way the Council managed the process for amending and maintaining Mr Y's statement of special educational needs (SEN statement), annual reviews, and the delay in transferring Mr Y from a SEN statement to an Education, Health & Care Plan (EHC Plan). The matters raised in the complaint span August 2014 to March 2018.

What I have investigated

3. I have investigated Mrs X's complaint about the Council's management of Mr Y's transfer review from a SEN statement to a final EHC Plan. I decided to exercise discretion to investigate what happened between January 2017 and March 2018 to examine the entire transfer review period.
4. Mrs X complained about some matters that happened some years before we received their complaint in September 2018. I did not investigate those parts of the complaint for the reasons given in paragraph 103.

The Ombudsman's role and powers

5. We may investigate complaints from a person who is directly affected by the matter in the complaint. If the person who is affected does not have capacity to authorise someone to act on his or her behalf, we may investigate a complaint from a personal representative or someone we consider suitable to represent the person affected. (*section 26A or 34C, Local Government Act 1974*)
6. 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 an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)

7. We cannot investigate late complaints unless we decide there are good reasons to do so. A complaint is late 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*)
8. If we are satisfied with a council'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

9. I have spoken to Mrs X and considered all the correspondence and documents she sent to us.
10. I considered the Council's response to my enquiries. This includes the relevant case notes, key documents and correspondence with Mrs X and other parties about the transfer review.
11. I have written to Mrs X and the Council with my draft decision and considered their comments.
12. Under our information sharing agreement, we will share the final decision on this complaint with the Office for Standards in Education, Children's Services and Skills (OFSTED).

What I found

The relevant law and statutory guidance

Special educational needs and disability code of practice: 0 to 25 years

13. When considered necessary, a council will arrange education for a child or young person who has special educational needs (SEN) under an EHC Plan up to the age of 25. The Plan specifies the nature of the learning difficulty, provisions, outcomes and a named placement. Statutory guidance on EHC planning and assessment is provided in ‘Special educational needs and disability code of practice: 0 to 25 years January 2015’ (“the Code”).
14. Paragraph 9.77 of the Code says the authority must give the parents at least 15 days to make comments on the draft EHC Plan. It continues:

*“During this period, the local authority **must** make its officers available for a meeting with the child's parent or the young person on request if they wish to discuss the content of the draft EHC Plan.”*

Statutory guidance on converting SEN statements into EHC Plans

15. From September 2014 councils were under a duty to convert existing statements of SEN to EHC Plans. The process by which statements were transferred to an EHC Plan is called a transfer review.
16. All children and young people with existing SEN statements had to be transferred to an EHC Plan by 1 April 2018. Each council had to publish its local transition timetable for completing reviews for children and young people at different key stages and phases of education.

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17. The government published statutory guidance for councils on converting statements into EHC Plans. The statutory guidance in force at the time of the events in this complaint was *'Transition to the new 0 to 25 special educational needs and disability system: statutory guidance for local authorities and organisations providing services to children and young people with SEN August 2014' (Transition)*. This version of the statutory guidance is referred to in the paragraphs below.
18. Paragraph 6.5 of Transition says that "as part of the transfer review local authorities must ensure that the child's parents or the young person are invited to a meeting". Paragraph 6.5 of Transition says that "at least two weeks' notice of the date of the meeting must be given". Paragraph 6.5 of Transition says that "in the case of a child or young person attending a school, the local authority can require the head teacher to arrange and hold that meeting". Paragraph 6.1 emphasises that the authority and the parents should work together during the assessment process.
19. Paragraph 6.6 of Transition suggests two frameworks for the transfer review meeting. One is a meeting similar in structure and purpose to the Annual Review meeting under the former SEN system, a meeting "to which a range of relevant professionals are invited to consider the progress of the child or young person and the future provision required". The other framework is a meeting *"between the local authority and the child's parents or young person to discuss the draft EHC plan"*. Paragraph 6.6 of Transition suggests that the Council has overall responsibility for planning the meeting whichever format it takes: *"The precise purpose of the meeting will vary depending on the point during the transfer review that the meeting takes place. It is for local authorities to determine who should attend the meeting to ensure it achieves its purpose."*
20. Paragraph 6.3 of Transition says that a transfer review *"will require them [the local authority] to undertake an EHC needs assessment under section 36 of the Children and Families Act 2014."* This involves consideration of existing advice and assessments and commissioning new assessments where necessary. Paragraph 6.7 suggests that when deciding whether a fresh assessment is necessary, the Council must consider how recently the existing advice is and must consult with parents and young people. Paragraph 6.7 of Transition says that *"the local authority must not seek any advice required for an EHC needs assessment if such advice has previously been provided for any purpose and the person providing that advice, the local authority and the child's parents or the young person are satisfied that it is sufficient for the purposes of an EHC needs assessment."* Paragraph 6.7 of Transition says that *"additional assessments can be conducted where needed"*.
21. The statutory timescale to complete an assessment for an EHCP is a maximum of 20 weeks. Paragraph 6.1 of Transition says:
- "the process of EHC assessment and EHC plan development must be carried out in a timely manner"*.

Other than in exceptional circumstances, which do not apply in this case, the Council must complete a transfer review within 18 weeks of notifying the parent or young person. The transfer review ends when the Council issues the final EHC Plan.

The Ombudsman's Focus Reports

22. The Ombudsman published Focus Reports on SEN in 2014 and 2017. In both reports we found delay was a common feature in the SEN complaints we investigate. We said councils should ensure they complete assessments within the statutory timescales.
23. The Council's Integrated Children's Disability service (ICDS) brings together services including the Special Educational Needs and Disability Assessment and Commissioning teams.
24. ICDS coordinates the statutory assessment process for EHC Plans for children and young people up to the age of 25 years and, where appropriate, their placement in specialist provision.

The background to this complaint

25. Mr Y lives at home with his parents and sibling. He is now a young adult. He has social, communication and learning difficulties associated with autistic spectrum disorder. He has Sensory Modulation Disorder – a condition which means he may over or under react to sensory and environmental stimuli. He has epilepsy, anxiety and obsessive compulsive disorder.
26. Since October 2008 Mr Y has attended a specialist non-maintained school for students with autism aged between 3 and 19. Mr Y has had a statement of SEN since he was six.

The transfer review for Mr Y

27. Mr Y was 16 years old, and in Year 12, when the transfer review started.
28. The school originally scheduled a transfer review meeting for 12 October 2016. Mrs X contacted the Council's SEN officer on 2 October 2016 to request more information about the transfer review process. The meeting was postponed at Mr & Mrs X's request because they did not get sufficient notice of the transfer review and did not have time to prepare properly. They asked the Council to restart the process, send them information and give them a minimum of 8 weeks' notice.
29. Mrs X asked for a worker from the Transitions team to be involved in the review. An officer informed Mrs X a Transitions worker would not be involved until shortly before Mr Y's 17th birthday. He advised her to speak to the Children's Short Breaks service about a request for increased respite care for Mr Y.
30. On 22 January 2017 Mr & Mrs X completed a form setting out their views, as Mr Y's parents, in advance of the transfer review meeting. They emphasised the importance of finalising a transition plan for Mr Y to move to a specialist college now that he was 16. They wanted the EHC plan to include all the provision in Mr Y's existing statement of SEN and the following additional provision:
 - **Education:** An Occupational Therapy plan for physical activity and an appropriate exercise plan;
 - A new communication programme for speech and language therapy;
 - A new assessment by an Educational Psychologist to develop a new plan, in conjunction with school staff and parents, to review Mr Y's learning style and needs and to devise a programme of interventions to help manage some of his behaviours;
 - **Health:** strategies to help manage his constipation, control his weight, reduce his anxiety to help improve his sleep and to keep him safe when he has epileptic seizures;

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- **Social Care:** An increase in Direct Payments to:
 - double the overnight respite care at home from 13 to 26 nights per year;
 - continue the 5 hours of 2:1 support Mr Y received from personal assistants during term-time and provide an extra 360 hours of 2:1 support per year to enable Mr Y to get more access to the community during school holidays.
31. The school later gave the Council notice that Mr Y's transfer review would take place on 6 February 2017. The Reviewing Officer from ICDS confirmed she would attend. The school later rearranged the meeting to 24 February 2017.
32. In its report for the transfer review, the school noted the following significant changes in Mr Y's needs since the last annual review:
- The need to update his Occupational Therapy programme;
 - The need to continue Mr Y's weekly access to the community with the appropriate level of staff support;
 - Support to manage some anti-social behaviour.
33. Following the transfer review, the SEN officer made a referral on 7 March to the Occupational Therapy team to ask it to assess Mr Y's needs.
34. On 17 April Mrs X contacted an officer in ICDS to follow up the request she made in the transfer review meeting for:
- Additional overnight support for Mr Y at home;
 - Additional personal assistant support for Mr Y to access the community more during school holidays;
 - Overnight respite at home to enable Mr & Mrs X to take a holiday.
35. On 27 April a manager in the Children's Disability Service contacted Mrs X to apologise for the delay in progressing the request. He explained a new social work assessment would be needed first. He said a social worker would be allocated to carry out the assessment once the referral was passed to the assessment team. He said it could take up to 45 working days to complete this assessment.
36. On 13 June Mrs X sent an email to chase up the draft EHC Plan. She said almost 16 weeks had passed since the transfer review meeting in February. She also noted that, according to the Council's guidance, she should have received the draft Plan by week 11.
37. After Mrs X sent further emails, an officer informed her in late June that she was liaising with the Plan writing team to check progress. In July an independent advice and support service for parents of children and young people with SEN contacted the Council on Mrs X's behalf. The Reviewing Officer in ICDS then contacted the Plan writing team to ask when the draft Plan would be ready.
38. On 18 July a manager in the ICDS assessment team wrote to Mrs X. She said all the papers for Mr Y's transfer review would now be sent to the Council's plan writing agency, to prepare a draft Plan. She said the Council had received an unprecedented increase in requests for EHC Plans since September 2016 which had prevented it from meeting the 20 weeks statutory timescale in some cases. She apologised for the delay and said the team would keep Mrs X informed of progress.

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39. ICDS received the draft Plan from the plan writing agency on 24 July. It wrote to Mr & Mrs X but the content of the letter was identical to the one sent on 18 July.
40. On 2 August a manager in the Children's Disability service informed ICDS that the new social work assessment had identified a need for an increase in Mr Y's overnight and befriending package funded by Direct Payments. He said he had closed Mr Y's case as there was no further role for the Children's Disability service. ICDS would take on responsibility for reviewing the short break provision.

The first draft EHC Plan

41. On 15 August the Council sent the draft EHC Plan to Mr & Mrs X and the school. This was week 24. I shall refer to this as the first draft Plan. The Council asked Mr & Mrs X to send their comments by 29 August.
42. The Plan listed the reports which had been considered:
- Mr & Mrs X's written report from January 2017 and the comments they made in transfer review meeting;
 - A report from Mr Y's class teacher (September 2016) and an undated report from an unnamed member of staff at the school;
 - A report from the case officer in ICDS.
43. The first draft Plan specified the social care provision that would be funded by Direct Payments:
- 416 hours for befriending to support Mr Y at home and in the community to be used flexibly each year;
 - 26 overnight respite breaks per year.
44. Mr & Mrs X did not agree with the draft Plan. The reply slip said parents could ask for an officer to telephone them to discuss the Plan. Mr & Mrs X ticked this box but also asked for a face to face meeting instead to discuss their concerns. ICDS received their comments on 29 August. Some of the key points Mr & Mrs X made were:
- They had not received any of the reports listed in the Appendices to the Plan;
 - They had not seen the school's report;
 - Important medical evidence from Mr Y's paediatrician was not included in the Plan;
 - The Council had not obtained an up to date Occupational Therapy report;
 - The speech and language therapy report from October 2016 was missing;
45. Mr & Mrs X told ICDS they would like to discuss the draft Plan with their independent adviser but she was not available until mid-September. The Council did not reply to Mr & Mrs X's request for a meeting.
46. In mid-October 2017 Mrs X sent her proposed amendments to the draft Plan to ICDS. She made very detailed submissions and identified several errors and omissions in every section of the first draft Plan. I will not itemise them here but summarise some key issues:
- There was a significant under-recording of the number of hours of overnight support and befriending in the social care provision section and the corresponding Direct Payment section – it should be 676 hours per year and 26 overnight respite breaks with 2:1 support;

- Significant omissions from the Appendices – there were no reports from the Occupational Therapy service, paediatrician and speech and language therapists and the core assessment from the Children's Disability Service social worker was missing;
 - The ratio of staff needed to support Mr Y when he accessed the community was missing;
 - There was no Health Action Plan in section G (health provision needed due to learning difficulties or disabilities)
47. In early November 2017 a staff member at Mr Y's school contacted ICDS to ask if the Transitions team were involved. Mr Y's 17th birthday was imminent. She told ICDS Mr Y would remain in education until he was 19. Mrs X was also keen for the Transitions team to get involved and plan Mr Y's transition to adult care services.
48. No further action was taken between mid-October and early January 2018. On 4 January Mrs X contacted Officer A to ask about the progress of the Plan. It seems this contact prompted ICDS to contact Mr Y's school to request a copy of the 2016 speech and language report (and later addendum) and an up to date occupational therapy report. The school sent the SALT reports to ICDS on the same day.
49. On 9 January Officer A apologised to Mrs X for the delay. She said she would send the second draft Plan to her by the end of that week. On the same day, the commissioning team confirmed Mrs X had correctly pointed out a significant error with the social care provision in the draft Plan. Mr Y's package was for 676 hours per year and 26 nights' respite with 2:1 support.

The second draft EHC Plan - 2018

50. On 12 January Officer A sent Mrs X the second draft EHC Plan by email. This was week 46.
51. She acknowledged it was not yet complete because she had not received and considered the Occupational Therapy report. She said she would make any further changes to the Plan later. She asked Mrs X to send comments on the second draft Plan meanwhile.
52. On 14 January the school informed Officer A that Mr Y was educated on a 1:1 basis in school but had 2:1 staff support when he went out in the community.
53. On 15 January ICDS sent Mr & Mrs X a hard copy of the second draft Plan and asked them to send comments by 1 February.
54. On 22 January Mrs X sent the reply slip by email to Officer A. She and Mr X disagreed with the second draft Plan. She sent additional information by post. Mrs X ticked a box on the reply slip which offered parents the option of a meeting with an officer.
55. On 24 January ICDS received Mr & Mrs X's comments. Mr & Mrs X repeated their previous request for a face to face meeting to discuss their concerns about the Plan. Among their concerns, many of which had been raised in their response to the first draft, were:
- They had not seen the reports listed in the Appendices to the Plan;
 - The Occupational Therapy report was still outstanding;
 - The core assessment by social worker was not included;

- The Plan should state that Mr Y needed a minimum of 1:1 support to meet his SEN but 2:1 is preferable;
 - The Plan should include an assessment by the Transitions team and a transition plan should be put in place to plan for Mr Y's move from his school to a specialist college;
 - The 26 nights for overnight respite at home with 2:1 support had not been included in the section J (Direct Payments) and this provision had not been costed;
 - The 2016 speech and language therapy report and the 2017 addendum were not included in the Appendices;
 - Letters from Mr Y's paediatricians were not in the Appendices and there was still no paediatric report;
56. On the same day Officer A contacted the manager of the Transitions team to ask when a worker would be allocated to Mr Y. The manager asked Officer A to contact Mrs X to get more detailed information about the reasons for the referral. Officer A passed this information on to Mrs X the following day.
57. On 25 January a social worker in the Transitions team contacted Officer A to tell her Mr Y's case had been allocated to him. He would attend Mr Y's annual review on 6 February. He would also carry out an assessment of Mr Y's care and support needs to determine his eligibility for adult social care services.
58. On 26 January Mrs X contacted Officer A to ask her to confirm she had received her comments on the second draft Plan. She also asked her to propose some dates for a meeting. Officer A told Mrs X her manager had told her not to arrange a meeting with them but to make further amendments and issue the final EHC Plan instead. Mr & Mrs X could then appeal to SENDIST if they disagreed with the final Plan.
59. Mrs X asked Officer A why the reply slip had offered the option of a meeting if ICDS had no intention of arranging one. She also asked for details of the manager who had refused her request and for her reasons. Officer A gave Mrs X contact details for Officer B, her manager.
60. On 28 January and 1 February Mrs X sent emails to Officer B expressing her dissatisfaction with the decision not to arrange a meeting and the overall delay in the transfer review process. She said her independent adviser told her she had a right to a meeting. She said the transfer review process had been ongoing for well over a year. She suggested it would be beneficial to have a meeting as this would help to resolve the outstanding issues and get the final Plan issued more quickly.
61. On the same day Mrs X contacted the school to ask it to postpone the annual review due to be held on 6 February. She felt it would not be appropriate to hold the review until there had been more progress with the EHC Plan.
62. Officer B replied on 2 February. She apologised for the delay in the transfer review process for Mr Y. She explained this was due to the significant workload the service was experiencing in converting SEN statements to EHC Plans. She confirmed a parent could request a meeting but this usually happened after the first draft Plan was issued if there were significant concerns about the content. She said a meeting was not offered each time a new draft Plan is issued. She noted the reply form included this option and said it would be amended. After discussing the case with Officer A, she did not consider it was appropriate to

arrange a meeting with Mr & Mrs X at this stage. She said the transfer review meeting is facilitated by the school and this is the usual process for seeking parents' views. She concluded by telling Mrs X that Officer A was still waiting for the Occupational Therapy report. Once she had considered the report, she would contact Mrs X again.

63. Mrs X replied to Officer B on the same day. She expressed concerns about the lack of a two way a meeting dialogue during the transfer review process and the refusal of her request for. She said she had raised significant concerns about omissions and errors in the draft Plans at every stage and she still had significant concerns.
64. On 5 February Officer A contacted the ICDS Assessment team to chase up the outstanding OT report.
65. On 9 February Officer B contacted Mrs X to say Officer A would arrange to meet her within the next two weeks.
66. On 15 February the school sent the final OT and speech and language therapy reports to Mrs X and to Officer A. Mr Y's annual review was rescheduled for 22 March.

The third draft EHC Plan

67. On 21 February ICDS sent the third draft EHC Plan to Mr & Mrs X.
68. Officer A met Mr & Mrs X and Mr Y on 2 March to discuss the third draft Plan. They discussed which section of the Plan should include Mr Y's need for 2:1 support in the community. They also discussed the need to include the Transitions team's involvement in the Plan. They agreed to defer that until September 2018 by which team the Transitions team would have completed its assessment of Mr Y. Some other actions were agreed.
69. On 5 March 2018 Mrs X returned the reply slip setting out her comments on the third Plan. She said she did not agree with the draft Plan in its current form. However, they had been able to reach agreement at the meeting on 2 March about the further amendments needed before issuing the final Plan.

The final EHC Plan

70. Following some further enquiries to Mrs X and the school, ICDS issued Mr Y's final EHC Plan on 8 March 2018. This was week 54. The final Plan was issued a few weeks before the 1 April 2018 deadline for converting all SEN statements to EHC Plans.
71. The final Plan named Mr Y's existing school as the educational placement. It included the correct information about his social care package and the costings used for the Direct Payment. The need for a Health Action Plan was included.

The Council's comments on changes to the service

72. The duty to move children and young people with existing SEN statements to EHC Plans by 1 April 2018 created significant demands on the assessment team and workload pressures. That process is now complete.
73. The Council says an inspection and reviews of the service between 2016 and 2018 led to some significant changes. The local Parents and Carers Forum was involved in this process. The changes include:
 - Updating working protocols;

- Work to update processes for annual reviews in partnership with schools and other statutory agencies involved;
 - Reviewing and updating the Local Offer;
 - Updating published information for parents and young people;
 - Creating posts for dedicated link workers to liaise with independent non-maintained and special schools and carry out termly monitoring;
 - Developing and trialling a digital hub to facilitate and track the EHC process and give parents and young people access to real-time information on the system;
 - Developing a co-production charter and tool kit with support from the local Parent & Carer Forum;
 - Creating extra temporary posts to support the service while these changes are introduced and embedded;
 - Investing in workforce development – this includes supporting all ICDS assessment officers to undertake a recognised SEN case worker qualification.
74. The manager in the Complaints and Information team has offered to meet Mr & Mrs X if they would like to discuss these changes and find out how they can get involved in the local Parents & Carers Forum to shape future service changes.

The Council's handling of Mrs X's complaint

75. Mrs X made a complaint on 25 March 2018, shortly after the Council issued the final EHC Plan. She raised several historic issues about the SEN assessment and statementing process since 2014 and officers' non-attendance at Mr Y's annual reviews over the years. These matters are outside the scope of this investigation.
76. Mrs X also complained about the failure to complete the transfer review process within the statutory timescale and the conduct of officers who were involved.
77. The manager of the EHC assessment team replied on 26 April. She upheld Mrs X's complaint that the Council had not completed the transfer review in time. She apologised for any distress this may have caused. She wrongly stated Mrs X had not asked for a meeting with officers in her response to the first draft EHC Plan. Mrs X was not satisfied with this response and asked for a Stage Two investigation on 29 April.
78. On 2 May the Complaints team contacted Mrs X to ask her to explain in more detail why she was dissatisfied with the Stage Two reply. Mrs X sent a detailed letter on 7 May. The Council acknowledged this on 11 May.
79. The manager of the Complaints team sent holding letters to Mrs X in June. On 14 June she confirmed the complaint would be investigated at Stage Two of the corporate complaints procedure. She apologised for the delay. She said the Chief Executive would reply within 20 working days.
80. On 26 July the Chief Executive replied to Mrs X's Stage 2 complaint. The Chief Executive upheld two parts of Mrs X's complaint. One of the upheld complaints related to the Council's handling of the SEN statementing process and annual reviews during a period not covered in this investigation. The Chief Executive also accepted Mr Y's transfer review had not been completed within the statutory timescale. He also accepted there had been some failings in communication and measures could have been put in place to reduce the delays. He accepted these

failings had caused distress to Mrs X and her family and offered his unreserved apologies. He said he considered the apology was a reasonable and proportionate remedy for the failings he had identified.

