

AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE**MINUTES OF MEETING HELD ON 16 APRIL 2015****I N D E X**

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AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 16 APRIL 2015

Present:

Councillor Mrs C A Smith (Vice Chair in the Chair)

Councillor B Barnes
“ S J Ellis
P Hemsley

Councillor J A Dargue
“ A Garrett

Also Present:

Mr B Mason – Executive Director Operations
Mrs J Foley – Assistant Director Customer Services and Improvement
Mr F Powell – Senior Governance Officer
Mrs J Williams – Interim Head of the Internal Audit Consortium

752 Apologies for Absence

Apologies for absence from the meeting were received from the Chair, Councillor G Morley, Councillor J D McGrory and Councillor M E Thacker.

753 Declarations of Interests

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and to withdraw from the meeting at the appropriate time.

There were no declarations of interests by Members at this meeting.

754 Minutes of Last Meeting

RESOLVED: That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 5 February 2015 be approved as a correct record and signed by the Chair.

755 Internal Audit Plan 2015/2016

The Committee considered the report of the Interim Head of the Internal Audit Consortium on the Councils Internal Audit Plan 2015/2016. The purpose of the report was to present for Members consideration and agreement the Internal Audit Plan 2015/2016. A copy of the plan is attached as Appendix A to these minutes. The Internal Audit Plan took into account the following factors:

- Organisational objectives and priorities
- Local and national issues and risks

- The requirement to provide an annual internal audit opinion
- The organisations assurance framework
- An update of the internal audit risk assessment exercise covering the financial control and other procedures subject to audit
- The Council's Strategic Risk Register
- The views of the Executive Director Operations

A copy of the Audit Plan had been provided to the Council's External Auditors KPMG to assist in the co-ordination of its work programme. The Plan allocated 486 audit days to the District Council. This was the same as in 2014/2015. The Committee was advised there was no formula which could be applied to determine internal audit coverage needs, however, a guide existed as to the minimum level of coverage required. This minimum level required the Head of Internal Audit to be in a position to provide an annual evidence based opinion on internal control.

During the Committees consideration of the report the following question was asked by a Member.

Does the Internal Audit Plan 2015/2016 take into account the work of both the Strategic Alliance Partners?

The Interim Head of the Internal Audit Consortium responded in detail to this question.

RESOLVED: That the Internal Audit Plan 2015/2016 attached as Appendix A to these minutes be approved.

(Interim Head of Internal Audit Consortium/
Executive Director Operations)

756 Summary of Progress on the Annual Internal Audit Plan 2014/2015

The Committee considered the report of the Interim Head of the Internal Audit Consortium detailing progress made by the Audit Consortium during the period 24 January 2015 to 25 March 2015 on the 2014/2015 Annual Audit Plan. A summary of Internal Audit reports issued during the period 24 January 2015 to 27 March 2015 is attached as Appendix B to these minutes.

The Appendix to the report provides a summary of the overall audit opinion and the details of the recommendations made. The overall opinion gave an assessment of the reliability of the internal audit controls examined in accordance with the following classifications:

- Good – A few minor recommendations (if any).
- Satisfactory – Minimal risk, a few areas identified where changes would be beneficial.
- Marginal – A number of areas had been identified for improvement.
- Unsatisfactory – Unacceptable risks identified, changes should be made.
- Unsound – Major risks identified, fundamental improvements were required.

In addition to the work detailed in Appendix B the following audits were in progress:

- Creditors
- Debtors
- Budgetary Control
- Main Accounting

The Committee was advised that good progress was now being made with the Audit Plan, 17 reports had been issued to date with a 3 further audits nearly complete (Creditors, Debtors and Budgetary Control). It was confirmed that the Section 106 audit would be deferred for incorporation in the 2015/2016 Audit Plan.

RESOLVED: That the Annual Audit Plan 2014/2015 attached as Appendix B to these minutes be approved.

(Interim Head of the Internal Audit Consortium /
Executive Director Operations)

757 Corporate Plan 2015-2019

Committee considered report number ADCSI/2/15/JF of the Assistant Director Customer Service and Improvement.

The purpose of the report was to present to the Committee the proposed Corporate Plan 2015-2019. There had been a significant level of consultation both with the public and within the council, which was a requirement of the preparation of the draft Corporate Plan.

As part of the Council's Growth and Transformation Programme it had been agreed that a new Corporate Plan be operational from the start of the Civic year 2015. Since July 2014 the Draft Corporate Plan had gone through a programme of consultation, including with the following groups:

- Strategic Alliance Management Team
- Senior Officers (workshop and individual contributions)
- Members (through a variety of workshops and committee meetings)
- Employees (team meetings and individual contributions)
- Trade union representatives (workshops)
- Rykneld Homes (workshop attendance and individual contributions)
- Joint Investors in People Group ('values' discussions)
- Citizens' Panel and Ask Derbyshire (external public consultation)
- Partners (circulated and individual contributions)
- Parish and Town Councils (circulated and individual contributions).

The main public consultation was through the Citizen's Panel Survey and the Ask Derbyshire Website. 1,000 surveys were distributed, a response rate of 48% was achieved. The consultation focused on three main aims excluding 'Unlocking our

Growth Potential' as consultation on this had already taken place as part of the agreement of the Growth Strategy in 2014. In general terms, there was overall support for the aims and priorities within the Draft Corporate Plan 2015/2019. Significant written feedback on the proposals had been received, this was reported to departments where appropriate.

Committee was advised that throughout the consultation period the proposed plan had been amended to take account, where possible of the feedback and suggestions received.

RESOLVED: That the Audit and Corporate Governance Scrutiny Committee:

1. Notes the development of the Council's Corporate Plan 2015-2019 and supports submission of the Plan to Cabinet in June 2015 who will then confirm its contents before recommending it to Council for its approval in July 2015.
2. Notes that any minor amendments necessary to the Corporate Plan 2015-2019 would be made by the Assistant Director Customer Service and Improvement following consultation with the Chief Executive up to and including its submission to Cabinet.

(Assistant Director Customer Service and Improvement)

758 Monitoring of Scrutiny Recommendations 2014/2015

The Committee considered Report No: ADGMO/8/15/SS of the Assistant Director Governance and Monitoring Officer. The report detailed the Scrutiny recommendations made by the Council's four Scrutiny Committees and their outcomes between May 2014 and February 2015. A copy of the report is attached as Appendix C to these minutes.

Members considered the recommendations and their outcomes in respect of the work of the Audit and Corporate Governance Scrutiny Committee. In terms of the areas outstanding from the meeting of the Committee on 5 February 2015, the Committee noted that the Executive Director Operations would be submitting a report to Cabinet at its next meeting on the Council's Assets and proposals for their future use and that he would also be submitting a report to Cabinet on options for the use of the Council's Holmewood Depot site.

The Executive Director Operations confirmed he would be submitting a report on the Council's Performance Management Framework in relation to Council staff sickness absence to the next meeting of the Committee on 28 May 2015.

RESOLVED: That the Committee:

1. Notes the monitoring report on the Audit and Corporate Governance Scrutiny Committee recommendations for 2014/2015 attached as Appendix C to these minutes.

2. Notes that the Executive Director Operations will be submitting a report on the Council's Assets and proposals for their future use, together with a report on the Council's Holmewood Depot to the next meeting of Cabinet.
3. Notes that the Executive Director Operations will be submitting a report on the Council's Performance Management Framework in relation the Council's staff sickness absence to the next meeting of this Audit and Corporate Governance Scrutiny Committee on 28 May 2015.

(Executive Director Operations /
Senior Governance Officer /
Overview and Scrutiny Manager)

759 Accounting Policies 2014/2015

The Committee considered report No EDO/5/15/BM of the Executive Director Operations. The purpose of the report was to seek approval by the Committee of the Accounting Policies proposed for the current financial year for the preparation of the Statement of Accounts 2014/2015.

The Accounting Policies adopted by the Council determined the accounting treatment to be applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. The Accounting Policies are published within the Statement of Accounts in accordance with the Code of Practice on Local Government Accounting and incorporate the requirements of the International Financial Reporting Standards (IFRS).

