

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Friday, 30 September 2011 at 9.00 a.m.

PRESENT:	Councillor Francis Burkitt – Chairman Councillor David McCraith – Vice-Chairman	
Councillors:	Richard Barrett Charles Nightingale Simon Edwards	Douglas de Lacey John Williams
Officers:	Adrian Burns Alex Colyer Jean Hunter Fiona McMillan Philly Sewell Sally Smart	Head of Accountancy Executive Director, Corporate Services Chief Executive Legal & Democratic Services Manager and Monitoring Officer Democratic Services Officer Principal Accountant Financial & Systems
External:	Neil Gibson Daniel Harris Paul King	Audit Commission RSM Tenon Audit Commission

Councillor Simon Edwards was also in attendance, by invitation.

Apologies for absence were received from Councillor John Batchelor.

16. DECLARATIONS OF INTEREST

There were no declarations of interest.

17. MINUTES OF PREVIOUS MEETING

The Corporate Governance Committee authorised the Chairman to sign, as a correct record, the minutes of the meeting held on 8 July 2011, subject to the following addition:

Minute 7 (Receipt of Draft Statement of Accounts)

The Head of Accountancy and Executive Director - Corporate Services undertook to prepare a set of summary accounts in consultation with the Chairman.

18. EXTERNAL AUDIT: ANNUAL GOVERNANCE REPORT

Paul King from the Audit Commission summarised his Annual Governance Report and highlighted the key points. The audit was complete, with an unqualified audit opinion about to be issued and proper arrangements to secure value for money found.

Three material errors and sixteen non-trivial errors had been identified. Changes had now been made to address these in the statement of accounts (with the exception of two non-trivial errors which the Executive Director had decided not to adjust for as they were not material to the accounts). These errors surrounded presentation or disclosure of data, and the changes made did not affect the cash reserves of the Council.

Mr King reported that despite the change to International Financial Reporting Standards (IFRS), South Cambridgeshire District Council would meet the publication deadline,

though approximately 43 Councils were at risk of not doing so. It had been a challenging year for Councils with the introduction of IFRS affecting the timescale, though SCDC had fully reflected the impacts of the changing economic climate. It was noted that there were no weakness regarding internal control, and the general standard of accounts was very good. It was also noted that following last year's Value for Money qualification in respect of the use of natural resources, the Council had made a number of changes and improvements had been made which addressed the issues identified.

Members questioned the second unadjusted error identified, which showed a discrepancy between the total value of the Pension Fund managed by Cambridgeshire County Council and the actuary's estimated value. This was the result of time delay between the estimated figure being issued and the actual figure released, and would therefore be a relatively unavoidable and recurring problem. The same problem was being reported for all Councils waiting for final valuations. Members suggested the Executive Director - Corporate Services write to the pension fund and highlight the problems the time delay caused SCDC and, if he did write such a letter, it could refer to the Corporate Governance Committee's concerns.

The Executive Director - Corporate Services reported that management accepted the actions identified in the report, and these were reflected in the final version of the annual governance statement. The action point concerning peer review of the statement was agreed with in principal, but might not be carried out owing to the tight timescale of the publication process.

The Corporate Governance Committee **noted** the adjustments to the financial statements, **approved** the letter of representation, and **agreed** the action plan and the two non-adjusted errors outlined. Thanks were extended to the Council's finance officers for their diligence.

19. APPROVAL OF THE STATEMENT OF ACCOUNTS 2010-11

The Head of Accountancy reported that the Committee had seen the previous versions of this statement, and this final version included the amendments set out at Appendix 2 of the Annual Governance Report from external audit.

Councillor Burkitt reported that he had now drafted a set of summary accounts that addressed the roles of people within the Council rather than the provision costs, which would be reviewed by officers.

The Committee **approved** the amended Statement of Accounts, and thanked the officers concerned.

20. INTERNAL AUDIT: PROGRESS REPORT

Dan Harris from Internal Audit reported that no issues had been identified from 2011/12 work to date that would negatively impact this year. The report set out the 2011/12 audit schedule outlining the work, completed to date, in progress or yet to start. This included revisiting areas previously audited to ensure recommendations were carried out.

Two areas had been identified with an amber-red assurance level, the issues arising were documentation practices, a change in program use, or training requirements.

In response to Members' queries, it was established that the strategic risk register was reviewed early in the audit planning process and proposed plans were agreed with senior management before being presented to this Committee. Internal Audit had a free rein over

what they decided to investigate, though there were occasions a particular issue might appear to be a priority for examination by Internal Audit, but then be postponed if a task and finish panel group were currently looking at the same matter. The Committee suggested that, in 2012/13, Internal Audit should look at the Planning & Conservation Department, to see how the current reforms had progressed, and perhaps identify further areas for improvement.

The Committee **noted** the report.

21. STRATEGIC RISK REGISTER

Members noted that the Finance and Staffing Portfolio Holder reviewed the risk register itself, with the Committee being asked to monitor this process.

The timescale for the National Job Evaluation Scheme was questioned, and Member's were informed that further meetings with the Unions were planned, and that briefings for staff were to be held. It was also established that the Welfare Reform had no target as information was uncertain, and a consultation was currently underway with the Government in order to address the conflicting timescales.

The Committee **noted** the report and **agreed** to now monitor this review on an annual basis.

22. TREASURY MANAGEMENT BENCHMARKING 2010-11

The Head of Accountancy reported that the Council is part of a benchmarking club on treasury management, of which South Cambridgeshire was the third highest performer in the comparator group of 13 other organisations, and fifth highest in the overall group of 95 other organisations. He then outlined the risks that had been identified and the processes in place to counteract them.

Congratulations were extended to officers for the results of this report, but it was clarified that investment return was not being prioritised over stability of investment.

A short discussion took place concerning the option of offering Parish Councils an investment facility with the Council. This idea had been raised at the Parish Forum, though consultations were still in a very early stage. Whilst the Committee welcomed any initiative to assist Parish Councils, it expressed extreme nervousness if (a) SCDC guaranteed the investments or (b) any Parish Council gained any impression, however, slight, that SCDC might have any moral or legal responsibility for the investments. The Committee suggested that pooled liability insurance might be an alternative and/or better option to pursue.

It was noted that the Finance and Staffing Portfolio Holder had asked officers to look at investing with smaller banks and building societies, though generally these did not meet the Council's criteria. Cllr Williams had raised the Cambridge Building Society and Saffron Building Society at a previous Council meeting, and the Committee welcomed special consideration being given to one-off limits for local names like these, even though they would not meet SCDC's general national & world-wide criteria, noting that some due diligence would have to be undertaken on any names put forward.

The Committee **noted** the report and requested local building societies to be considered.

23. REVISED POLICY: REGULATION OF INVESTIGATORY POWERS ACT 2000

On 22 September 2011 Council adopted an amended policy on the Regulation of Investigatory Powers Act (RIPA). The Corporate Governance Committee had been given responsibility for reviewing the policy annually, and would now receive quarterly updates on the Council's use of RIPA powers.

Members asked for officers to hold an informal briefing session immediately before the next meeting, and suggested that (if he was available) perhaps Chris Freeman might be the relevant person to give it, as he had given an invaluable briefing to the Chairman previously.

24. MATTERS OF TOPICAL INTEREST

There were none.

25. DATE OF NEXT MEETING

The Corporate Governance Committee noted that the next meeting would take place at 9.00 on 16 December 2011 provided that, if the briefing mention in Para 8 above were to take place, it would be at 9.00am, and the meeting proper at 9.30am.

The Meeting ended at 10.26 a.m.