81. The Chief Executive said he did not consider it appropriate to offer Mrs X the opportunity to present her complaint to the panel of Councillors at Stage Three of the corporate complaints procedure. He said the Complaints Panel was unlikely to change the Council's position. He said Mrs X could contact the Ombudsman instead and gave her the relevant contact details.
82. Mrs X did ask for a Stage 3 complaints panel. But the Council maintained it was not appropriate to convene a Panel. Mrs X then complained to the Ombudsman.

The impact on Mr & Mrs X and Mr Y

83. Mr & Mrs X was satisfied with the final EHC Plan issued on 8 March 2018 and so she did not appeal to SENDIST.
84. Mrs X says the main impact of the prolonged delay in completing the EHC transfer review, and the issues with communication, has been extra stress and time and trouble for her and her husband. They are parents who are busy caring for an autistic young person with complex and severe needs. Mrs X had to engage in considerable correspondence with ICDS officers to ensure the full range of Mr Y's needs were properly assessed and reflected in the Plan and adequate provision was made. The EHC transfer process took more than 12 months when it should have been completed in 20 weeks.
85. Mr Y remained at the same specialist school after the final EHC Plan was issued. School staff took him out on weekly visits to the community to build up his life skills and independence. The school continued to assess and meet his need for occupational therapy input and speech and language therapy. Mrs X says she wanted clarity in the Plan about 2:1 support for Mr Y in the community to ensure this need was properly recognised and funded. As far as she is aware, the delay in finalising the Plan had no impact on the frequency of Mr Y's visits to the community in the transfer review period.
86. Mrs X says Mr Y was aware that she and her husband were sometimes distracted and anxious during this period as they struggled to get the EHC Plan amended and finalised.
87. Mrs X wants the Council to carry out an in-depth review of the SEN and EHC processes to ensure staff work collaboratively with parents. She wants the Council to retrain staff, arrange a fully independent review of her complaint and recognise that its actions caused them significant stress.

Analysis

Production of the EHC Plan

88. The Council took 54 weeks to issue the final EHC Plan for Mr Y. The statutory time limit was 20 weeks (including the requirement to give parents two weeks' notice of the transfer review meeting).
89. The failure to comply with a statutory timescale was fault. Staff in ICDS were undoubtedly working under severe pressure to complete the conversion of all SEN statements to EHC Plans by the 1 April 2018 deadline. But a delay on this scale is not acceptable.
90. There were missed opportunities to reduce the time it took to complete the transfer review and issue the final EHC Plan in Mr Y's case. If all the relevant

advice and reports from professionals had been requested immediately after the initial transfer review meeting, it would not have been necessary to make so many amendments and issue three draft Plans. Between mid-October 2017 and January 2018 no action was taken to progress the Plan. And, as Mr & Mrs X say, some errors and omissions were repeated in successive versions of the draft Plan even when they had drawn attention to these deficiencies. All this caused further avoidable delay.

91. Mr & Mrs X asked to meet Officer A when they sent their comments on the first draft Plan in August 2017. They clearly expressed significant concerns about the content of the Plan. The Code says the authority **must** meet parents in these circumstances but the Council did not respond. That was fault. If a meeting had been arranged then to discuss the first draft, rather than not until after the third draft was issued, it is likely issues would have been resolved much sooner. The meeting in March 2018 only took place because Mr & Mrs X persisted and made direct contact with Officer B. After that meeting, the outstanding concerns were resolved fairly quickly.
92. The Code says the assessment and production of the EHC Plan should be a collaborative process. Officers should maintain a dialogue with the parents. I do not consider officers adopted this approach in Mr & Mrs X's case. If they had met Mr & Mrs X earlier to discuss the first draft Plan, that would have saved time in the long run. It would also have given Mr & Mrs X greater confidence in the process and reassured them that the assessment team was listening to, and acting on, their legitimate concerns about deficiencies and omissions in the draft Plan.
93. Mr & Mrs X say the delay and lack of communication caused them avoidable distress. They were put to the time and trouble of proposing several amendments to the Plan and pursuing a complaint. Fortunately, in this case, the delay did not have adverse consequences for Mr Y. He remained in the same school after the transfer review was completed. As it was a specialist school catering for children and young people with autism, it continued to meet his SEN and arranged suitable occupational therapy and speech and language provision. The core assessment by the Children's Disability Service led to an increase in Mr Y's care package and Direct Payments. This was put in place before the final Plan was issued.

Complaint-handling

94. It took three months to complete the Stage Two investigation of Mrs X's complaint. The Council says it had to first check that none of the issues should be considered under the separate statutory procedure for children's social care complaints. It also had to consider the time limits for investigating historic events. However, the complaints procedure says a Stage Two investigation should be completed within 20 working days, so I consider the delay at this stage was fault.
95. The Council's corporate complaints procedure has three stages. Mrs X asked to take the complaint to the third stage but the Council decided not to arrange a Complaints Panel hearing. In practice, the Complaints Panel of Councillors has not met for many years. Mrs X believes the Council was deliberately trying to block her complaint and denying her the opportunity for an independent investigation. The Council says that was not its intention. It knew the Complaints Panel would not re-investigate the complaint and provide the independent investigation Mr & Mrs X wanted. It considered an early referral of the complaint

to the Ombudsman would be more appropriate and the Ombudsman was better placed to investigate Mrs X's concerns.

96. The Council is free to design its corporate complaints procedure and to decide how many stages it should have. But the Council's corporate complaints procedure says the final stage is a Stage 3 Review Panel. It does not explain that there is a filter mechanism because officers have discretion about whether to refer a complaint to the final Review Panel stage. And, in practice, no Stage 3 Review Panels have been convened for several years. The current complaints procedure should be reviewed because it does not accurately reflect the Council's practice in handling complaints. That is fault.
97. Although this was fault, the Council's decision not to convene a Stage Three Complaints Panel did not cause Mrs X any significant injustice. The Ombudsman has now carried out the independent and impartial investigation she wanted. We examined the relevant evidence from Mr Y's case records. The Council's Complaints Panel would not have conducted this type of investigation. And if the complaint had gone to the Complaints Panel, that would have added to the delay in it reaching us.

Agreed action

98. The Chief Executive apologised to Mrs X when he replied to her Stage Two complaint. For this reason, I have not recommended a further apology. But I do not share the Council's view that an apology alone is a sufficient remedy for the injustice caused by its faults.
99. Within one month of my final decision the Council will pay Mrs X £500 to recognise the significant distress caused by its delay in completing Mr Y's transfer review, and the failure of staff to engage and communicate with her and Mr X properly in that period. It will pay a further £150 to recognise the delay in handling the Stage Two complaint and their time and trouble in pursuing it.
100. Within three months the Council will:
- (If this issue was not dealt with in earlier reviews) consider the way the assessment team in ICDS responds to parental requests for meetings with officers during the EHC process (other than the transfer review meeting) and seek views from the Parent & Carer Forum.
101. Within six months the Council will:
- review its corporate complaints procedure to ensure it reflects current practice in handling complaints and the element of discretion in deciding whether to make a referral to the Complaints Review Panel. Following that review, make any necessary changes to the complaints procedure and ensure it is publicly available on the Council's website.

Final decision

102. I have completed the investigation and found fault causing injustice to Mrs X.

Parts of the complaint that I did not investigate

103. I did not investigate the Council's actions in maintaining and amending Mr Y's SEN statement, and officer attendance at annual reviews, between 2014 and

January 2017. These events happened too long ago for the Ombudsman to investigate them now.

Investigator's decision on behalf of the Ombudsman

The Ombudsman's final decision

Summary: The Ombudsman will not investigate Mr X's complaint about the Council's decision not to provide his children with free transport to school. This is because there is not enough evidence of fault in how the Council has reached its decision and so we cannot question its merits.

The complaint

1. The complainant, whom I shall call Mr X, complains about the Council's decision not to provide his children with free transport to school.

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'. We provide a free service, but must use public money carefully. We may decide not to start or continue with an investigation if we believe it is unlikely we would find fault. (*Local Government Act 1974, section 24A(6), as amended*)
3. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3), as amended*)

How I considered this complaint

4. I considered Mr X's complaint to the Ombudsman and the information he provided. I also gave Mr X the opportunity to comment on a draft statement before reaching a final decision on his complaint.

What I found

5. Mr X asked the Council to provide his children with free transport to school. He explained he had recently moved them to a different school due to bullying. The Council refused his application on the basis there were closer schools to home with spaces.
6. Councils must apply their transport policy when deciding entitlement to transport assistance. But they also have the discretion to consider exceptional circumstances, and they must have a review or appeal process by which to do so.

Mr X appealed against the Council's decision and provided information in support of his appeal.

7. A senior officer refused Mr X's appeal at the first stage of the Council's appeals process. They decided his application had been properly assessed and the extra information he had provided did not warrant an exception to the Council's transport policy.
8. An independent appeal panel considered Mr X's appeal at the second stage of the process. Mr X could not attend the appeal due to other commitments. The Panel considered information from the Council's transport policy and information from Mr X. This included information from his children's previous school. The Panel decided the Council had properly applied its policy. It decided there was no automatic entitlement to transport assistance, and there were no exceptional circumstances meaning transport should be granted.
9. The Ombudsman is not an appeal body and we cannot criticise a decision which is properly made, or intervene to substitute an alternative view. The Council has applied its transport policy and there is no indication of fault in the way it did so. Appeal panels are entitled to make their own judgements on the information before them. Based on the evidence available, it is unlikely an investigation would find fault with the way the Council has acted.

Final decision

10. The Ombudsman will not investigate Mr X's complaint. This is because it is unlikely an investigation would find fault with the Council.

Investigator's decision on behalf of the Ombudsman

24 July 2019**Agenda Item: 5****REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE &
EMPLOYEES****INFORMATION GOVERNANCE IMPROVEMENT PROGRAMME: PROGRESS
UPDATE****Purpose of the Report**

1. To inform Governance & Ethics Committee of progress in delivering the Council's Information Governance Improvement Programme (IGIP).

Information and AdviceBackground

2. The Council's IGIP was approved by Policy Committee in June 2017. The Programme was necessitated by a significant change in data protection law which was enacted in May 2018, strengthening the rights that individuals have over their personal data and increasing obligations on organisations that collect and use personal data.
3. The Programme has two phases. Phase One focussed on compliance with the new data protection law and was completed in December 2018. It delivered the requisite policies, procedures and a range of other measures to strengthen the Council's approach to data protection, together with the establishment of an Information Governance Team to take forward compliance work. To ensure ongoing momentum around this work, an annual Information Governance Action Plan was approved by Governance & Ethics Committee in May 2019 and will be subject to quarterly review by the Committee, with the quarter one progress update due in September 2019.
4. Phase Two of the Programme focuses on a Council-wide approach to document management, recognising that a more robust approach to this will strengthen organisational knowledge and record keeping (an objective brought into focus by the Independent Inquiry into Child Sexual Abuse (IICSA)), improve compliance with data protection and other laws and increase business efficiency.

Phase 2 Progress

5. SharePoint is a key element of Microsoft's strategic offering for document storage and management. SharePoint Online, to which the Council is moving as part of its overall

migration to Microsoft Azure and Office 365, adds additional functionality that delivers greater collaborative working opportunities and also includes a number of GDPR-compliant features to support information governance requirements and needs.

6. It was therefore agreed that Sharepoint would be the technical platform for more robust document management. A Microsoft Gold Partner, QbitKloud, was engaged to undertake a discovery and preliminary design exercise to inform the Council's approach. This work has now completed with QbitKloud producing:
 - An executive summary, including recommendations to take the work forward
 - A discovery document providing evidence to underpin the recommendations
 - A SharePoint Governance Starter Kit, based on information gathered during the discovery exercise
7. Previously, thinking around document management had centred on the acquisition and roll-out of a electronic document management system which would mean designing and building a solution which would impact every area of the Council's electronic document management – millions of documents, across numerous systems, owned by hundreds of service areas. This 'big-bang' approach would be costly and time-consuming and require significant and more immediate cultural change.
8. However, a greater understanding of the ever-evolving technological capabilities of Sharepoint mean that the Council's approach to document management could be significantly improved taking a more incremental, multi-faceted approach, over time and learning from good practice.
9. A number of the Council's service areas have had a long-standing need to share documents and information with external partners. Currently this is achieved via the use of secure encrypted email, but this does not allow for easy collaborative working and also makes document control difficult, for example as multiple copies of a document may exist in different places.
10. A pilot project has been established that will deliver a small number of SharePoint sites for external sharing, together with the necessary policies, procedures, processes and technical standards to provide secure and efficient management and control. For instance, facilitating documents within a site to have information security classifications applied (i.e. protective markings – public; official; official-sensitive); defining the role of SharePoint site owners / administrators; automating the retention of documents in line with the Council's document Retention Schedule etc.
11. This project will enable approaches to document management to be trialled and assessed on a small, low risk scale with participants who will be actively engaged as there is a clear 'what's in it for me?' given the long-standing need for external sharing / collaboration on documents. Learning from the pilot sites will enable will not only create a blueprint so that future external sharing sites can be quickly provisioned but will also identify the policies and standards that can be applied across the Council's documents (excluding key line of business systems such as Mosaic and BMS).
12. The project will:

- gather, assess and prioritise service areas external sharing requirements (a number of these already exist in outline);
 - select one or more areas to be included in the pilot (a site for the Midlands Engine Development Corporation has already been established and is being configured in conjunction with a requirements gathering exercise to take account of business, security and data protection needs);
 - design, develop, test and implement the required site(s);
 - in parallel, define and agree the required governance and control for the sites;
 - monitor the usage and effectiveness of the sites and make any technical or process changes necessary as the project progresses;
 - produce an assessment and recommendations once the pilot has completed to inform future external site provisioning and wider application.
13. It is anticipated that the project will run until approximately the end of 2019. This timescale takes account of the need to fit work around the overall Cloud Migration Programme and recognises that ICT staff are in the process of professionally developing their Azure / Office 365 and Sharepoint skills through multiple training workshops which will be delivered by Microsoft in July and August. The training is also essential to deliver the project's technical requirements.
 14. Given how recently the Council has adopted Azure / Office 365 and SharePoint Online, it is considered that the project requires support from technical specialist(s) who have a track record of successful adoption of this technology within large, complex organisations, like the Council. It is therefore proposed to use some of the agreed budget for the Programme to commission appropriate supplier(s) through a government framework contract on a time-limited basis, which should be more cost effective than entering into individual procurement contracts
 15. In addition to the project, a SharePoint Governance Group has been established. This will cover both technical and information governance issues and act as the decision-making body for SharePoint standards and processes. Having a governance group will enable the technical innovations which are currently developed at a local level with limited oversight to be developed in a way which would harness efficiencies for the whole business at the same time as ensuring appropriate information security and data protection measures are in place.
 16. Running alongside the the pilot project for external sharing sites, work will be undertaken to review good practice regarding document management, retention and destruction from around the Council. The intention would be to use this to develop general principles, tools and guidance to act as a framework for all parts of the Council on a self-serve basis, tailored to the needs of individual service areas and using technology solutions wherever possible.
 17. Given the incremental nature of the proposed approach to document management, the intention is to review progress at the end of each phase of work and plan the approach, costs and benefits of the next phase prior to securing approval to proceed.

Other Options Considered

18. Instead of a pilot project a “big bang” approach, implementing changes across the entire Council at the same time, could have been adopted. However this is considered high risk because this is an area in which the Council has limited expertise and the risk of problems

arising would be significant. Moreover, and as borne out by the Council's own experience and that of others, the "big bang" approach can be overwhelming given its depth and breadth and so creates a mentality where by trying to do everything, little is achieved.

Reasons for Recommendations

19. Governance & Ethics Committee have previously agreed that work should be undertaken to improve the Council's information governance arrangements. The pilot project and establishment of the SharePoint governance group represent the next steps in that work.
20. Governance & Ethics Committee has asked for periodic updates reporting progress in delivering improvements in information governance across the Council.

Statutory and Policy Implications

21. 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.
22. Improved information governance is one of the key drivers for the Programme. Data protection and information security will be fully considered in the design and implementation of document management solutions and Data Protection Impact Assessments completed where required.

RECOMMENDATION/S

- 1) That members agree to receive a follow up/update report in the next six months and that this be included in the work programme.

Marjorie Toward

Service Director for Customers, Governance and Employees and Monitoring Officer

For any enquiries about this report please contact: Caroline Agnew

Constitutional Comments ([SLB 10/07/2019])

23. Governance and Ethics Committee is the appropriate body to consider the content of this report.

Financial Comments (SES 16/07/19)

24. There are no specific financial implications arising directly from this report. The use of the agreed budget is referenced in paragraph 14 to commission appropriate suppliers. The Information Governance Programme has a budget of £281,000 in 2019/20.

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.

- Establishing and Implementing an Information Governance Improvement Programme – Policy Committee (June 2017)
- Information Governance Improvement Programme Update – Governance & Ethics Committee (December 2017)
- Information Governance Improvement Programme Progress Update – Governance & Ethics Committee (June 2018)
- Information Governance Improvement Programme Progress Update – Governance & Ethics Committee (December 2018)
- Information Governance Action Plan 2019/20 – Governance & Ethics Committee (May 2019)

Electoral Division(s) and Member(s) Affected

- All

REPORT OF THE SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE AND IMPROVEMENT

UPDATE ON THE NATIONAL AUDIT OFFICE CYBER SECURITY AND INFORMATION RISK GUIDANCE FOR AUDIT COMMITTEES

Purpose of the Report

1. To provide Members with an update to the report reviewing of the advice for audit committees on cyber security provided by the national audit office (NAO).

Information and Advice

Background

2. A report was presented to the Governance and Ethics committee on 18th December 2018 which briefed Members on the advice published by the NAO for audit committees about cyber security.
3. The report included an assessment of the current position of the authority against the questions posed by the advice. Members of the Governance and Ethics committee agreed to receive an update to the report in 6 months' time.

Current state assessment

4. The guidance groups the questions into three sections:
 - a. Section 3. High level questions
 - b. Section 4. More detailed areas to explore
 - c. Section 4. Additional questions

3. High Level Questions	Dec 18	June 19
1. Has the organisation implemented a formal regime or structured approach to cyber security which guides its activities and expenditure?	Amber	Amber
2. How has management decided what risk it will tolerate and how does it manage that risk?	Red	Amber
3. Has the organisation identified and deployed the capability it needs in this area?	Amber	Amber

Assessment summary:

5. Question 3.1 continues to be rated as amber. Progress has been made in this area with the production of an ICT security strategy which provides the blueprint for the development of a formal information security management system (ISMS). This security strategy forms part of a structured approach to activities and investment in cyber security which improves our assessment of the current state. However, this does not yet warrant a green status. The introduction of an ISMS involves many interdependent components of technical capability and process change. At a time of significant technical change in the guise of the migration to the cloud and the replacement of our wide area network, careful consideration needs to be undertaken of these interdependencies and their impact on other programmes of work. This is ongoing and is estimated to require a further 12 months before completion.
6. Question 3.2 is now rated as amber from red. Recommendations considered and implemented by Information Governance Group to strengthen the governance of information risk have significantly reduced the concerns raised in the original report. The new governance arrangements deliver a more corporate approach to information risk management. Progress towards a green status will be made via recommendations to be submitted to this new governance board over the next 6 months.
7. Question 3.3 continues to be rated as amber. Pilots of the tools that automate some of the threat prevention capability are underway and will result in relevant business case(s) being produced. Recommendations resulting from these pilots will be made to the ICT management team in the 3rd quarter of 2019/20 for consideration and recommendations to be made to the information governance board.

4. More detailed areas to explore	Dec 18	June 19
1. Information risk management regime	Amber	Amber
2. Secure configuration	Green	Green
3. Network Security	Green	Green
4. Managing User Privileges	Amber	Amber
5. User education and awareness	Green	Green
6. Incident management	Green	Green
7. Malware protection	Green	Green
8. Monitoring	Amber	Amber
9. Removable media controls	Green	Green
10. Home and mobile working	Green	Green

Assessment summary:

8. Question 4.1 remains assessed as amber. As stated in the original report, plans are in place to exploit new tools available once migration to the new cloud-based services is complete in 2019 and this will strengthen the position and hence the assessment. These plans include additional risk reduction measures which will be applied specifically to systems handling higher risk data. We are also looking to strengthen our cyber security defences based on threat intelligence from a wider base, including Canadian, American and Australian government security data and open internet security groups.
9. Question 4.4 remains assessed as amber. As we move to the Cloud we are implementing additional authorisation controls for privileged accounts and tightening the integration between IT and HR to ensure that user access rights are appropriate for their current role within the Council and change when their role changes.
10. Question 4.8 continues to be assessed as amber. Protective monitoring is a primary theme of the IT Security Strategy 2019. A number of products are being trialled and a business case for funding being drafted. The DPIA process is also addressing log analysis at the application level, with centralised cloud log analysis being developed for enterprise system logs.

5. Additional questions	Dec 18	June 19
1. Using Cloud Services	Green	Green
2. Development of new services or technology	Green	Green

Summary

11. Although progress has been made in those areas not previously assessed as green, the overall assessment would still be assessed as amber. This reflects the significant technical change being introduced that must be dovetailed into the design and build of new technical solutions and processes.
12. However, the overall cyber security posture remains strong with plans in place for the next 6 to 12 months that will strengthen the position further.

Statutory and Policy Implications

13. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

It is recommended that:

- 1) Members agree to receive an update report in 6 months' time and consider what further action they wish to take.