In undertaking an assessment of the accounting policies, a review of all accounting policies agreed previously had been undertaken to check their relevance, clarity, legislative compliance and that they are in accordance with the latest version of the Code and IFRS requirements. Members were advised that with regard to the policies proposed for 2014/2015 there had been a limited number of minor amendments which sought to clarify existing policies, however, there have been no significant amendments from the policies adopted for 2013/2014.

The Committee was informed that as the Statement of Accounts for 2014/2015 was prepared it may be necessary for amendments to the Accounting Policy. If this occurred, the change and the reason for it would be reported to this Audit and Corporate Governance Scrutiny Committee in June 2015 prior to the publication of the Council's Statement of Accounts.

RESOLVED: That the Committee:

1. Approves the Accounting Policies for the Statement of Accounts 2014/2015 attached as Appendix D to these minutes.
2. Notes that any amendments proposed or changes to the Accounting Policies approved at resolution (1) above would be reported to this Committee together

with an explanation and reasons for the change and any financial implications of the amendments proposed.

(Executive Director Operations)

760 Key Issues of Financial Governance

The Committee considered report No EDO/6/15/BM of the Executive Director Operations. The purpose of the report was to detail the progress made in addressing the Key Issues of Financial Governance set out in the Action Plan attached to the report. The Action Plan covered the most significant issues raised by External Audit, other inspections or other matters which could impact significantly on the Council's financial governance arrangements. Given the importance of sound governance it was appropriate this Audit and Corporate Governance Scrutiny Committee should monitor progress against the Action Plan and that it be a standing item on the agendas of this Committee.

The External Auditors most recent letters to the Council were positive and noted both the continued improvement in the quality of the Council's Annual Statement of Accounts, and that to date the Council had addressed successfully the issues of financial resilience which it faced. The External Auditors report acknowledged that the Council had implemented the recommendations made in the previous ISA260 report. The External Auditors report identified the following key risk under Value for Money:

“Against a backdrop of reduced funding and continued demand pressures it will become increasingly difficult to deliver savings in a way that secures longer term financial and operational sustainability.”

The Action Plan attached to the report was designed to help mitigate the risk that the Council's financial and wider governance arrangements could deteriorate. The risk associated with poor governance included ineffective decision making, increased possibility of financial loss or poor value for money together with a prospect of significant reputational damage. A copy of the Action Plan in respect of the Key Issues of Financial Governance is attached as Appendix F to these minutes.

During the Committee consideration of the report the following questions were raised by Members:

- Why has the 90 – 365 day age debt increased so significantly from 2013/2014 to 2014/2016?
- How did the Housing Benefits over payments occur?

The Executive Director Operations responded in detail to questions from Members in respect of the above two matters.

RESOLVED: That the content of the report on Key Issues of Financial Governance as detailed in the Action Plan attached as Appendix E to these minutes be noted.

(Executive Director Operations)

761 Urgent Business (Public Session)

There was no urgent business to be considered in the public session of this meeting of the Audit and Corporate Governance Scrutiny Committee.

762 Exclusion of Public

RESOLVED: That the public be excluded from the meeting during the discussion of the following item of business to avoid the disclosure to them of exempt information defined in paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006).

763 Internal Audit Consortium Report: Recruitment and Selection Ref N009

The Committee considered report No EDO/7/15/BM of the Executive Director Operations. The report had attached as an appendix a copy of an Internal Audit Report on Recruitment and Selection, the internal controls in operation currently had been assessed as marginal. The scope of the audit covered recruitment undertaken between April 2013 and March 2014. The objectives of the audit were:

1. Ensure there is a Recruitment and Selection (R&S) Policy in place
2. Determine whether Officers involved in the R&S process receive appropriate training
3. Ensure that approval has been granted to fill a vacant post
4. Determine procedures in place for the control of job descriptions and person specifications
5. Confirm appropriate controls are in place for the short listing of candidates
6. Confirm appropriate controls are in place for the interviewing of candidates
7. Appropriate pre employments checks are carried out on successful candidates
8. Ensure letters of appointment and contracts of employment have been provided
9. Ensure records are held to show that new employees have received an induction to the Authority / their role

10. Ensure, where relevant, that appropriate documentation is in place to confirm that satisfactory probationary periods have been completed
11. Confirm procedures in place for complaints received relating to the R&S process.

The recommendations made arising from the Internal Audit report on Recruitment and Selection were as follows:

- Six recommendations from the previous audit have been re-stated / re-worded. These in some cases have been partially implemented as part of the wider review of the R&S policy; the intention being to align NEDDC and BDC policies within the Strategic Alliance.
- The revised policy has been discussed by SAMT and the Joint Assistant Director (HR and Payroll) and is due to be consulted on by the Unions imminently, prior to submission to the appropriate Committee(s) for approval.
- The Joint Assistant Director (HR and Payroll) has offered assurances that once the policy is approved, work will commence on strengthening the working procedures / guidance notes issued to Managers. Additional training sessions will also be arranged to provide refresher training to recruiting Managers.
- Whilst the policy is driven by the HR team, responsibility also lies with recruiting Managers to ensure that R&S documentation is sent to the HR team for retention.
- Whilst a number of recommendations have been made, sight of the draft revised policy has given Internal Audit some assurance that work is underway to improve the controls in place for R&S activities within the Council.

RESOLVED:

1. That the content of the Internal Audit report on Recruitment and Selection Ref N009 be noted.
2. That the Executive Director Operations be requested to submit a detailed report in six months time to the Committee detailing the progress following the Internal Audit Consortium report on Recruitment and Selection.

(Executive Director Operations)
Paragraphs 1 and 3

APPENDIX A

INTERNAL AUDIT PLAN

BACKGROUND NOTE

1. Definition of Internal Audit

Internal Audit is defined in the Public Sector Internal Audit Standards as:

“.. an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

2. The Purpose of Internal Audit

Internal audit is not a substitute for management. It is the purpose of internal audit to assist and support management by appraising the arrangements and procedures established.

There is also a statutory requirement for internal audit in local government contained in the Accounts and Audit Regulations 2011 and The Accounts and Audit Regulations 2015 that come in to force on the 1st April 2015. These regulations require the authority to maintain 'an adequate and effective system of internal audit of its accounting records and of its system of internal control'.

3. The Difference Between Internal Audit and External Audit

External audit is completely independent of the authority. The Council’s external Auditors are KPMG. Much of the external auditors’ work is determined by statutory responsibilities. Internal audit's terms of reference are determined and approved by management.

However, there is nevertheless considerable scope for co-operation to avoid duplication of work and to make maximum use of audit resources. By reviewing the work of internal audit, external audit will be in a position to determine whether reliance can be placed on the work concerned.

4. The Scope of Internal Audit Work

One of the essential elements for effective internal auditing is that the internal auditor should adequately plan, control and record their work.

To determine priorities and to assist in the direction and control of audit work the internal auditor will prepare a plan based on a risk assessment.

The audit plan is divided into the following sections: -

- **Main Financial Systems**

This covers the fundamental accounting and income collection systems of the authority such as payroll, creditor payments, council tax etc. Most of these systems are reviewed on an annual basis due to their importance. External audit examines and places reliance on the work carried out.

- **Other Operational Audits**

Audits to be undertaken in services include a review of the controls and procedures in place for areas such as Dronfield Sports Centre and Business Centres.

- **IT Related**

Topics in this area of the plan include a review of Disaster Recovery and Public Sector Network requirements.

- **Fraud and Corruption**

Audits specifically related to the prevention of fraud and corruption are covered in this area of the plan. An example is completion of the fraud modules in respect of the main financial systems. It should be noted that a significant number of other audits include an anti-fraud element e.g. income audits.

- **Cross Cutting Issues**

This area of the plan includes audit subjects that cover all services or are corporate Issues. Examples include work on procurement and health and safety.

- **Special Investigations**

A contingency provision is included in the plan to cover the investigation of irregularities or cases of suspected fraud and other problems.

5. Delivering the Internal Audit Service

A three year strategic audit plan is compiled based on an internal audit risk assessment of auditable areas. This risk assessment takes into account the following factors:

- Materiality – the amount of funds passing through the system
- Control Environment / vulnerability – assessed level of control based on previous audit findings
- Sensitivity – profile of the system in relation to customer service
- Management concerns – any specific issues relating to the operation of the system e.g. Council's Strategic Risk Register

Using a scoring system, audits are then categorised as High, Medium or Low risk. This ranking is then used to compile the annual audit plan.