Nigel Stevenson

Service Director Finance, Infrastructure and Improvement

For any enquiries about this report please contact:

Adam Crevald, Group Manager Design (ICT)
(0115 9772839)

Constitutional Comments (KK 02/07/2019)

The recommendations fall within the remit of the Governance and Ethics Committee by its terms of reference.

Financial Comments: (RWK 03/07/2019)

There are no specific financial implications arising directly from the report.

Background Papers

None

Electoral Division(s) and Member(s) Affected

All

24 July 2019**Agenda Item: 7****REPORT OF THE CHAIRMAN OF FINANCE AND MAJOR CONTRACTS
MANAGEMENT COMMITTEE****STATEMENT OF ACCOUNTS 2018/19****Purpose of the Report**

1. To inform the Governance and Ethics Committee of the results of the external audit of the Statement of Accounts 2018/19.
2. To present the Audited Statement of Accounts 2018/19 for approval by the Governance and Ethics Committee.
3. To inform the Governance and Ethics Committee of the contents of the auditor's External Audit Report 2018/19.
4. To present the letters of representation to be issued in relation to the audit for approval by the Governance and Ethics Committee.

Accounting Adjustment

5. Since publication of the draft accounts on 30 May 2019 one adjustment has been made to the financial statements which mainly affects the pension liability and pension reserve balances as shown on the Authority's balance sheet. This adjustment is as a result of:-

Pension Fund Asset Valuations – in order to be able to meet the early closedown timetable, the actuaries use actual values to the end of December and roll these forward based on various estimates. This year they estimated that assets would increase by 10%, the actual increase was nearer 9%

The McCloud Case – this relates to a court case brought by a member of the judiciary around the move from a final salary scheme to a career average scheme and the discrimination that may result. This is a national issue which potentially impacts on all public sector pension schemes.

6. It should be noted that the financial accounting adjustments that have been made to the accounts do not impact upon the Authority's Management Accounts which were approved by Full Council on Thursday 11 July 2019.

Audit Results

7. The statutory audit of the Statement of Accounts 2018/19 was undertaken by Grant Thornton. The audit was completed satisfactorily and, subject to outstanding queries being resolved to their satisfaction, it is anticipated that the audit report to be issued will include an unqualified opinion on the financial statements. The auditor's draft opinion of the Nottinghamshire County Council accounts can be seen on page 11 of the Statement of Accounts and the draft opinion of the Nottinghamshire Pension Fund accounts can be seen on page 16 of the Statement of Accounts. The final opinions will be published on the Council's website by 31 July 2019.
8. No material adjustments were identified within the financial statements.
9. The audit did not identify any significant weaknesses in internal control and there were no significant difficulties or matters identified during the audit.
10. The auditor anticipates issuing an unqualified value for money conclusion stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
11. The external auditors are not able to issue the formal 2018/19 Statement of Accounts notice of completion alongside their opinion and Value for Money conclusion due to an outstanding objection to the 2015/16 Statement of Accounts.
12. The statement of accounts is one of the key documents prepared by the Council to demonstrate good governance and value for money. This provides information about the County Council's financial position, performance and cash flows and consequently, shows the results of the stewardship and accountability of elected members and management for the resources entrusted to them, which is of paramount importance in the use of public funds.
13. The results of this year's audit are a continued positive reflection of the Council's performance, particularly in the context of the continuing changes and complexities arising from International Financial Reporting Standards and the challenge of finalising the accounts to tight deadlines.
14. As required by The Accounts and Audit (England) Regulations 2015, the Council's S151 Officer will re-certify the accounts following completion of the audit, the Chairman of the Governance and Ethics Committee will sign the Statement of Approval and the S151 Officer and Chairman of the Governance and Ethics Committee will sign the letters of representation.

Statutory and Policy Implications

15. 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.

RECOMMENDATION/S

16. That

- a) The contents of the External Audit Report 2018/19 are commented upon.
- b) The letters of representation are approved.
- c) The Statement of Accounts 2018/19 is approved.

Councillor Bruce Laughton
Chairman of Governance and Ethics Committee

For any enquiries about this report please contact:

Nigel Stevenson

Service Director (Finance, Infrastructure and Improvement)

Constitutional Comments (KK 16/07/2019)

17. The proposals in this report are within the remit of the Governance and Ethics Committee.

Background Papers

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.

Annual Governance Report 2017/18

Electoral Division(s) and Member(s) Affected

All

Statement of Accounts 2018-19 – Appendix A

Unfortunately due to technical issues it is not possible to publish this document on our website.

If you would like to receive a copy of this document via e-mail please contact Keith Ford, Team Manager, Democratic Services – keith.ford@nottsc.gov.uk Tel 0115 9772590.

The Audit Findings for Nottinghamshire County Council and Nottinghamshire County Council Pension Fund

Year ended 31 March 2019

24 July 2019



Contents



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Appendices

- A. Action plan
- B. Audit adjustments
- C. Fees
- D. Audit Opinion

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines – Nottinghamshire County Council

This table summarises the key findings and other matters arising from the statutory audit of Nottinghamshire County Council ('the Council') and the Nottinghamshire Pension Fund ('Pension Fund') and the preparation of the Council's and Pension Fund financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's and Pension Fund's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Council and Pension Fund and income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed on site during June and July. Our findings are summarised on pages 8 to 17.</p> <p>We have identified one adjustment to the financial statements that has resulted in a £44.8m adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix B. We have also raised recommendations for management as a result of our audit work in Appendix A.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion at the time of writing this report Appendix D or further material changes to the financial statements, subject to the following outstanding matters;</p> <ul style="list-style-type: none"> • Queries on PPE revaluation, Operating Expenditure, Income, Creditors, Journals • Whole of Government Accounts • Final audit housekeeping steps • Updating our post balance sheet events review, to the date of signing the opinion • Receipt of management representation letter; and • Review of the final set of financial statements. <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.</p> <p>Our anticipated audit report opinions will be unmodified</p>
Value for Money arrangements	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').</p>	<p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that Nottinghamshire County Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources</p> <p>We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix D. Our findings are summarised on pages 20 to 23.</p>
Statutory duties	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audit. 	<p>We have not exercised any of our additional statutory powers or duties</p> <p>We have completed the majority of work under the Code but are unable to issue our completion certificate until we complete our work on the Whole Government Accounts review</p>

Headlines – Nottinghamshire Pension Fund

This table summarises the key findings and other matters arising from the statutory audit of Nottinghamshire County Council Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Pension Fund's financial statements:</p> <ul style="list-style-type: none">• give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year ended 31 March 2019; and• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.	<p>Our audit work was completed on site during June and July. Our findings are summarised on pages 8 to 17. Our audit of the Fund did not identify any material adjustments to the financial statements at the time of writing this report. Audit adjustments are detailed in Appendix B. We have also raised recommendations for management as a result of our audit work in Appendix A.</p> <p>Our work is substantially complete and there are no matters of which we are aware at the time of writing this report that would require modification of our audit opinion Appendix E or material changes to the financial statements, subject to the following outstanding matters;</p> <ul style="list-style-type: none">- outstanding queries on membership, investments, contributions and benefits- receipt of management representation letter- receipt and review of the Annual Report and- review of the final set of financial statements <p>Our anticipated audit report opinion will be unmodified.</p>
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Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Governance and Ethics Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's and Pension Fund's business and is risk based, and in particular included:

- An evaluation of the Council's and Pension Fund's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not had to alter or change our audit plan, as communicated to you on 13 March 2019, other than increasing the level of materiality on the Pension Fund audit (see p*x*).

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Governance and Ethics Committee meeting on 24 July 2019, as detailed in Appendix D . These outstanding items include:

Council

- Queries on PPE revaluation, Operating Expenditure, Income, Creditors, Journals
- Whole of Government Accounts
- Final audit housekeeping steps
- Updating our post balance sheet events review, to the date of signing the opinion
- Receipt of management representation letter; and
- Review of the final set of financial statements.

Pension Fund

- outstanding queries on membership, investments, contributions and benefits
- receipt of management representation letter
- review of the final set of financial statements

Certification

Receipt and review of the Annual Report due August 2019

Materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Matter	Description	Planned audit response to the Council	Planned audit response to the Pension Fund
1	Calculation and determination <p>We have determined planning materiality (financial statement materiality determined at the planning stage of the audit) based on professional judgment in the context of our knowledge of the Authority and the Fund, including consideration of factors such as stakeholder expectations, financial stability and reporting requirements for the financial statements.</p> <p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> – estimate the tolerable level of misstatement in the financial statements – assist in establishing the scope of our audit engagement and audit tests – calculate sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements 	<ul style="list-style-type: none"> • For the Council, we have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. Materiality at the planning stage of our audit was £20m for the Authority, which equates to 1.9% of your prior year gross expenditure for the year (cost of services). 	<ul style="list-style-type: none"> • For the Pension Fund, we have determined financial statement materiality based on a proportion of the Pension Fund's net assets. Our materiality at the planning stage was £50m which equates to 1% of your actual net assets for the year ended 31 March 2018.
2	Other factors <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements. We design our procedures to detect errors in specific accounts at a lower level of precision which we deem to be relevant to stakeholders.</p>	<ul style="list-style-type: none"> • For the Council, we have determined a lower specific materiality level of £100K for the table of the remuneration of specific senior officers. 	<ul style="list-style-type: none"> • No lower level materiality
3	Reassessment of materiality <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<ul style="list-style-type: none"> • Materiality calculations remain the same as reported in our audit plan 	<ul style="list-style-type: none"> • Upon receipt of the draft financial statement, we updated our materiality for the Pension Fund. to reflect updated figures. Revised materiality at the final audit is £54m, which equates to 1% of your net assets per the draft accounts for the year ended 31 March 2019.

Materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Matter	Description	Planned audit response Council	Planned audit response for Pension Fund
4	Matters we will report to the Governance and Ethics Committee Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Governance and Ethics Committee any unadjusted misstatements of lesser amounts, other than those which are 'clearly trivial', to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	<ul style="list-style-type: none">• Our view is that an individual difference could normally be considered to be clearly trivial if it is less than £1m.• If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Governance and Ethics Committee to assist it in fulfilling its governance responsibilities.	<ul style="list-style-type: none">• In the context of the Pension Fund, we proposed at the planning stage that an individual difference could normally be considered to be clearly trivial if it is less than £2.5m.• Upon receipt of the draft financial statement, we updated our materiality for the Pension Fund. to reflect updated figures. Revised triviality at the final audit is £3m.

Significant findings – audit risks

Matter	Risks identified in our Audit Plan	Risk relates to	Commentary – Council
1	<p>Fraudulent revenue recognition</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	Authority and Pension Fund	<p>Auditor commentary</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority and the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Nottinghamshire County Council and Nottinghamshire Pension Fund, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Nottinghamshire County Council and Nottinghamshire County Council Pension Fund</p>
2	<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. . The Authority and Fund faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk for both the Authority and Fund, which was one of the most significant assessed risks of material misstatement.</p>	Authority and Pension Fund	<p>Auditor commentary</p> <p>We have:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Conclusion</p> <p>Our audit work and detailed testing in this area is ongoing.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Risk relates to	Commentary – Council
<div><div>3</div><div><p>Valuation of Land and Buildings</p><p>The Authority revalues its land and buildings on a five-yearly basis. In the intervening years, such as 2018/19, to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, the Authority carries out a desktop revaluation or requests a desktop valuation from its valuation expert to ensure that there is no material difference. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£717 million) and the sensitivity of this estimate to changes in key assumptions.</p><p>The possibility of Brexit occurring just before the year end increases the risk in relation to these valuations as there could be late changes if Brexit has a significant impact on financial and property markets.</p><p>We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p></div></div>	Authority	<div><p>Auditor commentary</p><p>We have:</p><ul style="list-style-type: none">evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their workevaluated the competence, capabilities and objectivity of the valuation expertwritten to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code have been metchallenged the information and assumptions used by the valuer to assess completeness and consistency with our understandingthe Brexit delay removed the risk around material valuation changes at year end so no further work was undertaken<p>Outstanding matters</p><ul style="list-style-type: none">Finalising the review of revaluations made during the year to ensure correct recording in the asset registerEvaluation of the assumptions made by management for those assets not revalued during the year and how management have satisfied themselves that these are not materially different to current value at year end<p>Conclusion</p><p>Our audit work in this area is ongoing.</p></div>

Significant findings – audit risks

Risks identified in our Audit Plan	Risk relates to	Commentary – Council
<p>4 Valuation of the pension fund net liability</p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£1.1bn in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>Some elements of the valuation may also be affected this year by late changes associated with Brexit, leading to increased audit risk.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	Authority	<p>Auditor commentary</p> <p>We have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • agreeing the advance payment made to the pension fund for future years to the expected accounting treatment and relevant financial disclosures. • The Brexit delay removed the risk around material valuation changes at year end <p>Outstanding matters</p> <ul style="list-style-type: none"> • obtain assurances as the auditor of Nottinghamshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. <p>Conclusion</p> <p>Our audit identified one issue in relation to accounting for the impact of the McCloud Court of Appeal judgement. This is considered under section "Significant findings – other issues" at page 12.</p>

Significant findings – audit risks


Risks identified in our Audit Plan		Risk relates to	Commentary – Council
4	Valuation of Level 3 (hard to value) Investment Assets Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.	Pension Fund	Auditor commentary We have: <ul style="list-style-type: none">gained an understanding of the Fund’s process for valuing level 3 investments and evaluated the design of the associated controls;reviewed the nature and basis of estimated values and considered what assurance management have had over the year end valuations provided for these types of investmentsfor a sample of investments, tested the valuation by obtaining and reviewing the audited accounts (where available) at the latest date for individual investments and agreeing those to the fund managers reports at that date Outstanding matters <ul style="list-style-type: none">Awaiting outstanding confirmations for a small sample of investments. Conclusion Our audit work in this area is ongoing.

Significant findings - other issues


This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.


Issue	Commentary	
<div data-bbox="64 454 99 492">1</div> <div data-bbox="140 454 524 478">Impact of the McCloud judgement</div> <div data-bbox="140 492 706 882"><p>The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.</p><p>The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.</p><p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits.</p></div>	<div data-bbox="727 454 816 478">Council</div> <div data-bbox="727 492 1317 725"><p>The Council has requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of an increase in pension liabilities of £44,754k, the increase in past service costs for the 2018/19 year was £21,106k.</p><p>Management have amended the financial statements to reflect the actuarial review of the impact of the McCloud judgement.</p></div> <div data-bbox="727 739 884 763">Pension Fund</div> <div data-bbox="727 778 1317 863"><p>The Pension Fund has amended its disclosure in relation to the impact of the McCloud ruling resulting in a £65,860k increase in the disclosure of the net liability.</p></div>	<div data-bbox="1369 454 1514 478">Auditor view</div> <div data-bbox="1369 492 1980 571"><p>We have reviewed the analysis performed by the actuary, and consider that the approach that has been taken to arrive at this estimate is reasonable.</p></div>


Significant findings – key judgements and estimates (Council)


	Summary of management’s policy	Audit Comments	Assessment
Land and Buildings – Other - £683m	<p>Other land and buildings comprises £601m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£82m) are not specialised in nature and are required to be valued at existing use value (EUV) at year end. The Council has engaged its Internal Valuer to complete the valuation of properties as at 31 03 19 on a five yearly cyclical basis. 25% of total assets held at Current Value were revalued during 2018/19. The valuation of properties valued by the valuer has resulted in a net increase of £5m. Management have considered the year end value of non-valued properties in consultation with the valuer. Management’s assessment of assets not revalued has identified no material change to the properties’ value. The total year end valuation of Other land and buildings was £683m, a net decrease of £33.5m from 2017/18 (£716.6m).</p>	<p>We have</p> <ul style="list-style-type: none">• Undertaken an assessment of management’s expert• Reviewed the impact of any changes to valuation method• Reviewed the completeness and accuracy of the underlying information used to determine the estimate <p>Outstanding matters</p> <ul style="list-style-type: none">• Checking the consistency of the estimate against near neighbours• Reviewing the adequacy of disclosure of the estimate in the financial statements <p>Conclusion</p> <p>Our audit work in this area is ongoing.</p>	

Assessment

 We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated

 We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic

 We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious

 We consider management’s process is appropriate and key assumptions are neither optimistic or cautious



Significant findings – key judgements and estimates (Council)

	Summary of management's policy	Audit Comments	Assessment																								
Net pension liability – £1,058m	<p>Following the adjustment for the McCloud issue. The Council's net pension liability at 31 March 2019 is £1,058m (PY £1,112m) comprising the Nottinghamshire County Council Pension Fund Local Government scheme and unfunded defined benefit pension scheme obligations in relation to the Teacher's Pension Scheme.</p> <p>The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £54m net actuarial gain during 2018/19.</p>	<p>We have</p> <ul style="list-style-type: none">Undertaken an assessment of management's expertReviewed and assessed the actuary's roll forward approach taken,Used an auditors expert (PWC) to assess the actuary and assumptions made by the actuary <table><tr><th>Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr><tr><td>Discount rate</td><td>2.4%</td><td>2.35%-2.45%</td><td></td></tr><tr><td>Pension increase rate</td><td>2.4%</td><td>2.4%-2.45%</td><td></td></tr><tr><td>Salary growth</td><td>3.9%</td><td>3.10%-4.35%</td><td></td></tr><tr><td>Life expectancy – Males Current Pensioners Future Pensioners</td><td>21.6 23.3 years</td><td>20.6- 23.4 22.2-25.0 years</td><td></td></tr><tr><td>Life expectancy – Females Current Pensioners Future Pensioners</td><td>24.4 26.2 years</td><td>23.2- 24.8 25.0-26.6 years</td><td></td></tr></table> <p>Reviewed</p> <ul style="list-style-type: none">the completeness and accuracy of the underlying information used to determine the estimateImpact of any changes to valuation methodReasonableness of the Council's share of LGPS pension assets.Reasonableness of increase/decrease in estimateAdequacy of disclosure of estimate in the financial statements	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.4%	2.35%-2.45%		Pension increase rate	2.4%	2.4%-2.45%		Salary growth	3.9%	3.10%-4.35%		Life expectancy – Males Current Pensioners Future Pensioners	21.6 23.3 years	20.6- 23.4 22.2-25.0 years		Life expectancy – Females Current Pensioners Future Pensioners	24.4 26.2 years	23.2- 24.8 25.0-26.6 years		
Assumption	Actuary Value	PwC range	Assessment																								
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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates (Pension Fund)

	Summary of management's policy	Audit Comments	Assessment
Level 3 investments	The Pension Fund has investments in unlisted shares, private equity funds and property which in total are valued on the balance sheet as at 31 March 2019 at £839m. These investments are not traded on an open market and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management use fund managers who value within industry accepted guidelines. The value of the investment has increased by £299m in 2018/19,	<ul style="list-style-type: none"> Our work in respect of Level 3 investments has not been finalised at the date of writing this report 	
Level 2 investment	The Pension Fund have investments in pooled property investments that in total are valued on the balance sheet as at 31 March 2019 at £248m. The investments are not traded on an open exchange and the valuation of the investment is subjective. In order to determine the value, management use valuation techniques based on observable inputs. The value of the investment has decreased by £4m in 2018/19	<ul style="list-style-type: none"> Our work in respect of Level 2 investments has not been finalised at the date of writing this report 	

Assessment

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  We consider management's process and key assumptions to be reasonable

Significant findings - Going concern - Council

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary - Council

Management's assessment process

Management have responded to the questions we set out on going concern in our “Informing the Audit Risk Assessment” document which confirms:

- There are no events, of which they are aware, that could cause sufficient material uncertainty to cast significant doubt on the Councils 's ability to continue as a going concern. This extends but is not limited to at least twelve months from the Balance Sheet date.
- The Council monitor cash flow on a quarterly basis, including maintaining an up to date forecast position for at least the next 12 months. These cash flow forecasts do not indicate any material uncertainty relating to the Council's continuing ability to meet financial obligations.
- Excluding the impact of the pension liability, the Authority, has a strong balance sheet, with cash and cash equivalents of £56.3 million.

Work performed

- Detailed audit work performed on management's assessment

Concluding comments

Auditor commentary

Management's assessment has considered the applicable guidance relating to public sector bodies which presumes in local government is that the going concern assumption does apply unless there is specific evidence to the contrary. Management assessment has concluded that no material uncertainty in respect of going concern exists. In addition based on our own review of the Council, we are aware that the Council has set an "approved budget" for 2019/20 and has a longer term financial plan. The going concern assessment includes a cash flow forecast. The cashflow forecast does not indicate any signs of significant financial difficulty that would cause concern. Nigel Stevenson Service Director – Finance, Infrastructure and Improvement takes overall responsibility for monitoring and reporting financial projections and reserve management.

As such we consider that the assessment undertaken by the Authority on going concern is a reasonable and valid one and there are no indications of material uncertainty.

Auditor commentary

- Our audit did not identify any events or conditions which may cast significant doubt on going concern assumption.
- Excluding the impact of the pension liability, the Authority has a strong balance sheet, with cash and cash equivalents of £56.3 million.
- The Council has mainly PWLB debt £387 million plus £95 million non-PWLB debt and there is no requirement to borrow further to meet any immediate liabilities falling due.
- The Council set a budget in line with local government requirements for 2019-20.
- Management have reported that at the end of Month 2 there is a forecast net overspend of £5.7m largely related to the Children and Young people budget. Reinforcement of budget management and a review of the cost pressures is being undertaken. There are a number of spend pressures emerging particularly in relation to the increasing demand of looked after children mitigating action is being taken where possible.

Auditor commentary

- We propose to issue an unmodified opinion for 2018/19.

Significant findings - Going concern Pension Fund

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary - Council

Management's assessment process

Management have responded to the questions we set out on going concern in our “Informing the Audit Risk Assessment” document which confirms:

- There are no events, of which they are aware, that could cause sufficient material uncertainty to cast significant doubt on the Councils 's ability to continue as a going concern. This extends but is not limited to at least twelve months from the Balance Sheet date.
- The Fund account has a strong asset balance of £5.4 billion and net return on investments of £310.9 million is in excess of benefits paid by £109 million.