The areas of audit work set out in the agreed plan are split into individual audit assignments.

An audit assignment can involve:

- preparation of system notes and a review/analysis of system controls;
- extraction of background information;

- extraction and testing of sample transactions and controls;
- notes of interviews and meetings.

All work undertaken is recorded on detailed working papers. To ensure that all areas have been covered and appropriate conclusions reached, all working papers are independently reviewed.

A report on the findings and recommendations arising from the audit is sent to the appropriate Director and to the Executive Director of Operations (as Client Officer) at the conclusion of the audit. A response to the recommendations is requested within a set time.

A summary of internal audit reports issued each quarter is reported to the Audit and Governance Committee and an Annual Report is submitted after the end of the year detailing the outcome of the audits completed.

INTERNAL AUDIT CONSORTIUM
DRAFT INTERNAL AUDIT PLAN 2015/16

NORTH EAST DERBYSHIRE DISTRICT COUNCIL

Main Financial Systems	Priority	Audit Days
Main Accounting System (Key Controls)	H	9
Budgetary Control	H	8
Capital Accounting and Fixed Asset Register	H	5
Payroll (Key Controls)	H	15
Creditor Payments	H	20
Debtors	H	15
Treasury Management	H	15
Cash and Banking	H	18
Council Tax (Key Controls)	H	10
Non Domestic Rates (Key Controls)	H	10
Housing / Council Tax Benefits	H	22
Total Main Financial Systems		147
Other Operational Audits		
Operations Directorate		
Insurance	M	10
Refuse Collection	L	13
Business Centres	M	12
Industrial Property Rents/Periodic Income	L	10
Final Accounts	M	5
Growth Directorate		
Section 106	M	13
Planning Fees	L	10
Transformation Directorate		
Dronfield Sports Centre	M	13
Sharley Park Leisure Centre & DD Scheme	M	17
Total Other Operational Areas		103
Computer and IT Related		
PSN / Network Security	M	8
Disaster Recovery	M	8
Total Computer and IT Related		16
Cross Cutting Issues		
Corporate Governance / Assurance Statement	H	10
Procurement	M	20
Health and Safety	M	8

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	Financial Advice/Working Groups	H	10
	Total Cross Cutting Issues		48
	Rykneld Homes	H	97
	Total Rykneld Homes		97
	Fraud and Corruption		
	Fraud Modules	H	10
	National Fraud Initiative	H	5
	Total Fraud Modules		15
	Location / Regularity		
	Petty Cash	M	5
	Total Petty Cash		5
	Special Investigations Contingency	H	30
	Audit Committee / Client Officer Liaison	H	25
	Planned Total Days 2015/16		486

INTERNAL AUDIT CONSORTIUM				
NORTH EAST DERBYSHIRE DISTRICT COUNCIL				
THREE YEAR INTERNAL AUDIT PLAN 2013/14 - 2015/16				
	Audit Days			
	2013/14 Revised	2014/15	2015/16	
Main Financial Systems				
Main Accounting System	13	9	9	
Budgetary Control	8	8	8	
Capital Accounting and Fixed Asset Register	2	5	5	
Payroll	15	20	15	
Creditor Payments	20	20	20	
Debtors	11	15	15	
Treasury Management	13	10	15	
Cash and Banking	20	18	18	
Council Tax	20	10	10	
Non Domestic Rates	20	20	10	
Housing / Council Tax Benefit	26	22	22	
VAT		8		
	168	165	147	
Other Operational Audits				
Asset Management Arrangements		15		
Business Centres	8		12	
Cemeteries				
Central Garage (Vehicles)	12			
Contract Monitoring - Rykneld	6			
Dronfield Sports Centre	13		17	
Eckington Pool		10		
Economic Development	8			
Environmental Health Miscellaneous Income		8		
Environmental Health Service including licences	10			
Expenses and Allowances		10		
Freedom of Information	6			
Grounds Maintenance		12		
Industrial Property Rents/Periodic Income			15	
Insurance	10		10	
Members Allowances				

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Mobile Phones/Communications	12			
	2013/14 Revised	2014/15	2015/16	
Money Laundering				
Periodic Income/Industrial Property Rents				
Planning Fees			10	
Procurement Cards				
Recycling Income and Credits	8			
Refuse Collection			13	
Renovation/Disabled Facilities Grants				
Sale of Scrap				
Section 106		12	13	
Sharley Park Leisure Centre	13		13	
Sickness absence	10			
Street Cleaning				
Trade Refuse	10			
	126	67	103	
Rykneld Homes	106	97	97	
IT Related				
Installation Review / Network Security / Disaster Recovery/PSN Compliance	8		16	
Laptops/Removable Media		8		
Transfer to Civica		10		
IT Security Policy	8			
Service Desk				
Internet Usage Monitoring Policy	5			
	21	18	16	
Fraud and Corruption				
Fraud Modules	10	10	10	
National Fraud Initiative	5		5	
	15	10	15	
Corporate / Cross Cutting Issues				
Business Continuity				

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Corporate / Annual Governance Statement				
	10	10	10	
	2013/14 Revised	2014/15	2015/16	
Data Protection		14		
Financial Advice / Working Groups	10	10	10	
Health and Safety			8	
Partnerships				
Performance Indicators		15		
Procurement	13		20	
Recruitment and Selection		10		
Risk Management		10		
	33	69	48	
Location / Regularity				
Cash Floats	5	5	5	
Special Investigations / Contingency	40	30	40	
Audit Committee / Client Liaison	25	25	15	
Grand Total	539	486	486	

NORTH EAST DERBYSHIRE DISTRICT COUNCIL

APPENDIX B

Internal Audit Consortium - Report to Audit and Corporate Governance Scrutiny Committee

Summary of Internal Audit Reports Issued – 24th January 2015 to 27th March 2015

Report Ref No.	Report Title	Scope and Objectives	Overall Opinion	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
N014	Council Tax	To ensure that bills are raised promptly and accurately and that there are collection procedures in place	Good	20/02/2015	13/03/2015	2L	2
N015	Laptops and Removable Media	To ensure there are suitable security and usage controls in place	Satisfactory	4/03/2015	25/03/2015	6 (1H 3M 2L)	4
N016	Payroll	To review the operation of the controls and procedures in place	Good	9/03/2015	30/03/2015	0	0
N017	Asset Management Arrangements	To ensure that there is a strategic approach to asset management that links to the Council's corporate objectives.	Satisfactory	18/03/2015	10/04/2015	5 (1H 3M 2L)	Note 1

Notes: For recommendations, H = High priority, M = Medium priority and L = Low priority

Note 1 Response not due at time of report preparation

Monitoring of Scrutiny Recommendations
2014/15

APPENDIX C

<i>Committee making the Recommendation</i>	<i>Recommendation</i>	<i>Date of Committee</i>	<i>Recommendation made to</i>	<i>Outcomes of Recommendation</i>
Safer Homes and Neighbourhoods	That the Committee undertake a review of Community Safety in 2014/15 following identification of which issues/sections of the service were to be scrutinised	21 May 2014	Overview and Scrutiny Manager	Emailed members for issues. One received. Scoping arranged on 2 July, 2014 COMPLETE
Economic Regeneration, Skills and Environment	1 That the committee undertake a review of Planning and the effect of the Localism Act in 2014/15. The Overview and Scrutiny Manager would arrange a scoping meeting with the Chair and Vice Chair of the Committee and the lead officer of the service 2 That the ICT Manager be invited to the next meeting to update on ICT issues 3 That the Overview and Scrutiny Manager investigate the possibility of members of the ERSE Committee attending the Arkwright Composting Facility	27 May 2014	Overview and Scrutiny Manager	Scoping meeting arranged for 9 July, 2014. Review topic revised. COMPLETE Contacted Steve Brunt Assistant Director Streetscene. Spoken to DCC and will arrange a visit in three months time when the plant is fully operational. Visit arranged for 29 September, 2014 COMPLETE
Audit and Corporate Governance	That the Committee: (1) Approves a visit by Members to DCC's Audit Committee on Tuesday, 22 July 2014. (2) Requests that the Executive Director – Operations and the	29 May 2014	Executive director – Operations/Senior Governance Officer	The meeting for the DDC Audit Committee in July 2014 was changed. Unfortunately it was not possible for Members to attend the re-arranged meeting.

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	Governance Team organise an in house development event for Members based on the information contained in the CIPFA publication Audit Committees: Practical Guidance for Local Authorities and Police and that this event be held on a date and time following consultation with the Chair and Vice Chair of the Committee.			A special meeting of the Committee was held on 15 October to complete a Chartered Institute of Public Finance and Accountancy (CIPFA) questionnaire on evaluating the role and effectiveness of the Audit and Corporate Governance Scrutiny Committee. COMPLETE.
Audit and Corporate Governance	That the Committee: (1) Having reviewed the effectiveness of the Governance Framework is satisfied that the Council's governance arrangements are fit for purpose (2) Recommends that the amended Code of Corporate Governance detailed at Appendix B to these minutes be submitted to Cabinet for approval (3) Notes that officers will be incorporating a training session into the Member Development Programme setting out the principles associated with good governance	29 May 2014	Executive Director – Operations/Senior Governance Officer	The Code of Corporate Governance was approved by Cabinet on 2 July 2014. The Executive Director Operations has given presentations on the Medium Term Financial Plan / Financial Governance at Member Involvement Half Days. COMPLETE
Healthy Communities and Well Being	That the Overview and Scrutiny Manager prepare a briefing note on each of the three topics discussed: <ul style="list-style-type: none"> • Obesity • Dementia/Mental Health Care • Fear of Crime 	30 May 2014	Overview and Scrutiny Manager	Three briefing notes prepared and sent to Chair for approval. Included on the agenda for the 25 July, 2014 meeting COMPLETE

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Healthy Communities and Well Being	(1) That the update on the Health and Wellbeing Strategy be noted (2) That the HWB committee have an input into the Health and Well Being Strategy process and the Corporate Plan	30 May 2014	Overview and Scrutiny Manager	Emailed Steve Pintus Associated Director of Public Health regarding input COMPLETE
Healthy Communities and Well Being	(1) A separate heading above paragraph three on page eleven of the Policy be added to clarify the roles of members in the Consultation Policy (2) Officers be responsible for keeping Members informed of consultations taking place in their wards 3 That the draft Consultation Policy be noted	30 May 2014	Overview and Scrutiny Manager	Emailed Debbie Whitehead Consultation officer. Amendments made to documents. COMPLETE
Audit and Corporate Governance	(1) That the content of the Internal Audit Consortium: Internal Audit report on Procurement (NO26) be noted. (2) That the Executive Director – Operations be requested to submit a detailed report to the September 2014 meeting of the Committee on action taken on the implementation of the recommendations of the Internal Audit report on Procurement,	26 June 2014	Executive Director – Operations /Senior Governance Officer	An internal audit report on procurement was submitted by the Director of Operations to the 25 September 2014 meeting of the Committee. A special meeting of the Committee was held on 15 October to complete a Chartered Institute of Public Finance and Accountancy (CIPFA) questionnaire on evaluating the role and effectiveness of the Audit and

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	<p>including details of the compulsory training provided to officers in respect of the Councils procurement process, including the Councils Contract and Procedure Rules in respect of Procurement.</p> <p>That consideration be given to a special meeting of this Committee in October 2014 in order to enable it to process the significant amount of business it needed to address.</p>			Corporate Scrutiny COMPLETE.	Governance Committee.
	<p>(1) That the Committee notes that the Executive Director – Operations in his capacity as the Chief Financial Officer will sign off the draft Statement of Accounts 2013/2014 on behalf of the Council.</p> <p>(2) That the audited Statement of Accounts 2013/2014 be submitted to this Committee at its meeting on 25 September 2014 for approval on behalf of the Council.</p>	26 June 2014	Executive Director – Operations	<p>A report on the audited Statement of Accounts 2013/2014 was submitted to the Committee at its meeting on 25 September 2014 for approval on behalf of the Council.</p> <p>The Committee approved the audited Statement of Accounts 2013/2014.</p> <p>COMPLETE.</p>	
Safer Homes and Neighbourhoods	That the Overview and Scrutiny Manager compile an interview schedule and circulate to the Safer Home and Neighbourhoods Scrutiny Committee.	9 July 2014	Overview and Scrutiny Manager	<p>Committee advised of arrangements 18 August, 2014</p> <p>COMPLETE</p>	

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Healthy Communities and Well Being	That Healthy Communities and Wellbeing Scrutiny Committee would undertake a scrutiny review on Mental Health Services in 2014/15 and the Overview and Scrutiny Manager would arrange a scoping meeting with the Chair, Vice-Chair and lead officer to discuss the topic.	25 July 2014	Overview and Scrutiny Manager	Awaiting response from Chair regarding suitable date for scoping meeting 2 September 2014
Healthy Communities and Well Being	That the verbal update on Equality was noted, the Assistant Director of HR and Payroll to investigate the concerns raised by members on the redundancy of the Health Referral Officer and email a response to the Chair.	25 July 2014	Assistant Director of HR	Emailed the AD- HR and Payroll on 7 August, 2014
Healthy Communities and Well Being	<p>1 That the update on the Employees Survey be noted.</p> <p>2 That the health and wellbeing aspects of the move to Mill Lane be monitored and the Overview and Scrutiny Manager send a letter to the Accommodation Working Group informing them of the concerns for the wellbeing of</p>	25 July 2014		Letter sent to Dave Broom and Sarah Sternberg 7 August, 2014. Reply awaited

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	staff during the move.			
Healthy Communities and Well Being	That Cabinet be requested to review its Key Decisions List, in light of the comments made on items being rolled over each month with no decision made and the need to ensure the correct Portfolio Member's name is listed.	25 July 2014	Overview and Scrutiny Manager	Letter sent to Cabinet. Action taken to streamline the key decisions list and add explanatory information. Issue 26 first amended version. COMPLETE
Economic Regeneration, Skills and Environment	<p>1 That the plans for the future of Community Assets and the Asset Management Strategy be received.</p> <p>2 That the Assistant Director-Property & Estates circulate the draft Strategy and Action Plan to the Committee.</p> <p>3 That the Assistant Director-Property & Estates attend Economic Regeneration, Skills and Environment Scrutiny Committee in three months time to update once the asset list and associated documents are completed.</p>	31 July 2014	Assistant Director-Property and Estates	<p>Strategy circulated to members 19 August, 2014 COMPLETE</p> <p>AD- Property and Estates attended the Committee on 25 November, 2014 with an update. COMPLETE</p>
Economic Regeneration, Skills and Environment	That Economic Regeneration, Skills and Environment Scrutiny Committee agreed to undertake a Scrutiny Review on working with	31 July 2014	Overview and Scrutiny Manager	Scoping meeting took place 3 September, 2014. COMPLETE

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	Parish and Town Councils for 2014/15.			
Economic Regeneration, Skills and Environment	<p>1 That the ICT Update be noted.</p> <p>2 That the ICT Manager to email members direct regarding their queries.</p>	31 July 2014	ICT Manager	Response sent to members on 1 August, 2014. COMPLETE.
Economic Regeneration, Skills and Environment	That members concerns on the key decisions list that items were being rolled over each month with no decision being made within 28 days be sent to Cabinet along with the Healthy Communities and Wellbeing Scrutiny Committee comments.	31 July 2014	Overview and Scrutiny Manager	Letter sent to Cabinet. Action taken to streamline the key decisions list and add explanatory information. Issue 26 first amended version. COMPLETE
Economic Regeneration, Skills and Environment	<p>That the Overview and Scrutiny Manager would update the Scrutiny Work Programme to reflect the items discussed at the meeting.</p> <p>That the Overview and Scrutiny Manager would update the Scrutiny Work Programme to reflect the items discussed at the meeting.</p>	31 July 2014	Overview and Scrutiny Manager	Work programme updated 1 August, 2014. COMPLETE