Auditor commentary

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Management's assessment has considered the applicable guidance relating to public sector bodies which presumes in local government is that the going concern assumption does apply unless there is specific evidence to the contrary. Management assessment has concluded that no material uncertainty in respect of going concern exists. The purpose of the review is to ensure that cash is available to meet liabilities as and when they fall due. The fund continues to have a positive net cash flow due to investment income and any downward cashflow trend is reversed by large employers contributions.

We communicated on Going Concern with the Audit, Risk and Assurance Committee through our *Informing the Risk Assessment*.

The Director of Finance, Infrastructure and Improvement has a reasonable expectation that the Fund will continue for the foreseeable future. Members concur with this view. For this reason, the Fund continue to adopt the going concern basis in preparing the financial statements.

As such we consider that the assessment undertaken by the Council on going concern is a reasonable and valid one and there are no indications of material uncertainty.

Work performed

- Detailed audit work performed on management's assessment

Auditor commentary

- Our audit did not identify any events or conditions which may cast significant doubt on going concern assumption.
- The Fund has a strong asset balance of £5.4 billion and net return on investments of £310.9 million is in excess of benefits paid by £109 million.
- The last actuarial valuation was carried out as at March 2016 and the actuary estimated that the value of the fund was sufficient to meet 87% of its future liabilities. Amendment to contribution rates are expected to improve this to 100% within a period of 20 years.

Concluding comments

Auditor commentary

- We propose to issue an unmodified opinion for 2018/19.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance of both the Council and Pension Fund.

	Issue	Commentary
1	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Governance and Ethics Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
3	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Council, and the Pension Fund which are included in the Governance and Ethics Committee papers.
5	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to banks, lenders, the pension fund's custodian and investment bodies. This permission was granted and the requests were sent. All but one of the Council and the majority of the Pension Fund requests were returned with positive confirmation. In relation to the Pension fund's cash holdings, 5 requests were not received so we undertook alternative procedures, including direct verification to bank statements and confirmations to the external counterparty's online investment portals. In relation to the Pension Fund, we are awaiting responses from 4 investments managers. There are a further 6 Investment Managers where we have ongoing queries in respect of the confirmations that have provided.
6	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the Council's financial statements. A number of disclosure amendments were made to the Council and the Pension Fund accounts details can be seen at appendix B.
7	Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> The vast majority of information and explanations requested from management for the Council and the Pension Fund were provided. Although not unusual for a first year audit, there were some complications in obtaining supporting evidence and transactional and membership data, particularly in respect of the Pension fund, which delayed aspects of wider audit testing.

Other responsibilities of the Council under the Code

Issue	Commentary
1 Other information	<ul style="list-style-type: none"> We are required to give an opinion on whether the other information published together with the Councils audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix D</p>
2 Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters</p> <p>We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.</p> <p>Due to statutory deadlines the Pension Fund Annual Report is not required to be published until the 1st December 2019 and therefore this report has not yet been produced. We have therefore not given this separate opinion at this time and are unable to certify completion of the audit of the administering authority until this work has been completed.</p>
3 Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Council exceeds the specified group reporting threshold of £500m we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements.</p> <ul style="list-style-type: none"> Note that work is not yet completed plans are in place to complete this work in August to meet the submission deadline of 13 September 2019
4 Certification of the closure of the audit	<p>We are unable to certify the closure of the 2018/19 audit of Nottinghamshire County Council in the audit opinion, as detailed in Appendix D.</p>

Value for Money

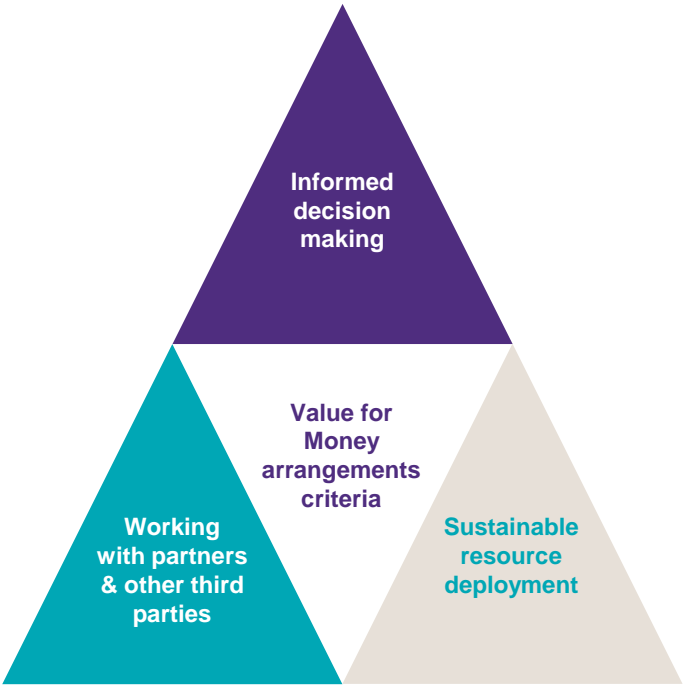
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in January/February 2019 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated March 2019.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- Financial Sustainability - and the significant challenges faced over the medium term
- Partnership Working – and the challenges faced by governance in a wider working relationship

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 22 to 23.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix D.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

	Significant risk	Findings	Conclusion
1	<p>Financial Sustainability</p> <p>This risk relates to the sub-criteria of Sustainable Resource Deployment.</p> <p>Audit Plan wording: The council continues to face similar financial pressures to those experienced by others in the Local Government sector. The council's latest financial monitoring report (M08) presented to the Finance and Major Contracts Management Committee indicates a £5.8m net overspend forecast for the current financial year. Furthermore the council faces significant financial challenges over the medium term to achieve its statutory break even budget duty.</p> <p>The latest report shows a £34.1m gap for the medium term.</p>	<p>The Council has been successful in delivering £26.8m of savings over the previous two financial years. Rising demand for services coupled with continued reductions in funding will mean that savings will become increasingly more difficult to find.</p> <p>The financial position of the Council has been closely monitored throughout the year, with monthly reports being produced and reported to the Leadership Team and the Finance and Major Contracts Committee.</p> <p>The impact of pressures on social care services has resulted in a year end contribution from reserves of £6.8m compared to the £1.5m budgeted estimate.</p> <p>The MTFS proposes to utilise a further £19.2m of reserves over the medium term.</p> <p>The level of reserves and balances have been reviewed by the Council and are considered to be adequate. However the continued use of reserves to balance budgets which continues into 2019/20 should be approached cautiously and the Council should ensure that the level of reserves remain prudent. Reserves are one off funds so it is recommended that they are limited to supporting one-off expenditure rather than funding on-going costs</p> <p>The budget set for 2019/20 shows a savings requirement of £15.2m. The Council continues to monitor and gain understanding of both overspends and underspends against budgets and continually applies mitigation strategies, not only for the immediate budget but for the Medium Term to ensure the £34.2 shortfall forecast required by 2023 is addressed.</p> <p>Strict budgetary controls imposed on departments are expected to utilise any underspends to offset unexpected cost pressures.</p>	<p>Auditor view</p> <p>The Council applies a stringent monitoring regime to ensure issues can be identified and addressed in a timely manner. The MTFS is monitored and aligned to the vision of the Council and adjustments made when necessary..</p> <p>On the basis of this evidence we have concluded that the Council had appropriate arrangements in place to secure Value for Money through Sustainable Resource Deployment during 2018/19.</p>

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

	Significant risk	Findings	Conclusion
2	<p>Partnership Working This risk relates to the sub-criteria of Working with partners and other 3rd parties.</p> <p>Increasingly the Council has identified and indeed continues to identify a range of measures and significant savings to mitigate financial challenges. It has increased partnership working with other public sector organisations in Nottinghamshire, across both local government and the NHS. The council has also made greater use of subsidiaries, joint ventures and its dedicated performance and improvement team.</p> <p>As wider partnership working evolves it is important to consider governance arrangements within the collaborations and ensure the required outcomes are being achieved.</p>	<p>The Council is committed to working with partners to provide the best possible services for local people whilst delivering value for money.</p> <p>Partnership working is diverse and covers health, the environment including transport and education.</p> <p>The health partnership as part of the Integrated Care System has notably seen an increase in the amount of service users enabled to return to independent living via the enablement service. Users of this service rose to 1,335 in 2018/19.</p> <p>The Council appoint representatives to a wide range of bodies to ensure that partnership working is monitored and governance is in place.</p> <p>The Policy Committee receive regular updates on the strategies and monitoring of partnerships and also a register of outside bodies with representatives is produced for their scrutiny. These bodies include local community groups, charities and partners, and detail who is the council representative on each group.</p> <p>For example, a major partnership is the Integrated Care System. The board of the ICS includes a Nottinghamshire County Council representative, but also individual members such as Sherwood Forest Hospital FT also has a Council representative on its board.</p> <p>The council have had some major achievements during 2018/19 in relation to working with partners these include:</p> <p>Leadership of the Partnership Strategy for looked after children and care leavers – becoming the first 2 tier council area to secure council tax exemption for its care leavers up to 25.</p> <p>The successful leadership and establishment of the Regional Adoption Agency.</p>	<p>Auditor view</p> <p>Partnership working continues to achieve positive results for the Nottinghamshire area.</p> <p>This has improved services and in relation to health where the most pressure is felt financially and has provided closer integration. As a result the Council has been noted as the best performing council nationally for performance of delayed transfer of care.</p> <p>Governance is reported regularly to the Policy Committee and monitored by individual representatives.</p> <p>On the basis of this evidence we have concluded that the Council had appropriate arrangements in place to secure Value for Money through Partnership Working during 2018/19</p>

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors of the Council and the Pension Fund that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C

Audit, Non-audit and other services

For the purposes of our audit of the Council and the Pension Fund we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council and Pension Fund.

Pension Fund

No non-audit services were identified which were charged from the beginning of the financial year to July 2019.

Council

The following non – audit services were provided to the Council

Fees for other services	Fees £'000
Non-audit services	10,000
CFO insights	
	£10,000

Grant Thornton's Government and Infrastructure Advisory Team has undertaken work for the Midlands Engine (a partnership of local authorities and other bodies (across the East and West Midlands) in relation to Support for the Business Case for a Development Corporation in relation to the HS2 hub at Toton. This specific piece of work was procured through Nottinghamshire County Council, but in doing so it was acting as agent for the entities that make up the 'Midlands Engine'. We are satisfied that this work does not present any threat to our independence as auditors of the County Council. The fee for this work, which was all paid in 2019/20, was £TBC.

Action plan

We have identified a number of recommendations for the Council and Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit.

The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Council / Pension Fund	Issue and risk	Recommendations
1	●	Pension Fund	<ul style="list-style-type: none"> We identified that the membership data used for Note 3 disclosure purposes was not as at the 31st of March, but rather as at mid April 2019. We made further inquiries and obtained a reconciliation of the two data sets, and noted differences between the two data sets. In addition, we identified that a number of manual adjustments had been made to the data, totalling 6,000 members split across various member categories. We understand the adjustments were made to reflect processes that are currently ongoing such as adding starters and removing leavers. We undertook further inquiries of management and obtained corroborating evidence for these manual amendments, which we understand were intended to improve the accuracy of the membership data disclosed However, the volume of manual adjustments are in our opinion indicative of weaknesses in controls pertaining to the processing of membership data, and particularly that membership data is not being updated in a timely manner. 	<ul style="list-style-type: none"> We recommend the Pension Fund Systems and Admin team undertake a process to understand and verify the causes of these discrepancies in the data which necessitate the manual adjustments: specifically, the underlying reasons as to why change forms and notifications are not being processed in a timely manner Amendments to data should be processed in a timely manner to reduce the risk of inaccurate membership data being reported in the financial statements. Processes should be strengthened to ensure changes in membership data is processed and uploaded to the Pensions Admin System in a timely manner Management and particularly Pensions Finance should consider the impact of these discrepancies on data to be provided to the external actuary as part of the 2019 Triennial Valuation, to gain assurance that membership data is materially correct
				Management response <ul style="list-style-type: none"> [...]

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Action plan

We have identified a number of recommendations for the Council and Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Council / Pension Fund	Issue and risk	Recommendations
2	●	Pension Fund	<p>Our audit work has identified a number of control issues in relation to the accuracy of data recorded on the pensions Admin and Payroll systems. Notable issues were identified in relation to membership data, starters and leavers, and inclusion of non pensioners within the data list. Although these were corrected at the time of audit, the lack of timely updates and controls to identify errors to these data sets, could result in inaccuracies in the pension system reporting.</p> <ul style="list-style-type: none"> A number of our samples selected for starters and leavers were found to have been either included on the Pensions Payroll system but did not relate to pensioners of the fund, or were actively making contributions, but not set up on the Pension Admin system We identified 1 deceased person in the pensioner 'leavers' sample, whose death certificate was dated circa 30 years ago. Though we confirmed no payments had been made in the current financial year and this matter was previously investigated by Internal Audit, timely removal from the Pensions Payroll system would ensure no additional payments are processed inadvertently We identified a number of employers from which the annual year-end 'Pen58' return" - which is the employing bodies confirmation of their annual employer and employee contributions - had not been received at the time of the audit. We were therefore unable to verify that pension contributions for those respective employers as per the Pension Fund's ledger were materially correct. 	<ul style="list-style-type: none"> Amendments to data should be processed in a timely manner to reduce the risk of inaccurate membership data being reported in the financial statements. Controls to check the accuracy of the data on a regular basis should be implemented to allow early identification of errors, including between the Pensions Admin and Pensions Payroll systems. The process in respect of receiving annual year end 'Pen58' returns from admitted & employer bodies should be strengthened, so that returns are obtained in a timely manner and management is able to assure itself that employer and employee contributions reported in the accounts are materially correct <p>Management response</p> <ul style="list-style-type: none"> [...]

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Action plan

We have identified a number of recommendations for the Council and Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Council / Pension Fund	Issue and risk	Recommendations
3	●	Pension Fund	<ul style="list-style-type: none"> Review of controls assurance provided by the investment managers revealed that numerous smaller investment managers do not produce controls reports or bridging letters, or did provide controls reports but could not provide bridging letters to confirm that controls had not substantially changed between the report dates and the pension fund's year end date of 31st March 2019 Historically no additional information has been requested by the pension fund to bridge this gap in assurance and gain comfort that effective controls are in place at investment managers used by the Pension Fund We were able to positively confirm investment and cash balances with these investment managers, so there was no impact on the reported financial disclosures 	<ul style="list-style-type: none"> In accordance with best practice we recommend and would expect that where controls reports and 'bridging letters' are not available, the Pension Fund makes annual enquiries with its investment managers to ascertain how controls operate and if there are significant controls weaknesses of which it should be aware. Or alternatively request controls reports from investment managers, particularly those not covered by the Pension Fund's Custodian where triangulation of investment balances is not possible <p>Management response</p> <ul style="list-style-type: none"> [...]
4	●	Pension Fund	<ul style="list-style-type: none"> In the course of obtaining confirmations of year end cash and investment balances, we noted that account names across investment managers were not consistent. Some of the Pension Fund's accounts were under the name "Nottinghamshire County Council", whereas others were under the name "Nottinghamshire County Council Pension Fund". <p>We also noted through review of Land Registry title deeds, that the pension fund's investment properties are held in the name of Nottinghamshire County Council.</p>	<p>Although we understand these are legacy issues - and there may be legal reasons and historical arrangements for variances in account names - we recommend that a consistent approach is used across investment managers and investment properties.</p> <p>Management response</p> <ul style="list-style-type: none"> [...]

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Action plan

We have identified a number of recommendations for the Council and Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Council / Pension Fund	Issue and risk	Recommendations
1	●	Council	<ul style="list-style-type: none">As part of our sample testing of 6 schools bank reconciliations, we identified that the April 2019 funding (tranche) payment for each school had not been reflected in the bank reconciliation. Consequently, we were not able to agree schools cash balances per the ledger to bank confirmations received directly by the audit team.We were however able to verify these amounts using alternative methods and as such there was no impact on the cash balance reported in the financial statements.	<ul style="list-style-type: none">For completeness purposes, schools bank reconciliations should include the April 2019 tranche payments, to ensure bank balances per the ledger are reconciled to bank statements.

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Audit Adjustments - Council

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
1 McCloud – revision of Pension Liability and past service costs	44.754	44,754	44,754
Overall impact	£44,754	£44,754	£44,754

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure / Misstatement	Detail	Auditor recommendations	Adjusted?
Disclosure	Various minor Disclosure amendments	The Council have amended and expanded a number of disclosure notes to enhance readability and internal consistency of the accounts.	✓

Unadjusted Misstatements - Council

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit which have not been made within the final set of financial statements. The Governance & Ethics Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail		Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
1	None identified at the time of writing this report. – though there are outstanding queries that could result in audit adjustments.	[...]	[...].		
Overall impact		£X,XXX	£X,XXX	£X,XXX	

Audit Adjustments – Pension Fund

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Detail		Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
1	None identified at the time of writing this report. – though there are outstanding queries that could result in audit adjustments.	[...]	[...].	
Overall impact		£X,XXX	£X,XXX	£X,XXX

Audit Adjustments – Pension Fund (continued)

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure / Misclassification	Detail	Auditor recommendations	Adjusted?
Disclosure	Note 17 – Related Parties	<ul style="list-style-type: none"> For completeness of the related parties transactions disclosure, £21m of funds invested with LGPS central should be disclosed in note 17. In accordance with the CIPFA code, costs incurred in respect of Key Management Personnel should be disclosed in the accounts; management has opted to include this disclosure in the related parties note Additional disclosures have been included to gain assurance over completeness of related parties disclosure 	✓
Disclosure	Various	<ul style="list-style-type: none"> Various other minor disclosure corrections including to the Accounting Policies and descriptions of valuation methods and assumptions in respect of directly held investment property. 	✓
Disclosure	Note 2 C - Actuarial Present Value of Promised Retirement Benefits	<ul style="list-style-type: none"> Material assumptions made by the Pension fund's actuary, including mortality and estimated return on fund assets should be included. A disclosure on the McCloud findings should be included 	✓
Disclosure	Note 11 b – Reconciliation of Opening and Closing Values of Investments	<ul style="list-style-type: none"> The pension fund had reclassified investments worth £50m to "Property Pooled Vehicles", from "Pooled Investment Vehicles" and this adjustment was presented as a negative purchase in the draft accounts. The finance team opted to amend this adjustment to simplify the presentation, so that the adjustment is shown in the opening values, rather than a 'negative purchase' which may have been confusing to readers of the accounts. 	✓

Unadjusted Misstatements - Pension Fund

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit which have not been made within the final set of financial statements. The Governance & Ethics Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Fund Account £'000	Net Assets Statement £' 000	Impact on Net Assets Available to Fund Benefits £'000	Reason for not adjusting
1 We identified that fees and charges within pooled investment funds is netted off against changes in the fair value of the investments, although this amount is immaterial and there is no overall impact on the bottom-line, we would expect Income and Expenditure to be separately recognised on a gross basis, as stated in the accounting policies. This is in accordance with the applicable financial reporting framework.	Investment Management Expenses +£X,XXX (TBC) Profit & Losses on changes in value -£X,XXX (TBC)	£NIL	£NIL	Immaterial (The adjustment is expected to be less than £5m)
Overall impact	£X,XXX	£X,XXX	£X,XXX	

Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services

Audit Fees

	Proposed fee	Final fee
Council Audit	£75,624	£75,624
Pension Fund	£23,043	£23,043
Total audit fees (excluding VAT)	£98,667	£98,667

Other services can be seen at page 24

Where we are required to respond to requests received from other auditors of other bodies for assurance in respect of information held by the Pension Fund and provided to the actuary to support their individual IAS 19 calculations these will be billed in addition to the audit fee on a case by case basis.

Work undertaken following the McCloud ruling and increased expectations from regulators may result in a fee variation being applied this will be confirmed with management at the finalisation of the audit and reported to the Governance and Ethics Committee

Audit opinion – Nottinghamshire County Council

We anticipate we will provide the Council with an unmodified audit report

Independent auditor's report to the members of Nottinghamshire County Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nottinghamshire County Council (the 'Authority') for the year ended 31 March 2019 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Service Director of Finance Infrastructure and improvement use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Service Director of Finance Infrastructure and improvement has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Service Director of Finance Infrastructure and improvement is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report, the Annual Governance Statement, other than the financial statements our auditor's report thereon and our auditor's report on the pension fund financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and

Audit opinion

controls or that risks are satisfactorily addressed by internal controls. We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Service Director of Finance Infrastructure and Improvement and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities [set out on page(s) x to x], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs.

In this authority, that officer is the Service Director of Finance Infrastructure and improvement. The Service Director of Finance Infrastructure and improvement is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Service Director of Finance Infrastructure and improvement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Service Director of Finance Infrastructure and improvement is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Governance and Ethics Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Audit opinion

Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We are required to give an opinion on the consistency of the pension fund financial statements of the Authority included in the Pension Fund Annual Report with the pension fund financial statements included in the Statement of Accounts. The Local Government Pension Scheme Regulations 2013 require authorities to publish the Pension Fund Annual Report by 1 December 2019. As the Authority has not prepared the Pension Fund Annual Report at the time of this report we have yet to issue our report on the consistency of the pension fund financial statements. Until we have done so, we are unable to certify that we have completed the audit of the financial statements in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2019.