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Safer Homes and Neighbourhoods	NONE	10 September 2014		
Economic Regeneration, Skills and Environment	<p>(a) That Members noted the Scene Setting presentation on working with Town and Parish Councils.</p> <p>(b) (1) Members considered the Draft Project Plan and Timetable and agreed that Councillor J Austen, Chair of the Standards Committee, be added to the Timetable as a stakeholder.</p> <p>(2) That the Draft Project Plan and Timetable be agreed.</p> <p>(c) Members considered a list of draft questions that would be put to stakeholders at interview or by questionnaire. The Overview and Scrutiny Manager requested comments from Members. It was agreed that Members could email any comments to the Overview and Scrutiny Manager.</p> <p>That any comments by Members on the stakeholder questions to be emailed to the Overview and Scrutiny Manager.</p>	16 September 2014	Overview & Scrutiny Manager	<p>Amendments Done</p> <p>COMPLETE</p> <p>Questions Finalised</p> <p>COMPLETE</p>

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Economic Regeneration, Skills and Environment	That a focus group be included in the Economic Regeneration, Skills and Environment Scrutiny Committee's work programme, or for the Parish Clerks to be invited to attend the next meeting of the Economic Regeneration, Skills and Environment Scrutiny Committee.	16 September 2014	Overview and Scrutiny Manager	
Audit and Corporate Governance	<p>That the Committee:</p> <ol style="list-style-type: none"> 1. Notes and approves the Letter of Representation from North East Derbyshire District Council in respect of the audit by KPMG the Councils External Auditors in respect of the audit of its financial statements for the year ended 31 March 2014. 2. Grants delegated authority to the Chair of the Committee and the Chief Financial Officer to sign the Letter of Representation from the District Council to KPMG, the Council's External Auditors regarding the audit by KPMG of the Council's Financial Statement for the year ended 31 March 2014. 	25 September 2014	Executive Director – Operations	The Chair and the Chief Financial Officer exercised the delegated authority granted to them and signed the Letter of Representation on behalf of the Council relating to the external Audit by KPMG of the Councils financial statement for the year ended 31 March 2014. COMPLETE.
Audit and Corporate Governance	<p>That the Committee:</p> <ol style="list-style-type: none"> 1. Approves the Councils Audited Statement of Accounts for 	25 September 2014	Executive Director – Operations	The Chief Financial Officer exercised the delegated

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	<p>2013/2014.</p> <p>2. Grant delegated authority to the Chief Financial Officer following consultation with the Chair/Vice Chair of the Audit and Corporate Governance Scrutiny Committee to agree any changes which may be necessary to ensure the finalisation of the External Audit by the Councils External Auditors KPMG for the completion of the Council's Statement of Accounts 2013/2014 by 30 September 2014.</p>			<p>authority granted in respect of the finalisation of the Councils accounts for 2013/2014. COMPLETE.</p>
Healthy Communities and Well Being	<p>1 That the Healthy Communities and Well Being Scrutiny Committee <u>recommend</u> that the Assistant Director – Customer Services and Improvement explore the priority regarding Void Properties more thoroughly before finalising it in the Plan.</p>	26 September 2014	<p>Overview and Scrutiny Manager / Assistant Director- Customer Service and Improvement</p>	<p>Emailed Jane Foley on 17 November 2014. She confirmed that she had raised the issue with Lorraine Shaw, Managing Director, Rykneld Homes who has spoken to Members. COMPLETE</p>
Healthy Communities and Well Being	<p>(1) That Members request Steve Pintus - Associate Director of Public Health, attend a Special Meeting of the Healthy Communities and Well Being Scrutiny Committee to advise Members on the best course of action and on what direction to</p>	26 September 2014	<p>Overview and Scrutiny Manager</p>	<p>Steve Pintus- Associate Director of Public Health attended a special meeting of the committee on 3 November 2014. COMPLETE</p>

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	<p>be taken with the review into Mental Health Services.</p> <p>(2) That a Special Meeting of the Healthy Communities and Well Being Scrutiny Committee be arranged on either 31 October or 3 November 2014 in order to discuss the review into Mental Health Services further.</p>			Arranged and held on 3 November 2014. COMPLETE
Audit and Corporate Governance	NONE	15 October 2014		
Healthy Communities and Well Being	That the Committee request the Overview and Scrutiny Manager to amend the scope of the Scrutiny review into mental health to reflect the debate and conclusions set out above	3 November 2014	Overview and Scrutiny Manager	Scope amended to reflect the discussions. COMPLETE
Safer Homes and Neighbourhoods	NONE	5 November 2014		
Healthy Communities and Well Being	<p>Members were happy with the Project Plan and Timetable but asked that some additional methods of review be included in the project plan:</p> <ul style="list-style-type: none"> • Questionnaire to members – can members identify mental health conditions and would they know where to refer people? • Look at previous complaints. 	14 November 2014	Overview and Scrutiny Manager	<p>Questionnaire placed on members portal 20 December 2014</p> <p>Details sought on specific</p>

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	<ul style="list-style-type: none"> • Questioning the relevant Cabinet Member. • Questioning the training of Members. <p>That Members approve the Project Plan and Timetable, subject to the additional items set out above being included.</p>			<p>complaints relating to mental health from Rachael Pope. None lodged.</p> <p>Portfolio holders attended 16 January 2015 meeting. Members training question included. COMPLETE</p>
Healthy Communities and Well Being	That the Annual Report 'A Fairer, Healthier Derbyshire' would be considered at a later date due to the workload of the Committee.	14 November 2014	Overview and Scrutiny Manager / Members	Carried forward to future work programme. ONGOING
Audit and Corporate Governance	<p>That the Committee:</p> <ol style="list-style-type: none"> 1. Notes the results of the Internal Audit Self Assessment Improvement Plan attached as Appendix A to these minutes. 2. Requests that progress against the Improvement Plan be reported to a future meeting of the Committee as part of the Internal Audit Annual Report 2014/2015. 	20 November 2014	Interim Head of the Internal Audit Consortium / Executive Director Operations	Progress on the improvement Plan will be reported as part of the Internal Audit Annual Report 2014/2015 to a future meeting of the Committee. A report on the Internal Audit Annual Report 2014/2015 was submitted to the meeting of the Committee on 5 February 2015. Work on this matter is ongoing.
Audit and Corporate Governance	<p>That the Committee:</p> <ol style="list-style-type: none"> (1) Notes the report on the Council's performance for the second quarter 2014/2015. 	20 November 2014	Executive Director Operations / Assistant Director Streetscene	The Assistant Director Streetscene wrote to advise Members of the action taken to advise the public of information

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	(2) Requests that information on the Councils Green and Burgundy Bin Services, the Grey Caddy System for food waste and the Black Bin Collection service be publicised further on the Council's website to ensure that the public are aware of the Councils collection arrangements.			provided on the Councils Green and Burgundy Bin services, the Grey Caddy system for food waste and the Black Bin collection service. COMPLETE.
Economic Regeneration, Skills and Environment	(1) That a focus group be included in the Economic Regeneration, Skills and Environment Scrutiny Committee's work programme, or for the Parish Clerks to be invited to attend the next meeting of the Economic Regeneration, Skills and Environment Scrutiny Committee.	25 November 2014	Overview and Scrutiny Manager	Project plan amended. Focus group arranged on 27 January 2015. COMPLETE
Healthy Communities and Well Being	1) That the Overview and Scrutiny Manager submit the Committee's comments to the Accommodation Working Group. 2) That the Healthy Communities and Wellbeing Scrutiny	4 December 2014	Overview and Scrutiny Manager	Sent a copy of the minutes and details to AD-Property & Estates. Raised also with AD-Governance

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	Committee recommend that a member from each political group be invited to attend the Accommodation Working Group and also a Member of the Healthy Communities and Wellbeing Scrutiny Committee.			
Safer Homes and Neighbourhoods	That invites for Members to Extreme Wheels Event taking place on 4 February 2015 be forwarded onto the committee following their receipt by the Overview and Scrutiny Manager	14 January 2015	Overview and Scrutiny Manager	Invitations received and forwarded to Members of the committee.
Safer Homes and Neighbourhoods	That Members consider the questionnaire responses from residents/Councillors and the Bolsover Parenting Practitioner for the next meeting	14 January 2015	Members/Overview and Scrutiny Manager	Members received questionnaires and information will be used along with other summaries of evidence gathered to formulate recommendations at the 11 March 2015 meeting. COMPLETE
Healthy Communities and Well Being	NONE	16 January 2015		
Economic Regeneration, Skills and Environment	NONE	27 January 2015		
Audit and Corporate Governance	Protecting the Public Purse Fraud Briefing 2014: NEDDC (1) The Committee noted the content	5 February 2015	Executive Director-Operations	

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	<p>of the report on Protecting the Public Purse, Fraud Briefing 2014.</p> <p>(2) That the Executive Director Operations be requested to consider a reminder system so that people claiming a single person discount in respect of Council Tax are reminded on at least a two yearly basis to advise the Council of any change in their personal circumstances.</p> <p>Medium Term Financial Plan 2015-2018</p> <p>(1)The Committee noted the contents of the Medium Term Financial Plan 2015/2018 report.</p> <p>(2)Requests that the Executive Director Operations submit a report detailing all the Councils assets and what is proposed for their use in future to its next meeting.</p> <p>(3)Requests that the Executive Director Operations submit a report on the options for the use of the Councils Holmewood Depot site to a future meeting of Cabinet.</p> <p>Performance Management – Quarter 3 - 2014/2015</p> <p>The Committee approved the recommendations in respect of the Performance Management Report : Quarter Three 2014/2015 and that</p>			<p>The Executive Director Operations is considering the most appropriate method for the introduction of a reminder system. Work on this matter is ongoing.</p> <p>The Executive Director Operations will be submitting a report to the next meeting of the Committee on the Council's Assets and proposals for their future use. He will also be submitting a report to a future meeting of Cabinet on the options for the use of the councils Holmewood Depot site. Work on resolutions 2 and 3 is ongoing.</p> <p>The Executive Director Operations will be submitting a report on this matter to the next meeting of the Committee. Work on this</p>
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	the Executive Director Operations submit a detailed report on the Councils Performance Management framework in relation to Council staff sickness absence to its next meeting.			matter is ongoing.
Healthy Communities and Well Being		6 March 2015		
Economic Regeneration, Skills and Environment		10 March 2015		
Safer Homes and Neighbourhoods		11 March 2015		
Audit and Corporate Governance		16 April 2015		

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31st March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 which require them to be prepared in accordance with proper accounting practices. These practices primarily consist of the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council has followed the requirements of International Accounting Standard (IAS) 1 in preparing the Statement of Accounts. Its objectives are to ensure that for all material items the Council:

- Adopts accounting policies most appropriate to its particular circumstances for the purpose of giving a true and fair view;
- Reviews the accounting policies regularly to ensure that they remain appropriate, and changes them when a new policy becomes more appropriate;
- Ensures that sufficient information is disclosed in the financial statements to enable users to understand the accounting policies adopted and how they have been implemented.

The general principles adopted in compiling the accounts are those set out by CIPFA in the Code of Practice on Local Authority Accounting in the United Kingdom, which is recognised by statute as representing proper accounting practice. In addition the Local Authority Accounting Panel Standards Committee periodically issue bulletins on accounting practice. These accounting policies conform with those principles, which are applicable to Local Authorities.

2 Accounting Concepts

The concepts used in selecting and applying the most appropriate policies and estimation techniques are as follows:

- The qualitative characteristics of financial information – relevance, reliability, comparability, and understanding;
- Materiality (all major transactions and events are included);
- The accounting concepts of accruals, going concern and primacy of legislative requirements.

3 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from fees, charges and rents due from customers are recognised when the Authority transfers the risk and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for in the year to which it relates and are based on an effective interest rate for the relevant financial instrument rather than the cash flow fixed or determined by the contract;
- Where income and expenditure has been recognised but cash has not been received or paid a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

An exception to this principle relates to electricity and other similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

Grant claims are submitted on an actual basis wherever possible, however if the information to do this is not available then a best estimate basis is adopted.

4 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that mature within three months and are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

5 Charge to revenue for Non Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year.

- depreciation – attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which losses can be written off.
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation costs are therefore replaced by the contribution in the General Fund of a Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Council's policy for the calculation of the statutory provision for the repayment of debt is determined each year by the Council. The Council has decided that for 2014/15 the outstanding general fund debt prior to 1 April 2007 will be repaid at a rate of £200,000 per year until the debt is extinguished. Any prudential borrowing for the General Fund is repaid based on the life of the asset.

6 Collection Fund

The transactions of the Collection Fund are wholly prescribed by legislation. Billing authorities have no discretion to determine which receipts and payments are accounted for within the fund and which outside.

NNDR - Impairment of Appeals

The Council has commissioned an independent assessment at 31 March 2015 of the outstanding appeals lodged with the Valuation Office. The assessment has reviewed every individual appeal and estimate of the likelihood of the appeal succeeding based on the category of appeal and previous appeal determinations. The rateable value and the period covered by the appeal has been used to establish a prudent provision to meet the estimated costs of successful appeals. The provision will be reviewed and increased or reduced based on the independent assessment position of outstanding appeals as at 31 March each year.

7 Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the accounting statements; they are disclosed by way of notes where it is probable that there will be an inflow of economic benefit or service potential.

8 Contingent Liabilities

A contingent liability arises when an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent Liabilities are not recognised in the accounting statements; but are disclosed in a note to the accounts.

9 Doubtful Debts

Provisions for doubtful debts are made to ensure that the Council can finance any sums due to the Council which are subsequently deemed to be irrecoverable after all recovery measures have been exhausted. This sum is reduced annually by sums written off and increased by any contributions from the revenue account. The provision is netted off against debtors in the Balance Sheet and not included in the provisions total.

The provision for doubtful debts in respect of overdue council tax, housing benefit overpayments, rents and NNDR is calculated by category on a percentage basis based upon previous experience of the recovery of debts of that type. The provision for other sundry debts is calculated by reference to the age of the debt involved, and the Council's previous experience of recovering such debt.

10 Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end but which can be carried forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, as this is the period in which the employee takes the benefit. The accrual is charged to the relevant service area of the Comprehensive Income and Expenditure Statement, but then is reversed out through the Movement in Reserves Statement so that the annual leave is charged to revenue in the financial year in which the annual leave occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with accrued debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme administered on behalf of the Council by Derbyshire County Council. The scheme provides defined benefits to members (lump sums and pensions) earned as employees working for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefit scheme:

- The liabilities of the Derbyshire County Council Pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate.
- The assets of the Derbyshire County Council Pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price;
 - unquoted securities – professional estimate;
 - unlisted securities – average of the bid and offer rates;
 - property – market value.

The change in the net pension's liability is analysed into the following components:

- Current Service Cost - the increase in liabilities as result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past Service Cost - the increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. These costs are debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement, as part of Non Distributed Costs.
- Interest Costs - the expected increase in the present value of liabilities during the year as they move one year closer to being paid. The cost is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Measurements – comprising:

- The Return on Plan Assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Actuarial Gains and Losses – change in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the County Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve therefore measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows, rather than as benefits are earned by employees.

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

11 Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial impact.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

12 Exceptional Items

Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item is given within the notes to the accounts.

13 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result in a change of accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting the opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in the prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the period.

14 Financial Instruments

The Council is required to recognise, measure, present and disclose information about any financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. Typical financial assets include bank deposits, trade receivables and other receivables, loans receivable and advances. Typical financial liabilities include trade payables and other payables, borrowings and financial guarantees.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Financial Liabilities held by the Council

- Borrowings (PWLB loans, temporary borrowing, cash overdrawn);
- Trade and Other Payables (creditors and receipts in advance).

Financial Assets

Financial Assets are classified into two types:

Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

Available for Sale Assets – assets that have a quoted market price and have/or do not have fixed or determinable payments.

Loans and receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The Council has made a small number of loans at less than market rates (soft loans). The interest cost of these soft loans is deemed to be immaterial and therefore no adjustments have been made.

Where Financial Assets are identified as impaired because the likelihood arising from past event that payments due under the contract will not be made, the financial asset is written down and a charge made to the relevant service or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the financial assets original effective interest rate.