We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2019 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until your previous auditors KPMG have determined an objection to the 2015/16 accounts brought by a local authority elector under Section 27 of the Local Audit and Accountability Act 2014. We are satisfied that this matter does not have a material effect on the financial statements or on our conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

John Gregory, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

[Date]

Audit opinion – Nottinghamshire County Council Pension Fund

We anticipate we will provide the Pension Fund with an unmodified audit report

Independent auditor's report to the members of Nottinghamshire County Council on the pension fund financial statements of Nottinghamshire County Council Pension Fund

Opinion

We have audited the financial statements of Nottinghamshire Pension fund name (the 'pension fund') administered by Nottinghamshire County Council (the 'Authority') for the year ended 31 March 2019 which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019 and of the amount and disposition at that date of the fund's assets and liabilities, [other than liabilities to pay promised retirement benefits after the end of the fund year];
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the pension fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Service Director Finance, Infrastructure and improvement use of the going concern basis of accounting in the preparation of the pension fund's financial statements is not appropriate;
- or
- the Service Directors Finance, Infrastructure and improvement has not disclosed in the pension fund's financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for the pension fund for a period of at least twelve months from the date when the pension fund's financial statements are authorised for issue.

Other information

The Service Directors Finance, Infrastructure and improvement is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report, the Annual Governance Statement other than the pension fund's financial statements, our auditor's report thereon and our auditor's report on the Authority's financial statements. Our opinion on the pension fund's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the pension fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the pension fund's financial statements or our knowledge of the pension fund obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the pension fund's financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Page 94 of 172

Audit opinion Nottinghamshire Pension Fund cont

Opinion on other matter required by the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the pension fund's financial statements and our knowledge of the pension fund the other information published together with the pension fund's financial statements in the Statement of Accounts, [the Narrative Report, the Annual Governance Statement and the Annual Report] for the financial year for which the financial statements are prepared is consistent with the pension fund's financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Service Directors Finance, Infrastructure and Improvement and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities [set out on [page\(s\) x to x](#)], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs.

In this authority, that officer is the Service Director Finance, Infrastructure and improvement. The Service Director Finance, Infrastructure and improvement is responsible for the preparation of the Statement of Accounts, which includes the pension fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Service Director Finance, Infrastructure and improvement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund's financial statements, the Service Director Finance, Infrastructure and improvement is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the pension fund will no longer be provided.

The Governance and Ethics Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the pension fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Audit opinion Nottinghamshire Pension Fund cont..

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

John Gregory, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
Birmingham office

[Date]

This matter is being dealt with by:
Nigel Stevenson
T 0115 977 3033
E nigel.stevenson@nottsc.gov.uk
W nottinghamshire.gov.uk

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
BIRMINGHAM
B4 6AT

24 July 2019

Nottinghamshire County Council – Financial Statements for the year ended 31 March 2019

This representation letter is provided in connection with the audit of the financial statements of Nottinghamshire County Council for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.

- vi. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

xv. We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.

xvi. We have communicated to you all deficiencies in internal control of which management is aware.

xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Ethics and Governance Committee at its meeting on 24 July 2019

Yours faithfully,

Signed

Name	Councillor Bruce Laughton
Position	Chairman of the Governance and Ethics Committee
Date	24 th July 2019

Signed

Name	Nigel Stevenson
Position	Service Director – Finance, Infrastructure and Improvement
Date	24 th July 2019

This matter is being dealt with by:
Nigel Stevenson
T 0115 977 3033
E nigel.stevenson@nottsccl.gov.uk
W nottinghamshire.gov.uk

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
BIRMINGHAM
B4 6AT

24 July 2019

Nottinghamshire County Council Pension Fund – Financial Statements for the year ended 31 March 2019

This representation letter is provided in connection with the audit of the financial statements of Nottinghamshire County Council Pension Fund ('the Fund') for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the Fund financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Fund's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Where it was necessary to choose between estimation techniques that comply with the Code, we selected the estimation technique considered to be the most appropriate to the Fund's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgement based on our knowledge and experience about past

and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.

- vi. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii. Except as disclosed in the financial statements:
- viii. there are no unrecorded liabilities, actual or contingent
 - a. none of the assets of the Council has been assigned, pledged or mortgaged
 - b. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- x. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- xi. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xii. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Fund and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xiii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiv. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xv. We believe that the Fund's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Fund's needs. We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Fund financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the Fund from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.
- xxiv. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.
- xxv. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.
- xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Ethics and Governance Committee at its meeting on 24 July 2019.

Yours faithfully,

Signed

Name	Councillor Bruce Laughton
Position	Chairman of the Governance and Ethics Committee
Date	24 th July 2019

Signed

Name	Nigel Stevenson
Position	Service Director – Finance, Infrastructure and Improvement
Date	24 th July 2019

24 July 2019

Agenda Item: 9

REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT

INTERNAL AUDIT 2018-19 TERM 3 REPORT 2019-20 TERM 2 INTERNAL AUDIT PLAN

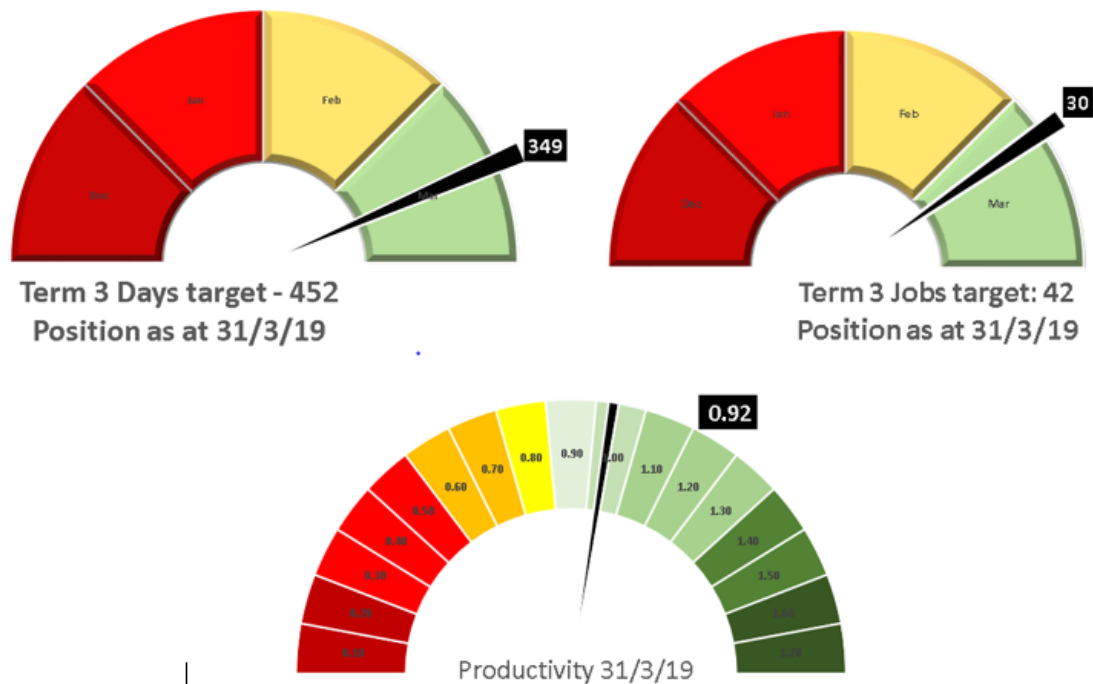
Purpose of the Report

1. To inform Members of the work carried out by Internal Audit in Term 3 of 2018/19, and to highlight any key issues arising.
2. To consult with Members on the Internal Audit Plan for Term 2 of 2019/20.

Information

Summary of Internal Audit's work in Term 3 of 2018/19

3. Internal Audit operates on the basis of three Termly Plans in each financial year, covering the following periods:
 - Term 1: April to July
 - Term 2: August to November
 - Term 3: December to March
4. Internal Audit reports its updates three times per year. The reports comprise the outcomes from the work carried out in the preceding Term, followed by proposals for the coverage in the forthcoming Term.
5. The following charts depict progress against the Term 3 Plan, expressed in terms of the following:
 - Inputs – the number of audit days delivered against the Term 2 plan. Each segment in the chart represents ¼ of the Termly Plan.
 - Outputs – the number of jobs completed against the plan. Each segment in the chart represents ¼ of the Termly Plan.
 - Productivity indicator – the target score is 1, indicating that all planned jobs have been completed on time and using the planned allocation of days.



6. The update report for Term 2 brought several resourcing difficulties to the Committee's attention, foremost of which was recruitment to the Senior Auditor posts in the team's current structure. Temporary resources were secured part-way through Term 3 via the Council's agency worker contract, and this boosted the number of planned days and jobs the team was able to deliver. The delay in securing these resources is reflected in the charts above, in that both the number of days and the number of jobs completed fell a little short of the planned mark.
7. In Term 3, a range of work was completed across the Council. **Appendix 1** sets out details of all final reports, draft reports and written advice, 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 and initiatives
 - Counter-fraud – including the investigation of suspected fraud and whistleblower reports
 - Certification audits – generally small jobs to sign off returns and accounts.

With regard to school audits completed in Term 3, the following summarises the spread of assurance opinions for the 20 completed jobs:

Substantial Assurance (4 items)

Reasonable Assurance (15 items)

Limited Assurance (1 item)

8. The opinion-based assurance work from Term 3 feeds in to the Head of Internal Audit's year-end opinion on the adequacy of the Council's arrangements for governance, risk management and control. The Annual Report section, below, pulls together a summary of all Internal Audit's work in 2018/19 as part of that assessment.

9. In Term 3, there was one limited assurance opinion issued. This concerned a review of the arrangements the ASCH Department has with direct payment support services (DPSS's) and the service users who engage them. The department responded positively to the recommendations raised in the report, which focus on key aspects of control: accreditation; contract monitoring; financial management. The agreed actions will be followed up as part of the established follow-up procedure.
10. At the previous update in March 2019, it was flagged up that a limited assurance opinion had been issued as a draft report on the arrangements in the County Council for complying with the payment card industry standards. The report remains in draft; a fuller summary of the weaknesses identified will be provided following finalisation of the report.
11. Internal Audit continues to provide advisory input to developments in the Council. In Term 3, the service was engaged most notably with the arrangements being established around pension pooling. Nottinghamshire has partnered with the LGPS pension funds of Cheshire, Leicestershire, Derbyshire, Shropshire, Staffordshire, Worcestershire and West Midlands to form a collective investment pool, known as LGPS Central Pool, in accordance with government requirements for the pooling of LGPS investment assets. The Internal Audit service is working with the internal auditors at each of the partner councils to co-ordinate the collective audit effort to deliver co-ordinated assurance over governance, risk management and control of the pool.
12. The Annual Fraud Report for 2018/19 was presented to Committee at the June 2019 meeting, and this incorporated the reactive and pro-active work with which Internal Audit was engaged during Term 3.
13. The Section's performance in Term 3 against its key indicators is detailed in the following table:

Performance Measure/Criteria	Target	Outcome in Term 3
1. Risk-aware Council		
Completion of Termly Plan - Days - Jobs	90% 90%	✗77% ✗71%
Regular progress reports to: - Departmental Leadership Teams - Corporate Leadership Team - Governance & Ethics Committee	1 per term 1 per term 1 per term	✓ Completed ✓ Completed ✓ Completed
Publication of periodic fraud/control awareness updates	2 per annum	✓ E-learning package & Annual Fraud Report
2. Influential Audit Section		
Recommendations agreed	95%	✓ 100%
Engagement with the Transformation agenda	Active in 5 key projects during the year	✓ Active in 5 in 2018/19
3. Improved internal control & VFM		
Percentage of Priority 1 & Priority 2 recommendations implemented (as at June 2019 update for 2017/18 actions)	75%	✗57% Priority 1 ✓81% Priority 2
4. Quality measures		

Performance Measure/Criteria	Target	Outcome in Term 3
Compliance with the Public Sector Internal Audit Standards	Compliance achieved	✓ The Quality Assurance & Improvement Programme (QAIP) in the Annual Report identifies actions for further improvement
Positive customer feedback through Quality Control Questionnaire (QCQ) scores	Feedback good or excellent (where a score of 1 is excellent and a score of 2 is good)	✓ 1.65

14. The table shows a good level of performance by the service in Term 1, although the quantum of work carried out was less than anticipated due to the delay in securing additional resources part-way through the term.

Proposed Internal Audit Plan for Term 2 2019-20

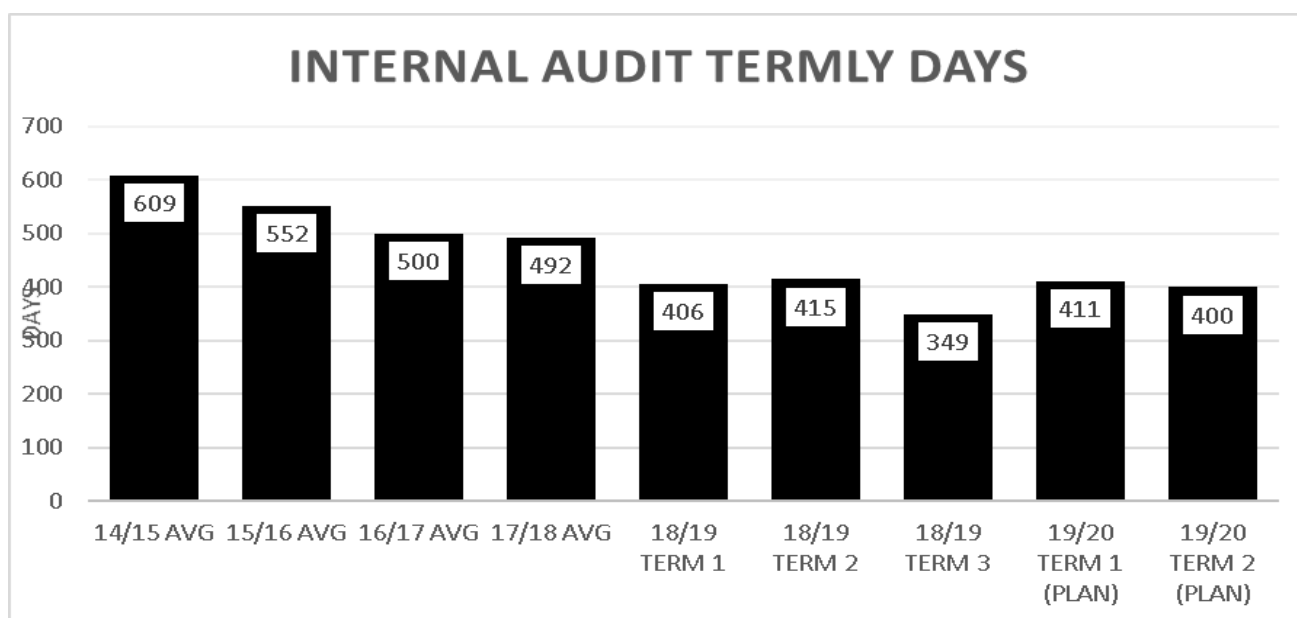
15. Internal Audit has carried out updated consultations with senior managers (through the Corporate Leadership Team and the Departmental Senior Leadership Teams). Regular slots at these meetings are booked in on a rolling basis to coincide with the schedule agreed for the termly arrangement.
16. Audit plans are determined on a risk basis, as required by PSIAS. As part of the planning process, account is taken of the outcomes of the Council's assurance map, which incorporates the work of external providers of assurance. For each planned review, pre-audit work also includes discussion with managers over sources of assurance that can be relied upon, to prevent duplication.
17. Plans are compiled in accordance with PSIAS and they represent 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 accounting records and its system of internal control. The Section's aim is to complete sufficient work to express an overall, annual opinion on the adequacy and effectiveness of the Authority's arrangements for governance, risk management and control.
18. The Termly Plan is based on an Audit Risk Assessment to identify the priorities for audit coverage. Each area of activity in the Council is assessed in terms of the following factors:
- Value and volume of transactions involved with the activity
 - The known level of internal control in place (from previous audits)
 - The risk of fraud
 - The relative complexity of the activity
 - Whether the activity is stable or subject to change
 - How sensitive the activity is for the Council among its key stakeholders
 - The number of sites where the activity is carried out.
- Using an established system of scoring and weighting the above factors, the Needs Assessment arrives at a high/medium/low risk-rating for each area of activity.

19. **Appendix 2** sets out details of the proposed coverage by Internal Audit for Term 2, and it is summarised in the following table.

Department	Days	Number of Audits			
		High Priority	Med Priority	Other	Total
Council-wide	98	8	-	-	8
Children & Families	59	-	3	5	8
Adult Social Care & Health	73	2	3	-	5
Place	122	3	3	1	7
Chief Executive's	48	1	2	-	3
Total	400	14	11	6	31
External Clients (Notts Fire & Rescue Service)	42				
Grand Total	442				

20. As can be seen from the table, a total of 442 days are planned for Term 2 of which 400 (90%) will be spent on the Authority's systems and procedures. The remaining 42 days will be spent on external contracts, providing an internal audit service to Nottinghamshire Fire and Rescue Service. The costs incurred in delivering external contracts are fully recovered.

21. The chart below shows the trend in the number of actual days delivered in recent years. The figures for past years are expressed as the average coverage per termly period in those years, in order to provide a meaningful comparison with the plan for Term 2 in 2019/20. Internal Audit's staffing resources were reduced from April 2016, which explains the higher number of days delivered prior to that time.



22. The number of days delivered across the terms in 2018/19 was impacted by the recruitment difficulties for the team. From April 2019 the level of direct Internal Audit resource reduced following the transfer of responsibility for delivering audits in schools to the Children & Families Finance Team.

23. The Plan for Term 2 contains a number of audits designated as carry-overs from the Term 1 Plan. Whilst some degree of carry-over is planned for, the extent of this in Term 2 is higher than expected and the causes have been identified. In planning for the next term, estimates are made regarding the projected end-of-term position of jobs currently in progress; the assumptions made around this for the jobs in progress during Term 3 of 2018/19 proved overly optimistic. Furthermore, some jobs that needed to be carried out in Term 1 were omitted in error. A smaller number of jobs in Term 1 have taken longer to complete and required more resources than planned for. The shortcomings in planning and prompt delivery of work are recognised by the Team as areas for improvement. The transition from an Annual Plan to Termly Plans has helped to highlight these issues.

Other Options Considered

24. The Audit Section 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

25. To set out the report of the Head of Internal Audit for Term 3 of 2018/19, and to propose the planned coverage of Internal Audit's work in Term 2 of 2019/20, providing Members with the opportunity to make suggestions for its content.

Statutory and Policy Implications

26. 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.

Financial Implications

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/S

- 1) Arising from the content of this report, Members determine whether they wish to see any actions put in place or follow-up reports brought to a future meeting.
- 2) That Members consider whether the planned coverage of Internal Audit's work in Term 2 of 2019/20 will 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:

Rob Disney

Group Manager - Assurance

Constitutional Comments (KK 01/07/2019)

27. The proposals in this report are within the remit of the Governance & Ethics Committee.

Financial Comments (RWK 01/07/2019)

28. 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

Org Unit1 Name	Audit	Type	Report Actual D	Rating (report item)
ASCH	 2018-46 - Direct Payment Support Services	Assurance	14/02/2019	 Limited Assurance
Children and Families	 2018-40 - Clayfields House -Post investigation review into additional hours	Counter Fraud	29/03/2019	 Reasonable Assurance
Cross cutting	 2018-81 - Council-wide - Travel expenses	Assurance	31/01/2019	 Reasonable Assurance
ASCH	 2018-85 - 84 Church St, Eastwood - Client accounts	Assurance	29/01/2019	 Reasonable Assurance
Cross cutting	 2018-06 - Assurance Mapping Update phase 2	Assurance	10/04/2019	 Substantial Assurance
Resources	 2018-78 - Payroll - Deep Dive	Assurance	30/05/2019	 Substantial Assurance
Cross cutting	 2018-03 - National Anti-Fraud Network - updates	Counter Fraud	28/03/2019	 Not assessed
Resources	 2018-48 - Pensions Pooling	Advice & Consultancy	28/03/2019	 Not assessed
03 - Place (Transport - Concessionary Fares and Operator Grants)	 2018-106 - Concessionary Fares	Assurance	12/04/2019	 Reasonable Assurance
02 - C&F (C&F assurance)	 2018-109 - Community short breaks offer for children and young people with disabilities	Assurance	05/04/2019	 Reasonable Assurance
ASCH	 2018-29 - Use of holding accounts for deputyships and appointeeships	Counter Fraud	08/03/2019	 Reasonable Assurance
Cross cutting	 2018-38 - Action tracking	Assurance		

Internal Audit Plan: Term 2 – 2019/20

Area of activity	Priority Level	Job count	Days planned and nature of audit coverage				Likely scope
			Assurance	Advice/ Consultancy	Counter-Fraud	Certification	
Council-wide areas							
Sickness management (continued)	H	1	3				Assess approaches to workforce planning to meet projected needs, and compliance with the Council's EPDR scheme.
Budgetary control (continued)	H	1	3				Following previous reviews of the MTFS and budgetary control mechanisms, this audit will use data analytics to identify volatile budgets for a deep-dive review of forecasting and control approaches
Financial resilience (continued)	H	1	8				Self-assessment of NCC position and practice against the key issues identified in the Northamptonshire CC best value inspection report.
Accounting Clearing House (continued)	H	1	12				Review activities within Business Management Systems (BMS) to ensure the controls, integrity and operating of financial systems are complied with.
Access management (continued)	H	1	12				Review of processes for giving, changing and removing access to resources.
Learning, Development & Workforce Planning	M	0 (expected T3)	10				Review completion of EDPR processes used to drive employee and departmental development. Examine how workforce planning is coordinated across the council to determine budgets for workforce requirements.
Pro-active counter-fraud – NFI 2018-20 - Review of Matches	H	1			5		Review and report on the completion of Recommended matches by the Key Contacts within departments for Cabinet Office
Fraud alerts		1			1		Review and dissemination of fraud alerts from national counter-fraud agencies
Assurance mapping & Statutory Officer updates		1	10				Consultation on assurance mapping for 2019/20 and quarterly update of Annual Governance Statement
Governance & Ethics Committee				10			Preparation of planning and progress reports, attendance at Committee meetings
Action tracking	H	0 (expected T3)	20				Quarterly action tracking
Risk, Safety & Emergency Management Board				1			Head of Internal Audit attendance at RSEMB meetings
Client management				3			Planning and termly progress reports to Corporate Leadership Team
Sub-Totals			78	14	6	0	
Grand Total		8	98				