Any gains and losses that arise on the de-recognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets held by the Council – Loans and receivables

- Bank deposits (cash balances);
- Trade receivables (debtors);
- Loans receivable (council house mortgages, car loans to employees);
- Investments (overnight investments, temporary investments);

Available for Sale Assets

The Council does not hold any Available for Sale assets

15 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that: -

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

16 Heritage Assets

Heritage assets are a distinct class of asset which are reported separately from property, plant and equipment and intangible assets.

Recognition

Heritage assets are classed as “a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture” or “an intangible asset with cultural, environmental or historical significance”. A general de-minimis limit of £10,000 is applied to all fixed assets.

Measurement

Only heritage assets that have a cost or value available are required to be entered into the Balance Sheet. Where information on the cost or value is not available and the cost of obtaining the information outweighs the benefits to the user of the statements, the code does not require that the asset is recognised in the Balance Sheet, although appropriate disclosure is needed where heritage assets are not recognised in the Balance Sheet.

Unlike other assets, a full valuation every five years is not required. Valuations can be done whenever the Council requires. The valuations may be made by any method that is appropriate and relevant, this may include insurance valuations.

However, the code does require that authorities review the carrying amounts of heritage assets with sufficient regularity to ensure they remain current. Because of this the Council has determined that a five year review will be carried out.

Impairment

Impairment reviews are only required in limited circumstances. However, the Council has determined that a five year review will be carried out. An immediate review will need to be carried out where an asset has suffered physical deterioration or breakage of a heritage asset; or where new doubts arise as to the authenticity of a heritage asset.

Where impairment is identified as part of this review and it is deemed material, or as a result of a valuation exercise, this is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on some heritage assets, ones with a definite life, by the systematic allocation of their depreciable amounts over their useful lives.

- Depreciation is calculated on a straight-line allocation over the useful life of the asset.

For any heritage assets with indefinite lives no depreciation is required.

Revaluation gains are also depreciated, where applicable, with an amount equal to the difference between the current value depreciation charged on assets and the depreciation that would have been chargeable based on their historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When it becomes probable that an asset is to be sold it is reclassified as an Asset Held for Sale. The asset is revalued before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to the fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classed as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as assets held for sale. They are adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale.

Assets that are abandoned or scrapped are not classified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received from disposal proceeds in excess of £10,000 are categorised as capital receipts. The balance of receipts is credited to the Capital Receipts Reserve and can only be used either to finance new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the Reserve from the Movement on Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

17 Intangible Fixed Assets

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Council (for example computer software) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible Assets are initially measured at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice no intangible asset, held by the Council, meets this criterion and they are therefore carried at amortised cost.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement.

Each intangible asset is tested for impairment each year to see if there is an indication that the asset might be impaired; any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising from the disposal of an intangible fixed asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains or losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds above £10,000) the Capital Receipts Reserve.

18 Interests in Companies and Other Entities

The Council has a material interest in Rykneld Homes Limited, a company limited by guarantee, which is an Arms Length Management Organisation (ALMO).

The ALMO is a wholly owned subsidiary, which was formed on 1 April 2007 and as a result the Council are required to prepare Group Accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

19 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

20 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of service or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are re-valued according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement on Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds above £10,000) the Capital Receipts Reserve.

21 Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures' that involve the use of assets and resources of the ventures' rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the share of expenditure it incurs and the share of income it earns from the operation.

The Council has the following jointly controlled operations:

Building Control - with Bolsover District Council and Chesterfield Borough Council

Internal Audit Services - with Bolsover District Council and Chesterfield Borough Council, and Derbyshire Dales District Council

ICT Services – with Bolsover District Council and Derbyshire Dales District Council

Environmental Health Services – with Bolsover District Council

Chesterfield and District Joint Crematorium - with Chesterfield Borough Council and Bolsover District Council. Each of the three Councils has officers/Councillors representing the Council on the Crematorium management board. On the basis of materiality and to aid the reader of the accounts, Crematorium figures will not be included in the Statement of Accounts from 2014/15.

22 Leases

The Council accounts for leases as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee (the Council). All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey the right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment and applied to write down the lease liability;
- A finance charge (debited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

The Council also has operating leases where the risk and rewards relating to the leased property remains with the lessor. Rentals payable are charged to the relevant service revenue account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property the relevant asset is written out of the Balance Sheet as a disposal. It is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of a gain or loss on disposal.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt.

The Council currently has no finance leases for property where this policy applies.

Operating Leases

Where the Council grants an operating lease over a property the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments e.g. there is a premium paid at the start of the lease. Initial and direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the asset and charged as an expense over the lease term.

23 Overheads and Support Services

The costs of overheads and support services are charged to those services that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional democratic organisation;
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are accounted for as a separate heading in the Comprehensive Income and Expenditure Statement as part of the Net Expenditure on Continuing Services.

24 Private Finance Initiative

The Council has a PFI agreement with South Yorkshire Housing Association. This agreement has been assessed under IFRS requirements. The outcome of the assessment is that the accounting treatment is to charge the full cost to the Comprehensive Income and Expenditure Statement each year. The assets will remain with South Yorkshire Housing Association during and after this arrangement, and therefore will appear as part of their Balance Sheet.

25 Property, Plant and Equipment

Property, Plant and Equipment are non-current assets that have physical substance are held for use in the provision of services, for rental to others, or for administrative purposes and are expected to be used during more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides is for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of the asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. A general de-minimis limit of £10,000 is applied to fixed assets.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). If an asset is acquired via an exchange the cost of acquisition is the carrying amount of the asset exchanged by the Council.

Donated assets are measured at fair value. The difference between fair value and the consideration paid is credited to the Taxation and Non Specific Grant income line of the Comprehensive Income and Expenditure Statement, unless the donated asset has been made conditionally. Until all conditions are met the gain is held in the Donated Assets Account. Gains that are credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost;
- Dwellings – fair value, determined using the basis of existing use for social housing;
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market based evidence for the fair value of an asset because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are re-valued where there have been material changes in the value, but as a minimum every five years. Valuations are undertaken by a professionally qualified valuer. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the value of the accumulated gains;
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

At the end of each reporting period an assessment is made of whether there is any indication that an asset may be impaired. If there is an indication of impairment, and it is deemed material. The recoverable amount of the asset is estimated to determine the impairment loss.

Where impairment losses are identified they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the value of accumulated gains;
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the

original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases: -

- Land – Not depreciated
- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Infrastructure Assets - Straight-line allocation over life of asset
- Vehicles, plant furniture and equipment – straight-line allocation over the useful life of the asset.
- Community assets – are not depreciated.
- Council Dwellings – Straight Line allocation over the life of the property (also, subject to componentisation)

Items of property, plant and equipment are not depreciated until they become available for use (i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management). Depreciation ceases at the earlier of the date that items of property, plant and equipment are classified as held for sale and the date they are derecognised.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable, based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where an item of Property, Plant and Equipment exceed £1m in value and has major components whose costs are significant in relation to the total cost of the item, the components are depreciated separately. The Council deems “significant” to be 25% or more of the total cost of the asset. The Council also applies the following de minimis levels with regard to component accounting.

Components are not separately identified where:

- The useful life of the asset is less than 10 years
- The depreciation charge based on the life of the component would differ from that for the total asset by less than £10,000.
- The component life must be materially different to the main asset to be treated as a component.

For grouped assets such as Council Dwellings a practical level of componentisation has been applied which links to the work programmes carried out within capital programme. An appropriate life has been assigned to each of these components.

Disposals

When it becomes probable that an asset is to be sold it is reclassified as an Asset Held for Sale. The asset is re-valued before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to the fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

To be classified as an asset held for sale an asset must meet the following criteria:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets;
- The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

If assets no longer meet the criteria to be classed as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as assets held for sale. They are adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale.

Assets that are abandoned or scrapped are not classified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received from disposal proceeds in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is credited to the Capital Receipts Reserve and can only be used either to finance new capital investment or set aside to reduce the Council's underlying need to borrow.

The gain or loss on the sale of assets is not a charge against council tax. Amounts are appropriated to the Capital Adjustment Account in the Movement in Reserves Statement

26 Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the appropriate service revenue account in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured as a best estimate at the balance sheet date of the expenditure required to settle the obligation taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year – where it becomes more likely than not that a transfer of economic benefit will not be required (or lower settlement anticipated) the provision is reversed and credited back to the relevant service revenue account.

27 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to count against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council.

28 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year which may be capitalised under statutory provisions but does not result in the creation of a non current asset has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

29 Trust Funds

Details of the nature and amount of trust funds where the Authority acts as the sole trustee are disclosed as a note to the Balance Sheet.

30 Value Added Tax (VAT)

The Council is normally able to recover all VAT. Where this is the case VAT is not included in the income and expenditure statements. Where the Council is unable to recover VAT it is charged to the appropriate account.

KEY ISSUES OF FINANCIAL GOVERNANCE 2014/15

Issue	Current Position	Sponsor / Lead Officer
1. Progress actions necessary to achieve a balanced budget over the period of the MTFP 2014/15 to 2016/17.	The Council is currently working on the basis that it will have a balance budget in respect of the previous financial year (2014/15) with the savings target of £0.371m secured in full. The shortfall in respect of 2015/16 is one of £0.5m with a further £1.3m for 2016/17 and £0.9m for 2017/18. On the basis of the MTFP in respect of the period 2015/16 to 2017/18 the total savings over the 3 year period of the MTFP now amount to some £2.7m which given the level of savings already achieved in previous years represents a challenging target. Accordingly, it is important that the Council continues to take steps at the earliest possible opportunity to reduce its underlying level of expenditure in respect of future financial years. While Council has agreed areas to secure the £0.5m savings required in respect of 2015/16 it is important that the Council starts to address the 2016/17 financial shortfall at the earliest opportunity given the scale of the savings that need to be achieved.	SAMT/ CFO
2. Minimise the risk of a reduction in financial balances.	<p>General Fund If the Council is to protect its level of financial balances then it needs to continue to balance its budget over the period of the MTFP where a total savings requirement of £2.7m is currently forecast. In addition to meeting some challenging efficiency targets the Council will need to ensure that it manages the strategic risks which face it effectively. If any of these risks materialise then there will be a significant financial impact. The current level of General Fund balances amounts to some £1.5m.</p> <p>HRA The HRA carries general balances over the period of the current MTFP of some £2.4m.</p> <p>While the level of balances and reserves are above minimum levels the Council will continue to face financial pressures arising from the Comprehensive Spending Review, from the wider economic position and from projects which may require a call on reserves (Invest to Save). While Balances are now sufficiently robust to offer some limited protection</p>	SAMT/ CFO

AUDIT AND CORPORATE GOVERNANCE
SCRUTINY COMMITTEE

16 APRIL 2015

Issue	Current Position	Sponsor / Lead Officer
	<p>against unforeseen financial expenditure or loss of budgeted income it does need to be recognised that there are a range of risks which could impact adversely upon financial balances. The level of General Fund balances of £1.5m also needs to be considered against the projected total level of savings of £2.7m. Accordingly continued savings and careful expenditure management will be required in order to maintain financial stability and an appropriate level of financial balances.</p>	
<p>3. Manage our key partnership arrangements.</p> <p>The Council's service delivery plans and its financial strategy are heavily dependent upon partnership working with Rykneld Homes its Housing ALMO and Bolsover District Council its strategic partner.</p>	<p>Whilst both key partnerships are currently working well the Council needs to ensure that it effectively manages these relationships in order to deliver our services and our savings strategy.</p> <p>Rykneld Homes are continuing to deliver the Council's Capital Programme in order to maintain homes at Decent Homes Standard and to address the issues associated with non traditional properties. Rykneld Homes will, however, need to manage the reductions in funding associated with the ending of the Decent Homes Programme, together with the reduction in the level of the Council's Housing capital programme.</p> <p>The Strategic Alliance has exceeded its initial savings target of £1.5m across the two authorities. A further savings target of some £1.2m has now been established for the Strategic Alliance to secure which will need to be secured mainly through the Transformation Agenda</p>	<p>SAMT / CFO</p>
<p>4. Improve the quality of Performance Monitoring within the Council to ensure our services are performing at the required standards.</p>	<p>This is an action designed to help ensure we continue to effectively manage the performance of our services in light of the many issues facing the Council. These include budget reductions, increased service demands, service transformation plans etc.</p> <p>Officers will continue with the quarterly performance, risk and finance meetings but greater emphasis must be placed on identifying key performance measures and monitoring these measures. Any significant performance monitoring issues identified will be reported to Members.</p>	<p>CFO / AD</p>

AUDIT AND CORPORATE GOVERNANCE
SCRUTINY COMMITTEE

16 APRIL 2015

Issue	Current Position	Sponsor / Lead Officer
<p>5. Set appropriate targets for the recovery of arrears and monitor recovery procedures and their cost effectiveness.</p>	<p>The Council has put in place procedures and processes that have significantly improved its performance in the area of sundry debtors. Staffing resources have now been moved from Sundry Debtors to provide the additional capacity necessary to ensuring the effective recovery of overpaid housing benefits, while the Debtors team itself will now be integrated with the Accountancy ensuring the effective operation of the new financial ledger. Given the importance of effective debt recovery arrangements to the financial well being of the Council the position is now reported to the Audit Committee on a quarterly basis detailing the full range of debtor accounts including Housing Rent, Overpaid Housing Benefit and Sundry debtors. This is considered to be of particular importance in that there is evidence that levels of arrears are rising while the wider economic climate and welfare reform make it increasingly difficult to maintain good levels of performance. The position in respect of debtors at the end of the third quarter is detailed in Appendix 2 to this report.</p>	
<p>6. Monitor the impact of new legislation.</p> <p>In a number of areas such as the reform of the HRA, and the localisation of both Council Tax Benefit and Business Rates there will be a transfer of greater responsibility, financial burdens and risk to the local authority.</p> <p>While the Council has firm figures in respect of the Local Government Financial Settlement for next year (2015/16), that for the</p>	<p>The Council has successfully implemented the changes around the reform of the HRA, the localisation of Council Tax Benefits and reforms of the Business Rates. Whilst all these reforms have been successfully implemented they have involved a transfer of risk from central to local government which could result in additional calls upon the Council's resources.</p> <p>While previous changes have been successfully implemented it is likely that the next 18 months will see a further range of legislative change</p>	FFO / AD

AUDIT AND CORPORATE GOVERNANCE
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16 APRIL 2015

Issue	Current Position	Sponsor / Lead Officer
<p>following year will be influenced by the outcome of the General Election of May 2015 and by the resultant Autumn Statement. The accepted view is that the Autumn Statement will be a difficult one for Local Government.</p>		
<p>7. Internal Controls are maintained.</p> <p>The Council needs to ensure that its internal control arrangements are maintained to a high standard. This issue will cover making sure our accounting arrangements remain fit for purpose. The Internal Audit Section is performing to the new required standards and the Council's general control environment is maintained.</p>	<p>Internal Control is a key element in maintaining good governance arrangement for the Council. In respect of the current financial year the Internal Audit programme has already identified two areas of work where internal control is classed as marginal.</p> <p>Accountancy Section The latest External Audit report indicates that our Accountancy Section is currently fit for purpose and performing well. Given that the Accountancy Team is a key element of financial governance it is crucial that current standards are maintained. Accordingly the Director of Corporate Resources will continue to monitor the performance of the Accountancy Team as part of the Key Issues of Financial Governance.</p> <p>Internal Audit Section The Internal Audit Section from 1 April 2013 is required to operate to the new Public Sector Internal Audit Standards. The revised Standards have been successfully implemented by further work is necessary to ensure that appropriate arrangements are maintained which will require the active involvement of the Audit Committee.</p> <p>Audit Committee.</p> <p>An effective Audit Committee is a key element in the financial governance arrangements of an authority. The Council's Audit Committee held an event during October 2014 at which it</p>	CFO

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16 APRIL 2015

Issue	Current Position	Sponsor / Lead Officer
	undertook a self assessment of its effectiveness against the benchmark provided by CIPFA / SOLACE. This work will be used to support and improve this Committee's contribution to the effectiveness of the Council's financial governance arrangements.	

Named Officers (Sponsor / Lead Officer)

Initials	
SAMT	Senior Alliance Management Team
CFO	Chief Financial Officer
AD	Assistant Director Finance