Internal Audit Plan: Term 2 – 2019/20

Area of activity	Priority Level	Job count	Days planned and nature of audit coverage				Likely scope
			Assurance	Advice/ Consultancy	Counter-Fraud	Certification	
Children and Families							
Early Years Education Funding (continued)	M	1	10				Alignment with national and local requirements; control over capital and revenue expenditure; market management, registration and inspection; data submission and payments
External Placements (continued)	M	1	12				Operating model; commissioning; placement agreements and contract management; payments; health and education contributions; budgetary control
Post 18 Placements - Staying Put policy	M	1	12				Of concern to C&F leadership is the delivery of 'Staying Put' Policy, and the financial impact and opportunity costs arising from it. The likely scope will embrace the control environment in light of that.
Adoption allowances	M	0 (expected T3)	8				Financial controls over adoption allowances and inter-agency payments.
Follow ups of LA maintained schools		4	12				Follow ups of LA maintained schools having previously been issued with reports giving limited assurance.
Beeston Youth and Community Centre a/cs		1				2	Certification of accounts
Client management				3			Planning with, and termly progress reports to, Senior Leadership Team.
Sub-Totals			54	3	0	2	
Grand Total		8	59				

Adult Social Care and Health

Integrated Care Systems (continued)	H	1	12				Overview that ACSs have been set up and developed in accordance with national guidance and local agreements, and NCC's interests are being protected and served.
Housing With Care (continued)	M	1		8			Governance and delivery of strategy; business cases for new schemes; commissioning and procurement of providers of approved schemes; commissioning of service users into places; financial control and information
Mosaic Systems Review (continued)	H	1		12			Advisory input to Mosaic Systems Review as required, to ensure the preservation of controls and audit trails

Internal Audit Plan: Term 2 – 2019/20

Area of activity	Priority Level	Job count	Days planned and nature of audit coverage				Likely scope
			Assurance	Advice/ Consultancy	Counter-Fraud	Certification	
Mental Health Act and emergency admissions (cont'd)	M	1	12				Of concern to ASC leadership is the level of risk that council staff and service users are exposed to when emergency admissions are required, but delayed. There are protocols for these situations, but how robust are they?
External day care provision (cont'd)	M	1	12				Policies and procedures delivering choice to service users; market management; procurement and commissioning; contracting and contract management; payments; service user contributions; budgetary control
Deputyships and appointeeships	M	0 (expected T3)	8				Application decisions and capacity; compliance with legal and regulatory requirements; accounting arrangements; management of client income (appointeeships); management of client finances and property (deputyships); fees and loans; deceased client affairs
Irregularities - involving service users and DPSS					6		Regular liaison to address concerns of misuse of direct payments, and other possible financial abuse
Client management				3			Planning with, and termly progress reports to, Senior Leadership Team.
Sub-Totals			44	23	6	0	
Grand Total		5	73				

Place

Facilities Management (continued)	H	1	8				Review of controls to mitigate key risks that may arise from changes to the provision of services.
Strategic management of property estate	H	1	20				Review delivery of strategic property plans including the use of assets to generate income and the expected level of capital receipts. Controls in place to deliver effective asset utilisation and management including the projection of vacant properties.
Transport and Travel Services	M	1	15				Review the arrangement in place to provide Transport and Travel services from the procurement of services, processing of request and the financial savings achieved
Development of Partnerships	M	1	15				Review how partnerships are entered into by the department, examining the control arrangements, mutual objectives and how benefits are monitored and achieved.

Internal Audit Plan: Term 2 – 2019/20

Area of activity	Priority Level	Job count	Days planned and nature of audit coverage				Likely scope
			Assurance	Advice/ Consultancy	Counter-Fraud	Certification	
Parking – Central processing Unit & enforcement	M	0 (expected T3)	10				Review of controls to mitigate key risks in the issue of penalty notices and collection of income
Non Schools Catering	M	0 (expected T3)	10				Review the controls in place for the control of operations including procurement, operations, income collection and financial contribution.
Trading Standards Sanctions & Compliance	M	1	15				Review processes for the consistent application of sanctions to cases ensuring compliance with established sanction requirements.
Trading Standards Enforcement	M	0 (expected T3)	5				Review case management processes to ensure that cases identified follow the appropriate route to the established enforcement requirement.
Section 106 and 278 agreements	H	1	15				To be determined
Platt Lane Playing Fields account		1				1	Complete the independent auditor work in relation to the completion of the annual accounts.
Irregularities					5		
Client management				3			Planning with, and termly progress reports to, Senior Leadership Team.
Sub-Totals			113	3	5	1	
Grand Total		7	122				

Chief Executive's

Cloud computing (continued)	H	1	5				Review controls in place for contracting cloud services, contract monitoring arrangements and for continued service delivery and security.
Internet Controls	M	1	15				Review compliance with and monitoring of internal controls and external assessments to ensure that the internet is operated in line with corporate values.
Active Directory	M	1	15				Review internal controls in place to ensure that the robustness of the directory is maintained.
Service Level Management	M	0 (expected T3)	10				Review the ICT estate capacity for core systems to support the delivery of the Service Desk facility
Client management				3			Planning with, and progress reports to, Senior Leadership Team.
Sub-Totals			45	3	0	0	
Grand Total		3	48				

Internal Audit Plan: Term 2 – 2019/20

Area of activity	Priority Level	Job count
<i>Sub-Totals</i>		
<i>Grand Total</i>		31

Days planned and nature of audit coverage			
Assurance	Advice/ Consultancy	Counter-Fraud	Certification
334	46	17	3
400			

Likely scope

24 July 2019**Agenda Item: 10****REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE &
IMPROVEMENT****HEAD OF INTERNAL AUDIT'S ANNUAL REPORT FOR 2018/19****Purpose of the Report**

1. To inform Members of the Head of Internal Audit's Annual Report for 2018/19 and his opinion on the adequacy of the County Council's arrangements for governance, risk management and control.

Information

2. The Internal Audit Service worked to the Public Sector Internal Audit Standards (PSIAS) during 2018/19. One requirement of the standards is that the Head of Internal Audit should provide an annual, written report to those charged with governance. The report must:
 - a) deliver an annual internal audit opinion
 - b) conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control
 - c) incorporate the opinion, a summary of the work that supports that opinion, and a statement on conformance with PSIAS and the results of the quality assurance and improvement programme.
3. The Annual Report for 2018/19 is set out in **Appendix 1**. Key points to note are the following:
 - a) Internal Audit complied with the Public Sector Internal Audit Standards throughout the year and continued to operate independently
 - b) Internal Audit's work contributed to the objectives of the Council and delivered beneficial impacts for the citizens of Nottinghamshire and the direct users of the County Council's services
 - c) The Group Manager – Assurance has provided his opinion on the arrangements in the Council for governance, risk management and control:

Governance

**SUBSTANTIAL ASSURANCE**

Risk Management

**SUBSTANTIAL ASSURANCE**

Control

**REASONABLE ASSURANCE**

Other Options Considered

4. The Internal Audit Section is working to the Public Sector Internal Audit Standards. This report meets the requirement of the standards to submit an Annual Report by the Head of Internal Audit to the appropriate governance forum. No other option was considered.

Reason/s for Recommendation/s

5. To set out the Head of Internal Audit's Annual Report for 2018/19, providing Members with the opportunity to comment on its content and to make suggestions for future audit coverage.

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.

Financial Implications

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/S

- 1) Arising from the content of this report, Members determine whether they wish to see any actions put in place or follow-up reports brought to a future meeting.

Nigel Stevenson

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

For any enquiries about this report please contact:

Rob Disney

Group Manager - Assurance

Constitutional Comments (KK 01/07/2019)

7. The proposals in this report are within the remit of the Governance & Ethics Committee.

Financial Comments (RWK 01/07/2019)

8. 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

Internal Audit Annual Report 2018/19

PURPOSE AND SCOPE OF INTERNAL AUDIT'S WORK

1) The Authority has a statutory responsibility to undertake an adequate and effective internal audit of the County Council's operations. This responsibility is discharged by the Internal Audit Service which has unrestricted access to all activities undertaken by the County Council.

2) The work carried out by Internal Audit involves reviewing and reporting on the governance, risk management and control environment established by management to:

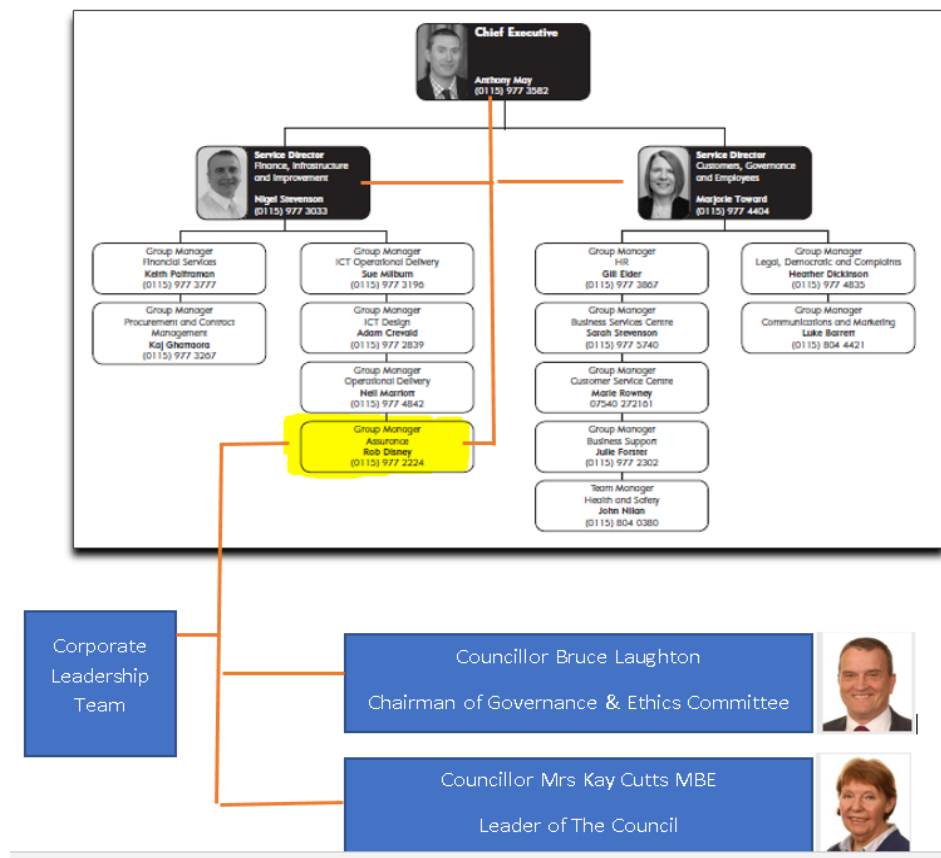
- determine and monitor the achievement of the Authority's objectives
- identify, assess and appropriately manage the risks to achieving the Authority's objectives
- facilitate policy and decision making
- ensure the economical, effective and efficient use of resources
- ensure compliance with established policies, procedures, laws and regulations
- safeguard the Authority's assets and interests.

3) Internal Audit's work is planned to cover these areas and to provide an independent assessment of whether the Authority's systems and procedures are working appropriately. The work of Internal Audit is carried out in compliance with the Public Sector Internal Audit Standards (PSIAS). The essential roles set out in the standards for effective internal audit are delivered at this Council as follows:

PSIAS Role	Delivered at NCC by:
Chief Audit Executive (CAE)	Group Manager - Assurance
Senior Management	Corporate Leadership Team
Board	Governance & Ethics Committee

4) Throughout 2018/19, Internal Audit continued to operate independently within the organisation. No impairments to its independence arose during the year. The Section transitioned from the former Resources Department to the newly established Chief Executive's Department in 2018, and its organisational independence was maintained under the new structure.

- 5) The arrangements for the Section's organisational independence are depicted in the diagram opposite. The Group Manager – Assurance reports directly to the Service Director – Finance, Infrastructure & Improvement, a member of the Corporate Leadership Team. Separate to this, the Group Manager – Assurance has continued to have available additional and direct reporting lines open to the principal officers and members with responsibility for governance, risk management and control in the Council. These key reporting lines are highlighted in the diagram.



SUMMARY OF INTERNAL AUDIT'S WORK IN 2018/19

- 6) A wide range of audit work was completed during the year, comprising formal reports and written advice, 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 and initiatives
 - Counter-fraud – including the investigation of suspected fraud and whistleblower reports
 - Certification audits – generally small jobs to sign off returns and accounts.
- 7) Most of Internal Audit's assurance work results in the issue of an opinion on the internal controls and procedures in place, categorised as follows:
- *Substantial Assurance* – there are no weaknesses or only minor weaknesses
 - *Reasonable Assurance* – most of the arrangements for financial management are effective, but some weaknesses have been identified
 - *Limited Assurance* – there is an unacceptable level of risk which requires the prompt implementation of the recommendations made to correct the weaknesses identified.
- 8) Internal Audit provided advisory input to a number of key developments in the Council during the year. This type of input ensures that timely advice is delivered by the Section while new and changed systems are being designed and implemented, and it helps to maintain the influence the Section has to retain a proper focus on control issues. Informal feedback from senior officers indicates that this type of input is valued.
- 9) Internal Audit was involved with a number of irregularity investigations during the year. Details of this work are incorporated in the Annual Fraud Report for 2018/19, which was the subject of a separate report to the Governance & Ethics Committee in June 2019.
- 10) The outcomes from the work in each of three Termly Plans during the year have been reported to the Governance & Ethics Committee, as follows:
- Term 1 November 2018
 - Term 2 March 2019
 - Term 3 July 2019
- The key issues arising in these reports are summarised below in the 'annual opinion' section.

SUMMARY OF INTERNAL AUDIT'S WORK IN 2018/19

- 11) Internal Audit's ultimate objective is to bring beneficial impacts from its work for the citizens of Nottinghamshire and the direct users of the County Council's services. Arising from its work in 2018/19, the service can point to a number of positive impacts:

£ For Council Tax payers, helping the organisation to strengthen its stewardship of public funds. Audits of a number of the Council's core systems and procedures have identified opportunities to strengthen further the organisation's grip on its finances, as well as its wider approach to governance. Similarly, the service's key contribution towards promoting a counter-fraud culture in the Council plays an important role in helping minimise losses to fraud.



For children and families, audit work has helped to ensure scarce resources are put to best use by the services reviewed, for example in children's residential homes and specialist education provision.



For adults, there has been a similar focus on the use of scarce resources, such as in the reviews of homecare commissioning and services to self-funders. Internal Audit's work has also assisted in protecting the safety of service users and their finances through its work on safeguarding arrangements and the Council's engagement with direct payment support service providers.

- 12) Progress against the Section's performance indicators has been reported on a termly basis to the Governance & Ethics Committee. A summary of what has been achieved, and what has fallen short, is provided below.

Risk-aware Council	
Completion of Termly Plans	✗ Inability to recruit
Regular progress reporting	✓ Termly reporting in place
Fraud awareness updates	✓ E-learning & annual fraud report
Influential Audit Section	
Recommendations agreed	✓ 100% agreement
Engagement with the Transformation agenda	✓ Met, but re-focus needed
Improved internal control & VFM	
Implementation of agreed actions	✗ Delays with Priority 1 actions
Quality measures	
Compliance with standards	✓ High degree of compliance
Customer feedback	✓ High levels of satisfaction

- 13) Benchmarking outcomes through CIPFA and the Midland Counties Heads of internal Audit Group have been reported to the Governance & Ethics Committee during the year:
- the cost of the service and level of audit coverage are in line with the comparator average

SUMMARY OF INTERNAL AUDIT'S WORK IN 2018/19

- the service is positioned around the average mark in terms of inputs and outputs.
- 14) The Group Manager – Assurance carries out an annual self-assessment of compliance against the PSIAS. This incorporates the requirements of the Local Government Application Note (LGAN), which provides additional advice and guidance to providers of internal audit services in a local government setting.
- 15) In addition to the self-assessment, the service is subject to an External Quality Assessment (EQA) once every five years. The most recent EQA was carried out in March 2018.
- 16) For 2018/19, the self-assessment has been updated and has been used to form the basis of the annual Quality Assurance and Improvement Programme (QAIP) for the service (see **Annex 1** below). The outcome of the assessment provides significant assurance to the Council that the Internal Audit service conducts its work with due professional care. It confirmed the following in respect of the work carried out by the service in 2018/19:
- a) The service applied a systematic, risk-based approach to the assurance work it delivered
 - b) Internal Audit staff performed their duties with due regard to the code of ethics set out in the standards
 - c) There were no impairments to the independence and objectivity of the service during the year.
- 17) Nonetheless, the QAIP has identified some scope for improved compliance, with an action plan to provide a focus for continuous improvement in 2019/20.

ANNUAL OPINION OF THE GROUP MANAGER - ASSURANCE

Governance



Limited assurance



Reasonable assurance



SUBSTANTIAL ASSURANCE

Risk levels are low

Basis for opinion in 2018/19

- 18) The Annual Governance Statement (AGS) for 2018/19 assesses compliance with the Council's Local Code of Corporate Governance, which is based on the seven core principles of good governance as recommended in the CIPFA/SOLACE Framework for 'Delivering good governance in Local Government' (2016 Edition).

Assessed assurance level for compliance with the Code of Corporate Governance: Substantial

- 19) In support of the AGS, Corporate Directors provided their annual assurance statements for 2018/19 concerning the application of key governance issues in their areas of service. Corporate Directors report, overall, a substantial level of compliance with the Council's procedures.
- 20) Assurance mapping for performance management and financial management was reported to the Governance

& Ethics Committee in May 2019. This sets out the assurance levels available from the three lines of defence operating in the Council. The outcomes were positive.

Financial Management – Budgetary Control



Significant budget challenge facing the Council
Budgetary control procedures are strong

Financial Management – Financial Compliance



Strong assurance available from all three lines of defence

Financial Management – Financial Prudence



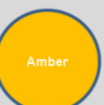
Prudent approach to addressing known financial challenges

Financial Management – Value for Money



Strong progress against transformation programme
Is driving improvements in VFM

Performance Management



Strong framework in place
Clearer reporting will strengthen assurance

ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

- 21) Internal Audit completed the first phase of a review of the Council's ethical framework during the year, which returned a positive outcome:



REASONABLE ASSURANCE Risk levels are acceptable

- 22) Self-assessments against best practice have been considered by the Governance & Ethics Committee, featuring a review against the National Audit Office report on Local Authority Governance. This concluded that there were no matters of significance identified by the self-assessment on which additional actions were required.

Risk Management



Limited assurance

Reasonable assurance

SUBSTANTIAL ASSURANCE

Risk levels are low

Basis for opinion in 2018/19

- 23) Internal Audit's risk-based audit approach did not identify any high-level risks in 2018/19 which were either not recognised by the organisation or for which the mitigating actions in place were fundamentally inadequate.
- 24) The Governance & Ethics Committee received assurance on the operation of the Council's approach to risk management during 2018/19. This was further confirmed through the Group Manager – Assurance's attendance at meetings of the Risk, Safety & Emergency Management Board during the year.
- 25) Assurance mapping for risk management was reported to the Governance & Ethics Committee in May 2019. This sets out the assurance levels available from the three lines of defence operating in the Council. The outcomes were positive.



Strong framework in place and complied with
Strong assurance from internal and external reviews

- 26) Follow-up of agreed actions from the most recent internal audit review of risk management identifies that some actions remain in progress.

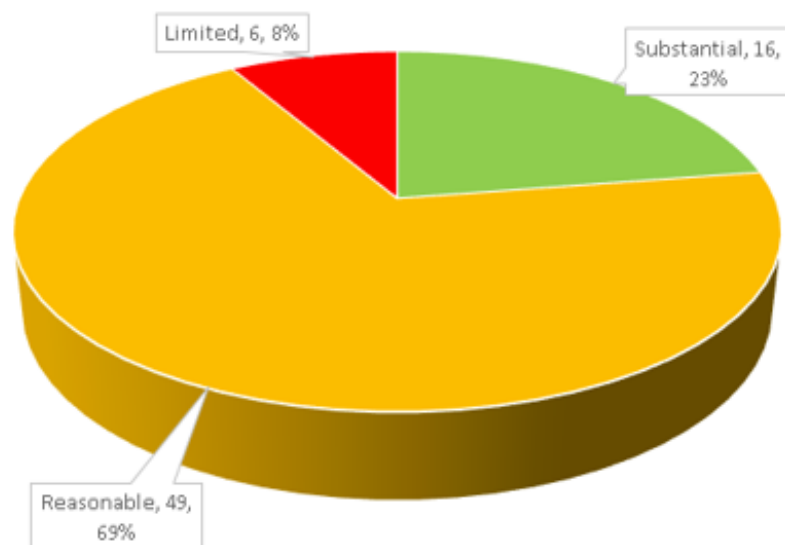
ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

Control

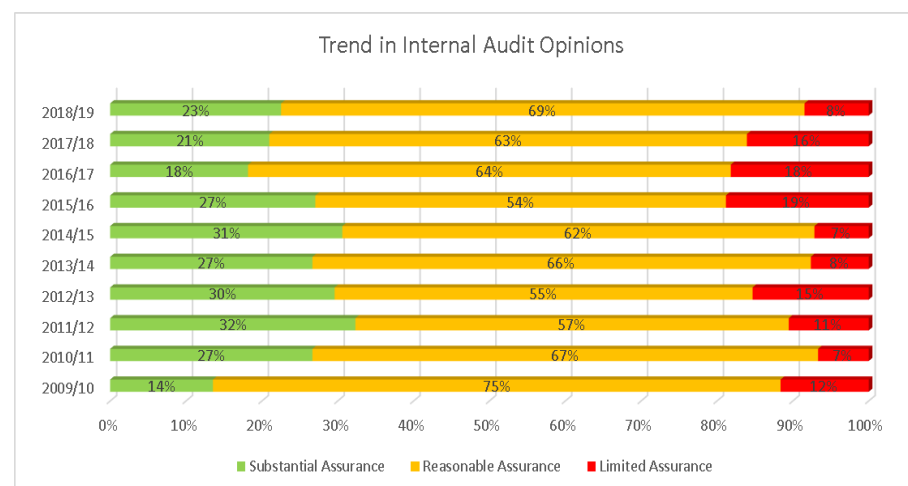


Basis for opinion in 2018/19

- 27) Analysis of the opinion-based assurance work shows the following distribution of opinions issued during 2018/19.



- 28) The trend in the incidence of audit opinions over the past few years is illustrated in the graph below. This shows that, in percentage terms, the incidence of limited assurance opinions increased reduced in 2018/19. The Annual Governance Statement for 2018/19 recognises the pressure on core systems of internal control.



- 29) Reports to the Governance & Ethics Committee over the past year to update progress made by management in implementing agreed actions arising from audits has provided strong assurance that the agreed improvements are being put in place. This is good evidence that the Council remains responsive to the work of Internal Audit and the contribution it makes towards the authority's overall governance, risk and control arrangements.

ANNEX 1: QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

Update on progress against the 2018/19 QAIP

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	Progress as at June 2019
16-17 11	Identifying opportunities to improve the efficiency and effectiveness of the service	Actions to improve some aspects of the service	Implement revised time-recording and performance management module	Head of Internal Audit	Second quarter of 2017/18	Implemented Revised time recording module is now in place and this is key to the standard range of performance reports now utilised.
1718 1	Auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques	There is scope to make the use of these techniques more routine and embedded in the section's day-to-day work	Provision of training and refresher training on the tools currently available. Instil a data-analysis approach wherever it is relevant and appropriate for the work planned in 2017/18.	Head of Internal Audit	For all audits in the 2017/18 audit plan	Implemented Team meetings feature regular items on data analytic tools and approaches, which individual team members feed back following learning from internal and external training. Although marked as 'implemented', this will remain a focus for continuous improvement.
17-18 2	The application of assurance mapping in relation to the following: <ul style="list-style-type: none"> The risk-based plan takes into account the organisation's assurance framework 	There is scope to strengthen the current approach to assurance mapping at a number of levels:	Design and implement an assurance mapping process for the work of the Governance & Ethics Committee and for	Head of Internal Audit	Initial proposals targeted for September 2017 Mid-year review of the Internal	Implemented The assurance mapping trial was successful and has been retained and extended for 2019/20.

ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	Progress as at June 2019
	<ul style="list-style-type: none"> The CAE shares information and coordinates activities with other internal and external providers of assurance and consulting services The CAE's annual opinion takes account of the risk or control framework or other criteria used as a basis for the overall opinion 	<ul style="list-style-type: none"> Corporately in relation to the work of the Governance & Ethics Committee Relating to Internal Audit's planning process Delivery of internal audit engagements 	<p>corporate governance processes.</p> <p>Carry out a mid-year review of the 2017/18 Audit Plan to assess any required changes in light of the assurance map.</p> <p>Future opinions of the CAE on the overall effectiveness of the control framework to be based on all available sources of assurance.</p>		<p>Audit plan for 2017/18</p> <p>Annual opinion of the CAE in 2017/18</p>	
External Quality Assessment actions						
1819-1	Ensure that the internal audit activity is Independent.	Internal Audit Charter does not specify that the HoIA has direct access and reports in their own name to the Governance and Ethics	Charter to be refreshed and incorporate statement that the HoIA has unrestricted access to Senior Management and Members particularly the Leader of the Council, the Chair of the Governance and Ethics Committee/ Chief Executive, Directors and Heads of Service, and maintains segregation from operations. Further the	Head of Internal Audit	July 2018	<p>Implemented</p> <p>Refreshed Charter approved by Governance & Ethics Committee in July 2018</p>

ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	Progress as at June 2019
			Head of Internal Audit reports in own name.			
18-19 2	Ensure that the internal audit activity is Objective	The Head of Internal Audit's annual report does not confirm no impairments to independence during the year.	Each auditor completes a declaration of interest and objectivity statement contained in the Audit Working Papers for each audit review undertaken and to be reviewed by the Audit Manager. Include a statement to confirm that independence has not been impaired in the past year in the Internal Audit Annual Report	Head of Internal Audit Head of Internal Audit	July 2018 June 2018	Implemented A statement to this effect is incorporated in the engagement record for each assignment. Implemented
18-19 3	Code of Ethics- Integrity		Annual Declaration to be refreshed and include cross ref to Standard 1000 Purpose, Authority and Responsibility and specifically with PSIAS 1120 – Individual Activity and 1130 – Impairment to Independence and Objectivity	Head of Internal Audit	June 2018	Implemented

ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	Progress as at June 2019
18-19 4	Code of Ethics- Competency Do internal auditors have regard to the Nolan Committee's Standards of Public Life's, Seven Principles of Public Life?	Although not explicitly stated, reference is included in the Audit Charter, Section 6 Proficiency and Due Professional Care.	Audit Charter to be refreshed to incorporate, "Internal Auditors will also have due regard to the Seven Principles of Public Life – Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership."	Head of Internal Audit	July 2018	Implemented
18-19 5	Reference to up to date legislation	Audit Charter refers to guidance; "The Accounts and Audit (England) Regulations 2011	Audit Charter to be refreshed and reflective of The Accounts and Audit Regulations (2015) and not 2011.	Head of Internal Audit	July 2018	Implemented
18-19 6	Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities	Limited recognition in the Audit Charter of Internal Audit's offer of consultancy services to the Authority	Include a section in the Charter on Consultancy which recognises Internal Audit is well placed to provide advice and support due to its detailed knowledge of County Council's systems and processes. Consideration also to provide PSIAS definition of Consulting	Head of Internal Audit	July 2018	Implemented
18-19 7	Impairment to independence and objectivity – Rotation of lead	Responsibilities have not been	To further embed conformance, departments	Head of Internal Audit	The transition of services from	Partially implemented

ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	Progress as at June 2019
	responsibilities for managing the audit service to each department of the Council	rotated for some time	managed at the Audit Manager level be considered for rotation to other team members		the Resources Department to a new Chief Executive's Department may have implications for the structure of Internal Audit. Lead responsibilities will be rotated at this time, potentially in the second half of 2018/19.	Staff turnover has provided an opportunity to refresh duties for two departments. A restructure of the Internal Audit service is currently in progress and this will provide the opportunity for a further rotation.
18-19 8	Timely reporting	Scope to improve the timeliness with which audits are completed	To further embed conformance and timely reporting staff be required to arrange exit meeting dates at the opening meeting, noting detail of any potential delays.	Head of Internal Audit	This was introduced in 2017/18 and compliance will continue to be monitored throughout 2018/19 to ensure this becomes the established practice.	Implemented This has had some impact but a strong focus on driving audits through to prompt completion remains a priority area for continuous improvement.

ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

New actions for 2019/20 – arising from the Head of Internal Audit's annual self-assessment

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	(Progress – to be updated for 2019/20)
19-20 1	Internal Audit's activity is aligned with the strategies, objectives and risks of the organisation	Scope to make this more explicit in the format and structure of audit plans	Alignment with the Council's strategies, objectives and risks to be made explicit Develop a Strategic Audit Plan to set the overall framework within which the termly plans are positioned	Group Manager - Assurance	From Term 3 Plan 2019/20	
19-20 2	Internal Audit is adequately resourced	Difficulties in recruitment	Short-term cover through the use of our partnership with Assurance Lincolnshire and the engagement of agency auditors. Restructure of the Internal Audit Service, building in apprentice posts	Group Manager - Assurance Group Manager – Assurance	Throughout 2019/20 Restructure proposal to Governance & Ethics Committee in September 2019	

ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	(Progress – to be updated for 2019/20)
			Identify how the resources required to deliver the risk-based audit plan have been assessed	Group Manager - Assurance	From the Term 3 Plan for 2019/20	
19-20 3	Internal Audit Charter	<p>The Charter could more fully describe the scope and wide remit of Internal Audit's activities</p> <p>Charter needs to address the wider, non-audit remit of the Group Manager – Assurance role</p>	Annual refresh of the Internal Audit Charter to address these points	Group Manager - Assurance	September 2019	
19-20 4	Organisational independence	The annual report does not explicitly confirm that the Internal Audit Section is organisationally independent	Include this confirmation in the annual report	Group Manager - Assurance	July 2019	
19-20 5	The remuneration and performance assessment of the Head of Internal	Scope to further widen the span of senior Members and	Widen contributors to the performance assessment of the	Service Director – Finance,	June 2018	

ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	(Progress – to be updated for 2019/20)
	Audit should not be inappropriately influenced by those subject to audit	Officers who contribute to the performance assessment of the Group Manager - Assurance	Group Manager – Assurance to include: Chief Executive, Monitoring Officer, Governance & Ethics Committee Chairman, Vice-Chairman and Lead Opposition Member	Infrastructure & Improvement		
19-20 6	Co-ordination of assurance	Identify where assurance can be taken from work undertaken by other assurance providers	Identify in the risk-based assurance plan where reliance is to be placed on other assurance providers	Group Manager - Assurance	From Term 3 Plan for 2019/20	
19-20 7	Review of Risk Management in the organisation	The assurance mapping process for risk management may be strengthened through the application of Institute of Internal Auditors' (IIA) guidance for the assessment of risk management	Build in the IIA guidance to the assurance mapping process for 2019/20	Group Manager - Assurance	Annual assurance mapping report for 2019/20	
19-20 8	Overall opinion	The overall opinion of the Head of Internal Audit does not	Implement separate opinions for each of these elements	Group Manager – Assurance	July 2019 – annual opinion for 2018/19	

ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	(Progress – to be updated for 2019/20)
		<p>separate out the three linked strands of governance, risk management and control.</p> <p>The opinion could set out the sources of assurance supporting the assessment</p>	Specify the sources of assurance on which the opinion is based, including sources other than that directly delivered by Internal Audit	Group Manager - Assurance	July 2019 – annual opinion for 2018/19	
19-209	Follow-up of agreed actions	Not explicit how failure to implement agreed actions impacts on the annual opinion and risk-based planning of future audit work	Feature the outcome of follow-up testing in the annual report and in risk-based planning	Group Manager - Assurance	<p>July 2018/19 for annual report for 2018/19</p> <p>Term 3 Plan for 2019/20</p>	

24 July 2019

Agenda Item: 11

REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT





INSTITUTE OF INTERNAL AUDITORS' GUIDANCE FOR AUDIT COMMITTEES









Purpose of the Report







1. To bring to Committee's attention guidance issued by the Chartered Institute of Internal Auditors (IIA) for audit committees, and to consider any implications for the arrangements and practices at Nottinghamshire County Council.

Information

2. The IIA is the only professional association for internal auditors in the UK and Ireland and promotes effective internal auditing in both the private and public sectors. The IIA guidance, titled '*Harnessing the power of internal audit*', was published in February 2019. Its focus is on the benefits that Internal audit can deliver to an organisation and to help audit committees, and other stakeholders, harness that potential.
3. This is the latest in a series of best practice guidance the Governance & Ethics Committee has received, as the Committee continues to encourage a continuous improvement approach. A self-assessment of the arrangements at this Council against the guidance is set out below. This largely confirms that effective arrangements are already operating..

Key question & key guidance		Self-assessment
1. Internal Audit's Role & Mandate - Covers full portfolio of risk – cultural, strategic, operational, reporting, compliance - Delivered through formal assurance audits and advisory activities - Head of Internal Audit is a trusted advisor to the Chair of the Audit Committee - Role mandated in a formal Audit Charter		Audit plans cover a range of risks
		Blend of formal assurance reviews and advice
		The Group Manager – Assurance has a good working relationship with the Committee
		

Key question & key guidance		Self-assessment
		Formal Internal Audit Charter in place - updated annually
2. Internal Audit's Scope <ul style="list-style-type: none"> - Coverage extends beyond traditional remit of financial reporting - Formulated in a risk-based strategic plan (3-5 years) and an annual plan with contingency to respond to emerging risks - Specific areas for recommended coverage: <ul style="list-style-type: none"> ➤ Workplace culture ➤ Communications risk & reputation ➤ Data privacy & cybersecurity ➤ Political uncertainty ➤ Automation & digitalisation 	  	<p>As above, broad range of risks covered</p> <p>Responsive risk-based termly planning Could helpfully be set in context of longer-term, audit strategy</p> <p>Most of these factors feature to a greater or lesser extent in audit plans</p>
3. Internal Audit's resources <ul style="list-style-type: none"> - Sufficient capacity - Sufficient capability - Sufficiently qualified <p>Assess against risk-based plan & flag up any deficiencies to Audit Committee with proposal on how to address</p>	 	<p>Identified scope in Governance & Ethics Committee report on the role of the Head of Internal Audit to be more explicit about resources</p> <p>Flagged up capacity issues and actions to address</p>
4. Relationship between Audit Committee & Internal Audit <ul style="list-style-type: none"> - Both formal and informal liaison - Internal Audit to work with data analysts around 'big data' and with internal assurance providers to maximise assurance - Embrace areas where there is less hard evidence and more opinion-based evidence - Audit Committee involved in hiring/firing Head of Internal Audit 	   Not applicable	<p>In place</p> <p>Recent work with Business Services Centre on payroll Assurance Group – closer working with Performance Team Use of assurance mapping in place</p> <p>Eg. ethics – scope for more</p> <p>The Public Sector Internal Audit Standards recognise that it is generally not appropriate for this to be applied in the local government setting</p>

Key question & key guidance		Self-assessment
		Of relevance is that the Chairman, Vice-Chairman and Opposition Spokesperson contribute to the Group Manager – Assurance's annual performance review
5. Risk management <ul style="list-style-type: none"> - Develop assurance map - Links to industry/sector regulators - Review operation of all lines of defence 	  	Assurance mapping trialled, approved, being extended and applied Strong links to national & regional groups Feature of audit plans
6. Monitoring Internal Audit's recommendations <ul style="list-style-type: none"> - follow-up by Internal Audit - Failure/delayed implementation brought to attention of Audit Committee - Audit Committee invites relevant managers to attend meeting to explain 		NCC process meets all these expectations
7. Liaison between Internal & External Audit <ul style="list-style-type: none"> - Include External Audit's work in assurance map - External Audit place reliance on work of Internal Audit 		Quarterly liaison & assurance map incorporates assurance from External Audit
8. Quality of Internal Audit's work <ul style="list-style-type: none"> - Quality Assurance & Improvement Programme 		Annual QAIP based on external & internal assessments. Monitored and refreshed.

8. The findings from the above have been fed in to the Quality Assurance & Improvement Programme for the service in 2019/20, which is featured on today's agenda as part of the Group Manager – Assurance's Annual Report. The actions arising from the above concern:
- Implementation of a revised structure for Internal Audit as a longer-term action to address recruitment difficulties
 - Development of an Internal Audit Strategy within which the 4-monthly Term Plans would be framed.

Other Options Considered

9. The Governance & Ethics Committee is committed to self-assessing relevant best practice guidance from a wide range of sources..

Reason for Recommendation

10. To enable the Committee to assess whether any changes to the Council's arrangements for internal audit should be made in light of the IIA guidance.

Statutory and Policy Implications

11. 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: notes the intention to bring a proposed restructure of the Internal Audit Section to Committee after the summer; and approves the development of a longer-term internal audit strategy.

Nigel Stevenson

Service Director for Finance, Infrastructure & Improvement

For any enquiries about this report please contact:

Rob Disney

Group Manager – Assurance

Constitutional Comments (KK 01/07/2019)

The proposal in this report is within the remit of the Governance & Ethics Committee.

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Financial Comments (RWK 01/07/2019)

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

**REPORT OF THE SERVICE DIRECTOR CUSTOMERS, GOVERNANCE AND
EMPLOYEES****MEMBER COMMUNICATION AND ENGAGEMENT PROGRAMME****Purpose of the Report**

1. To set out and seek approval to a cross cutting programme of work designed to improve the nature, content and timeliness of communications with and information for elected members and ensure that they are effectively supported in the performance of their roles and responsibilities.

Information

2. Feedback has been received from a variety of elected members about the type of information they receive, its timeliness and the channels by which it is communicated to them. Members have suggested the need for greater two-way communication and dialogue. Discussions with members have also highlighted the need for greater clarity and consistency in responding to complaints and issues raised by members and the need for a more holistic view of issues impacting on residents across the Council. Following recent Data Protection training several members have raised issues about the support they receive and the tools they have to manage information and respond to constituents in the increasingly complex and sensitive arena in which they operate. It is intended to pull together work to respond to these inter-related issues into one co-ordinated approach to avoid duplication, maximise the benefits derived from work already underway and any additional activities identified across the whole Council and all elected members.
3. It is therefore proposed to establish a new cross cutting programme of work to review the Council's approach to member communication and engagement and consider where improvements can be made. The lead member for this work will be the Chairman of Governance and Ethics Committee, supported by the Service Director for Customers, Governance and Employees and Monitoring Officer as the lead officer.

Proposed programme of work.

4. A suggested high-level scope for the programme of work is attached as Appendix A.
5. The work programme is broadly set out as 4 separate workstreams including:

- a. Communication with Members
 - b. Handling members' queries and complaints
 - c. Support for members
 - d. Members' training and development
6. The workstream on **Communication with members** relates to key lines of information, such as highways queries which account for a large proportion of all member queries by volume. It is recognised that elected members require proactive, timely and accurate information about the highway network as it affects their ward areas. It is therefore important that the provision of this information is adequate for those purposes and provided in a consistent way whilst ensuring that there are clear and consistent channels for members to raise concerns and have specific queries answered such as through the dedicated email address for members highways queries which has recently been established. A medium-term goal is to have an automated system or integration with the MyNotts App which is under development. Through such a system it is hoped that members would be able to access up to the minute information about highways in any given area through NCC mobile devices.
 7. This workstream will involve gathering information from a range of stakeholders to understand needs, what currently works and what could be done better as well as looking at best practice from elsewhere. Some "quick wins" may be possible such as developing a monthly briefing for members of key lines of information which they would find helpful, all in one place. Other objectives would include having consistent approaches to the provision of information regardless of which Department is involved as well as improved pages for members' information on the Intranet. Where possible, opportunities will be identified to automate and optimise relevant information to members from source to maximise efficiency. Critical to this strand of work is the need to ensure that the Council's arm's length organisations such as Via, Arc and Inspire are part of the implementation of any improvements developed.
 8. The **Queries and complaints workstream** is about ensuring that the Council adopts a consistent approach to handling such issues. This will require a diagnostic approach to understand current practice and what works best and then applying standards to those procedures for the future, along the lines of the customer service standards. Early wins in this area are likely to include a key contacts list for members so that queries are efficiently routed; wider application of current best practice and customer service standards with clear routes for escalation. Medium term goals should ensure that the Council's handling of queries from MPs is aligned with the process for members so that time and effort is not duplicated and to enable the Council to have a high-level overview of issues. This strand of work will incorporate a review of the Council's Corporate Complaints procedure.
 9. The **Support for members workstream** will focus on physical, technology and officer support for members to perform their roles and will ensure greater clarity around the telephony and mobile ICT offer to members, home and work office storage requirements and in the medium to longer term a solution to support members with their constituency casework. This will again involve looking at what members' needs are as well as drawing on affordable best practice from elsewhere. This workstream will also consider the advice and support provided to members from within the Democratic Services team.
 10. **Training and development** will involve the creation of a comprehensive rolling programme of training and development for members starting from their point of induction to the Council. This will need to recognise the different levels of experience members will have regarding their

roles as elected members and the numbers of different functional roles Councillors undertake. It is proposed to undertake a training needs analysis working with individual members and political groups to ensure that the programme can be matched against the needs of members, their roles and aligned to the available resources. It is also proposed to provide additional training in respect of key cross cutting issues such as the effective use of social media, personal safety and member conduct. Some of this training is already under development for delivery over the Autumn.

11. There are a variety of cross cutting themes/issues which will apply to all workstreams such as the need to engage with a broad cross section of members to better understand their needs, to obtain baseline information and ensure that new approaches are inclusive and flexible enough to meet the needs of a wide range of members. Officer training and data protection issues will arise in all workstreams as will the need for greater consistency and approach to escalation where issues have become stalled and need unblocking.
12. A standard programme approach will be adopted with a series of quick wins identified and implemented at an early stage. Beyond this, issues will be developed and addressed on an incremental basis according to members' identified priorities and available resources. Concurrently, officers will embark on a discovery phase and then develop greater detail for Committee to consider, along with any resource and associated financial implications. Early activity in the work of the programme will also include developing a Communication Plan to involve members, the Council's internal Departments and the Council's Highways delivery partner, Via and other arm's length organisations including Arc and Inspire.
13. Oversight of the programme will be through this Committee which under the leadership of the Chairman has a good track record of effective collaborative cross party working. It is proposed that a blended approach is taken to seeking the views of and involving members in the work of the programme. Some work will be undertaken directly through the Committee, other activities may be best delivered through engagement with group leaders and their political groups and other issues may require engagement with all 66 members of the Council and their support staff to ensure that what is developed properly meets members' needs to effectively perform their roles.
14. The Service Director Customers, Governance and Employees and Monitoring Officer will lead the officer group working on the programme which will be drawn from a range of areas relevant to the cross-cutting themes involved. It is proposed that programme updates be brought to this Committee on a quarterly basis.
15. There are clearly interdependencies between the work of this programme and other work underway. One example is the Council's cross-cutting programme "Enhancing customer experience through Digital Development" as any new approaches identified will need to maximise the use of technology and automated responses to ensure increased efficiency and value for money. One of the early deliveries from this programme is the implementation of the MyNotts App which could be expanded to include access to information for members. There are also potential synergies between the work of the "Member communication and engagement" programme and the review of the Council's Constitution which is currently underway in relation to communication and support for elected members. Other long-standing programmes of work such as the migration to the Cloud and Information Governance Improvement Programme are also relevant.

Other Options Considered

16. It would be possible to maintain the status quo but that is unlikely to address the issues raised by members.

Reason/s for Recommendation/s

17. Members have expressed clear views that the nature and manner of information and communications with them could be improved and this programme is the proposed response to those concerns.

Statutory and Policy Implications

18. 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

19. The programme and outcomes will be designed to comply with current Data protection requirements.

Financial Implications

20. The programme will require a broad range of resources to be applied and may require some additional resources in some areas. It is envisaged that a reasonable proportion of the work should be capable of being contained within current resources but work on longer term objectives such as the development of systems may require dedicated resources. During the discovery phase further clarity about the scope and resources required will emerge and further detail on the overall resources required will be reported at a later stage. Given the wide-ranging nature of the programme with multiple streams and cross council working, it is proposed that a project manager be assigned to maintain focus on programme timelines and deliverables.

Human Resources Implications

21. At this stage no, additional staffing resources have been identified but this will be kept under review and further information provided as necessary in future reports.

Public Sector Equality Duty implications

22. The programme will aim to incorporate any equalities implications for current or future elected members so that they can be embedded into systems and procedures where relevant.

Smarter Working Implications

23. The programme will be designed to build upon and be consistent with the Council's smarter working objectives.

Safeguarding of Children and Adults at Risk Implications

24. When delivering the programme objectives, the systems and procedures developed will have regard to all members' responsibilities regarding corporate parenting and safeguarding.

Implications for Service Users

25. By ensuring that members have access to appropriate support and information, their ability to respond to the needs of their constituents will be improved.

RECOMMENDATION/S

- 1) That Committee approves the proposed scope and workstreams of the Member Communication and Engagement Programme of work as set out in Appendix A and the body of the report.
- 2) That an update report on programme progress be brought to Committee in November 2019.

Marjorie Toward

Service Director Customers, Governance and Employees and Monitoring Officer

For any enquiries about this report please contact:

Marjorie Toward, Service Director, Customers, Governance and Employees and Monitoring Officer

Constitutional Comments (SLB 09/07/2019)

26. Policy Committee is the appropriate body to consider the content of this report.

Financial Comments (SES 10/07/19)

27. There are no specific financial implications arising directly from this report. Further detail on the overall resources required will be reported at a later stage.

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

Phase II Your Nottinghamshire Your Future 2019 – 2021 New Cross Council Programmes & Projects

Project Name: Member communication and engagement
Senior Responsible Officer(s)
Marjorie Toward (SRO)
Member lead
Cllr Bruce Laughton – progress specific work through Governance and Ethics Committee
Summary Overview
<p>To review the whole Council approach to ensure effective two-way communication and engagement with all elected members.</p> <p>To develop an approach which is consistent, well communicated, well used, effectively monitored and managed across the whole Council to ensure that members are kept up to date with events, activities and issues in relation to their constituency and specific portfolios and committee responsibilities and are able to raise issues and receive responses in a timely and effective manner.</p> <p>To identify areas of good practice, tools and approaches for application Council-wide.</p> <p>To determine a set of standards and framework to support effective member communication and engagement which clearly identifies key responsibilities, timescales etc.</p> <p>To seek the views of members as part of the programme to ensure that any potential solutions meet different needs and requirements.</p> <p>A Data Protection Impact Assessment will be undertaken at an early stage to ensure data protection requirements are identified and embedded throughout the programme of work– particularly in relation to sensitive and personal data.</p> <p>This programme includes communication and engagement with members across all service areas and departments of the Council and with its Arm's Length Organisations such as Arc, Via, Inspire.</p>

To see

Improved communication with members to ensure that they are:

- Aware of, kept updated and involved with events, activities and issues raised within and in relation to their constituency from an early stage
- Consulted on any planned Council communications related to their areas and constituents
- Effectively briefed, engaged and consulted on matters relating to their individual portfolios or areas of specific responsibility and have access to appropriate, timely, and accurate information which they need to enable them to discharge these responsibilities effectively
- Are made aware of key Council decisions and actions – particularly those which relate to their roles as elected members

Clear, easy to use, well communicated, effective and efficient routes and mechanisms for members to raise issues on behalf of their constituents and the areas they represent.

A set of standards and framework to provide a more consistent approach in dealing with issues raised by members to ensure that all members receive timely and thorough responses with a clear route to escalate any outstanding or additional concerns.

More effective and consistent monitoring and oversight of the types and nature of issues raised, and responses provided at a whole-council level to identify any particular areas of concern and ensure ongoing improvement.

This programme will be interdependent on the “Improving Customer Experience through Digital Development” programme.

How will this programme be cross cutting

The programme will identify areas of good practice; new tools and techniques; set standards and determine an overall approach and framework to ensure effective two-way communication and engagement with all members and ensure this is consistently applied council-wide and in relation to its Arm's Length Organisations.

24 July 2019

Agenda Item: 13

REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND EMPLOYEES / MONITORING OFFICER

UPDATE ON USE OF RESOURCES BY COUNCILLORS

Purpose of the Report

1. To present Committee with an update on the use of resources by Councillors.

Information and Advice

Background

2. At the meeting of Full Council on 10 May 2018, a revised Code of Conduct for Councillors and Co-opted Members was agreed. The new Code included a range of protocols, including the Councillor and Co-opted Member Protocol for use of Resources (attached for the Committee's reference at **Appendix A**). This Protocol's guiding principles include the need to be mindful of costs and not using resources for political purposes.
3. Governance and Ethics Committee is responsible for taking an overview of this issue and the Committee has so far received an initial update report to its meeting in December 2018, with a follow up report in January 2019. At the 30 January 2019 meeting, the Committee agreed the following resolutions which have now been actioned as appropriate:-
 - a. That the planned reimbursement of the costs of personal printing jobs by the Councillor for Ashfields division be noted, and that the approach be endorsed that any private printing by Councillors must be identified and agreed with the Print Office team in advance, who will then raise a charge for that work in line with their usual business practices and that this be communicated to Members.
 - b. That a limit on printing for each political group not be introduced at this time, but that this matter be kept under review and that reporting printing costs for the Mansfield Independents and the Council Chairman be shown separately in future.
 - c. That the use of Shireoaks Village Hall as a venue for Councillor Surgeries by the Councillor for Worksop West at a cost of £8 per month be allowed to continue.
 - d. That the use of Focus Point as a venue for Councillor Surgeries by the Councillors for Mansfield North at a cost of £900 per year be discontinued on the grounds of cost, but that six months be allowed for alternative processes to be put in place.

- e. That any effective mechanisms for monitoring postal usage be explored by officers, and this be reported back at a future meeting.
- f. That Members be reminded of the provisions of the Travel and Accommodation policy and that this be monitored and reported back to Committee as necessary.
- g. That Members be reminded of the provisions of the Protocol on use of Resources including the Travel and Accommodation Policy.

Further Update on Resolutions Agreed by the Committee

- 4. With regard to Resolution a. above, the Councillor for Ashfields Division, has underlined his willingness to repay the costs relating to private print jobs. Officers are in the process of clarifying the exact amounts for the period in question so that the payment can then be arranged.
- 5. With regard to Resolution e. above, discussions have taken place with the Team Manager, Solutions4Data, Mail and Despatch about this issue. There have been no requests received from any Councillors for the Committee to consider the need for the 50 item limit on postage to be exceeded for specific items. Currently, Central Mail Room only alert Democratic Services to any significantly large mail outs from the political groups and individual Councillors. The Use of Resources Protocol underlines that post may be opened by the Post Room at County Hall should there be any concerns that the relevant guidelines are not being adhered to.
- 6. As with the previous six month period, no concerns have been raised about the level and frequency of outgoing mail from the political groups during this period. It is therefore proposed that at this stage this issue continues to be monitored by officers and that the Committee be informed should there be any concerns in future.

Printing and Photocopying Costs

- 7. A breakdown of printing and photocopying costs for the period November 2018 to March 2019 is included at **Appendix B**.
- 8. The Committee's views are sought on the expenditure and whether any further information or actions are required on specific items of expenditure.
- 9. As agreed by the Committee in January 2019, the Team Manager – Democratic Services, from his monitoring of the relevant Democratic Services budgets, will highlight any areas of concern on an ongoing basis.

Other Options Considered

- 10. None – the report provides an update on expenditure as required in the revised Code of Conduct and the revised Councillor and Co-opted Member Protocol for use of Resources and seeks relevant approvals where required.

Reason/s for Recommendation/s

11. To update the Committee and seek relevant approvals in line with the requirements of the revised Code of Conduct and the revised Councillor and Co-opted Member Protocol for use of Resources.

12. To ensure relevant and useful information is included in such reports in future.

Statutory and Policy Implications

13. 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

That the Committee:-

- 1) Considers the update on resolutions agreed by the Committee at its 30 January 2019 meeting and whether any further information or actions are required.
- 2) Considers the relevant resources expenditure for the period November 2018 – March 2019 and decides whether there is any further information required or any actions required on specific items of expenditure.

Marjorie Toward

Service Director, Customers, Governance and Employees / Monitoring Officer

For any enquiries about this report please contact:

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E-mail: keith.ford@nottscc.gov.uk

Constitutional Comments (SLB)

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

Financial Comments [RWK 01/07/2019]

There are no specific financial implications arising directly from the report.

Background Papers

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



Nottinghamshire County Council

Councillors and Co-opted members – Protocol for Use of Resources

1. INTRODUCTION

This protocol provides rules on the use of Council resources in relation to your role as a Councillor.

The Council provides a range of support services and facilities to enable Councillors to carry out their duties. The full range of resources available and rules regarding use are set out in the **Schedule** attached to this protocol.

2. COUNCIL BUSINESS – WHEN THIS PROTOCOL APPLIES

Councillors may use Council facilities and resources in connection with the following Council business:

- Matters relating to the decision making process of the Council, e.g. Council and committee meetings
- Representing the Council on an outside body
- Holding division surgeries
- Meeting, communicating with and dealing with correspondence from residents, other Councillors, officers, Government officials, MPs etc. in connection with Council business
- Matters for discussion by a political group of the Council, so long as it relates mainly to the work of the Council and not your political party or group

3. PRINCIPLES FOR USE OF RESOURCES

- Councillors must be mindful of Council resources and must always seek to conduct business in the most cost effective way. Councillors must have regard to the need to ensure prudent and reasonable use of resources and value for money.
- Party political activities or individual campaigning do not form part of Council business and the Council's resources must not be used for these activities. This includes Council email addresses. The Council is prohibited by law from publishing any material which, in whole or in part, appears to be designed to affect public support for a political party or an individual Councillor, or to highlight their achievements.

- Use of resources for the purpose of representing individuals or small groups of residents is acceptable. However, high volume use of resources including sending out circulars and conducting wide-scale consultation exercises is not acceptable, even though these may involve Council business.
- In the interests of economy and the environment, Councillors are requested to use e-mail, or to hand-deliver, instead of using post wherever possible.
- Governance and Ethics Committee is responsible for oversight of use of resources including review of postage and photocopying costs incurred by individual Councillors and political groups. Committee is also responsible for considering requests for exceptions to be made. Committee reserves the right to charge Councillors for excessive use.

SCHEDULE

Equipment and Resources for Councillors

ICT Equipment - you will be provided with appropriate equipment for your full term of office.

If you have been provided with a phone, you will have access to unlimited calls and texts to standard numbers, with a 2GB monthly data limit. Any laptop or tablet devices have a 5GB monthly data limit. You will be required to meet the costs of any usage above those limits at a cost of 5p per MB.

You will be reminded of the terms and conditions around the appropriate use of these devices during your induction training.

On receipt of equipment Councillors are required to confirm that they have read the Councillors' ICT Acceptable Use Guidance.

Support for technical matters is supplied by the Council's ICT helpdesk. User training is available on the intranet.

Councillors' Webpages - the Council's Website includes a page for each Councillor. This page includes your contact details, photograph, and committee membership details. There is also a facility for you to provide regular updates on your activities as a Councillor. These webpages will be removed during all pre-election periods.

Arrangements for incoming mail – you will have a pigeonhole, located within your relevant group area (where applicable) for meeting papers and any mail sent to you at County Hall. Mail should be collected wherever possible but if you are not expected to be at County Hall for some time then you can ask for mail to be sent to your home address. Please discuss your specific requirements with your group researcher.

Arrangements for outgoing mail – there will be an outgoing mail tray located within your relevant group area (where applicable); this is the only mail tray you should use. The Council's corporate letter templates and window envelopes **must** be used in order to enable mail to be franked. If mail cannot be franked it is more expensive to post. Unless there are exceptional circumstances postage will be second class. Councillors should be economical in their use of post; volume use (anything in excess of 50 items) is not acceptable unless approved in advance by Governance and Ethics Committee. Use email or hand-deliver instead where possible. The Post Room reserves the right to open any post to ensure policies are being adhered to.

Stationery - a limited range of stationery is available from either your group researcher or Democratic Services. Stationery must not be adapted to include political logos. Photographs can be included but must be printed in black and white. The Multi-Function Devices are regularly re-stocked with printer paper; you should contact Facilities to re-stock if necessary rather than taking paper from other locations in the building; this is to ensure proper reporting to Governance and Ethics Committee regarding volumes used.

Printing– Photo security passes will enable you to print, scan and photocopy from the Multi-Function Devices located around County Hall. These will be the only printing facilities available, with the exception of Central Print. This is in order to ensure to ensure proper reporting to Governance and Ethics Committee regarding volumes used. In the interests of transparency and cost-effectiveness these facilities are only available when security passes as used. In accordance with the Council's Print Strategy **high volume copying and printing (any job involving 99 plus sides of paper) must be sent to Central Print as this is the cheapest option.** Due to the high costs associated with colour printing, you should always print /copy in black and white unless colour is required to enable the document to be understood. Councillors should be economical in their use of print.

Business Cards can be obtained from Democratic Services. You may request a supply of 500 cards to cover your full term of office. These cards should only include contact details for County Hall, to prevent any subsequent changes being required.

Room Hire for Surgeries – for your constituency surgeries you should seek to use meeting rooms that do not incur a charge to the Council. These can include community facilities and some Council premises. If no suitable premises are available an application for the cost of hiring an alternative venue will need to be approved by Governance and Ethics Committee

Disclosure and Barring Service checks – to undertake your role as a Councillor you need to have a Disclosure and Barring Service (DBS) check. Democratic Services will contact you about the process and documentation required to complete an electronic DBS application form. You may have a current DBS check, however there are very limited circumstances in which checks can be transferred. Democratic Services will advise you on this issue.

Nottingham City Transport Cards - a limited number of Nottingham City Transport Cards for official business travel on City buses are available for staff and Councillors from Reception at County Hall. These must be signed for and returned to County Hall reception after each use. At all times your chosen method of travel must be the most cost effective method, taking into account the value of time saved, anticipated subsistence and other expenses and any other relevant matters. More details are available in the Travel and Accommodation Policy.

Conferences – attendance at conferences, seminars and training events for which a fee is payable must be approved in advance by the relevant committee.

County Hall Essential Information

County Hall is open Monday to Friday, usually 6.30am to 6.30pm. The building is also usually open on Saturdays from 8.00am to 1pm. If you intend to continue working in an office after 6.30pm, you should inform the Facilities office on extension 73316.

Security pass. You will be issued with a security pass. Security is very important and you should wear your pass at all times on a County Council lanyard as you may be asked for identification. Your pass will operate the car park barrier, the reception barriers and the doors to secure areas of the County Hall campus.

Each card is individually programmed to provide access to particular areas in the building. Your initial pass will be a temporary version – this will be replaced with a new pass containing your photograph which, as well as giving you the relevant access rights, will also enable you to scan, copy and print from the large machines around the building (called Multi-Function Devices or MFDs).

Car Parking spaces for Councillors' exclusive use in connection with Council business are available in the Members' Car Park on the River Trent frontage. Drive around to the rear of County Hall and present your security pass at the barrier to allow access to this area. Unless you are on Council business you should pay for parking at times when members of the public are required to pay to use the Car Park, for example during cricket and football matches.

Office Accommodation is provided for Councillors' use. There are currently suites of rooms on the ground and first floors at County Hall. The allocation of accommodation will be confirmed as soon as possible after the election, after consultation with the political groups.

Confidential Waste bins are provided in all work areas for secure disposal of confidential or sensitive documents. Recycling bins are also provided.

Meeting rooms – meetings involving Councillors will usually be held in

Council Chamber	- main building, floor 1.
Committee rooms B & C	- main building, ground floor.
Rufford Suite	- Riverside block, floor 1.
Committee room A & Civic Suite	- Riverside block, ground floor.

Lifts are available to all floors within County Hall. There is also a wheelchair lift to the Rufford Suite and Riverview Restaurant.

Catering facilities are available. Rolls, beverages and other snacks can be bought from the snack bar in Reception. The Riverview restaurant in the Riverside block serves hot meals and sandwiches. Councillors are entitled to complementary drinks from within their group accommodation or from the snack bar.

Visitors to County Hall must sign in at the reception desk in the entrance foyer; all visitors will be provided with a temporary pass. They should sign out and return the pass on leaving the building.

Fire Alarms are tested at 10.00am on the first Wednesday of every month. A continuous ring signals the fire alarm and an intermittent ring signals a bomb alert. If you hear the alarm bell you must vacate the building at the nearest fire exit. Please make yourself aware of these with the posters placed around County Hall and be aware of the relevant assembly points.

COUNCILLORS' USE OF RESOURCES

Printing and Photocopying costs (over £10 threshold)

The following costs for printing and photocopying have been recorded for Councillors during the period November 2018 – March 2019 (N.B. any other print charges for Councillors under the £10 threshold are not included):-

<u>DESCRIPTION</u>	<u>COST £</u>
Chairman's Charity Christmas Raffle Poster	37.00
Business Cards – Cllr John Ogle	56.00
Business Cards – Cllr Tracey Taylor	45.00
Business Cards - Cllr Kevin Greaves	33.00
Business Cards – Cllr Stuart Wallace	33.00
Other print charges - Cllr Diana Meale	36.63
Other print charges – Cllr Jim Creamer	31.40
Other print charges – Cllr Chris Barnfather	30.01
Other print charges – Cllr Jonathan Wheeler	12.16
Other print charges – Cllr Neil Clarke	16.40
Other print charges – Cllr Richard Butler	23.25
Other print charges – Cllr Jason Zadrozny	165.21

For information, the following costs for printing and photocopying have been incurred by Group support staff during the period November 2018 –March 2019:-

Team Leader Ruling Group	154.90
PA to Committee Chairs – Ruling Group	51.56
Member Support Officer	110.20
Executive Officer to the Leader	220.43
Research Officer (Mansfield Independents)	64.50
Conservatives and Mansfield Independents Group Officer Total:	£601.59
Senior Research Officer to Opposition Group	78.39
Executive Assistant to Opposition Group	267.31
Labour Group Officer Total:	£345.70
Research Officer to Opposition Group	Nil
Ashfield Independents Officer Total:	Nil
Officer Support to Chairman and Vice-Chairman (*as the work for the Chairman and Vice-Chairman is not logged separately, this is an estimate figure based on a 33% proportion of the total printing recharge for this officer who also has other areas of responsibility)	£36.45*

24 July 2019**Agenda Item: 14****REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND
EMPLOYEES****WORK PROGRAMME****Purpose of the Report**

1. To review the Committee's work programme for 2019 - 20.

Information and Advice

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the Committee's agenda, the scheduling of the Committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and Committee meeting. Any member of the Committee is able to suggest items for possible inclusion.
3. The attached work programme includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.

Other Options Considered

4. None.

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 (SLB)

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

Financial Comments (NS)

There are no financial implications arising directly from this report.

Background Papers

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 2019)

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>Lead Officer</u>	<u>Report Author</u>
11 September 2019			
Information Governance Action Plan Update	To consider a quarterly update on performance against this new Action Plan.	Marjorie Toward	Caroline Agnew
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 (item to be confirmed).	Marjorie Toward	Laura Mulvany-Law
Member Development and Training	To consider the current offer to Members.	Marjorie Toward	Keith Ford
6 November 2019			
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 (item to be confirmed).	Marjorie Toward	Laura Mulvany-Law
17 December 2019			
Information Governance Action Plan Update	To consider a quarterly update on performance against this new Action Plan.	Marjorie Toward	Caroline Agnew
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 (item to be confirmed).	Marjorie Toward	Laura Mulvany-Law
Update on Use of the Councillors' Divisional Fund	To consider the six monthly update.	Marjorie Toward	Keith Ford
22 January 2020			
National Audit Office Cyber Security and Information Risk Guidance for Audit Committees	To consider a six monthly update and any subsequent actions required.	Nigel Stevenson	Adam Crevald
Update on Use of Resources by Councillors	To consider the six monthly update.	Marjorie Toward	Keith Ford

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 (item to be confirmed).	Marjorie Toward	Laura Mulvany-Law
4 March 2020			
Information Governance Action Plan Update	To consider a quarterly update on performance against this new Action Plan.	Marjorie Toward	Caroline Agnew
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 (item to be confirmed).	Marjorie Toward	Laura Mulvany-Law
29 April 2020			
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 (item to be confirmed).	Marjorie Toward	Laura Mulvany-Law