

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Friday, 26 June 2015 at 9.00 a.m.

PRESENT:	Councillor Francis Burkitt – Chairman Councillor Tony Orgee – Vice-Chairman	
Councillors:	Tom Bygott Roger Hall David McCraith John Williams	Andrew Fraser Douglas de Lacey Bridget Smith
Officers:	Patrick Adams Alex Colyer Fiona McMillan Caroline Ryba Sally Smart	Senior Democratic Services Officer Executive Director, Corporate Services Legal & Democratic Services Manager and Monitoring Officer Head of Finance Principal Accountant Financial & Systems
External:	Rachel Brittain Steve Crabtree	Ernst & Young Shared Head of Internal Audit

Councillors Simon Edwards was in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

There were no apologies for absence from members of the Committee.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 27 March 2015 were agreed as a correct record. The Committee was pleased to note that following the Chairman's recommendation the benefits team had received the Council's Going the Extra Mile award.

4. INTERNAL AUDIT ANNUAL REPORT 2014-15

Steve Crabtree, Shared Head of Internal Audit, presented the annual report into the provision of the Internal Audit service for 2014/15 and the opinion of the Head of Internal Audit into the adequacy of governance, risk management and internal control arrangements. The Committee noted that the overall audit opinion for 2014/15 was that the Council had "adequate" and "effective" systems of internal control. Steve Crabtree explained that an assurance could never be absolute and it was not realistic for the Council to strive for a better result than "adequate".

Human Resources/Staffing

The Committee was concerned that whilst the Council had sound policies in place for sickness absence management, these were "not always consistently applied by departments."

Accounts Payable (Creditors)

The Committee noted that two assurances had been given for this audit. A “significant” rating had been given for the electronic process for procurement and a “limited assurance” for the manual process. In response to questioning the Principal Accountant Financial and Systems explained that orders for housing repairs were made using the Orchard system and these were then manually input into the Financial Management System for payment. The number of electronic procurements would greatly increase if the orders made on the Orchard system were included.

Shared Services

The Executive Director explained that shared services arrangements resulted in greater scrutiny as each individual authority conducted its own audit. The Committee noted that a joint governance committee could be set up in the future to manage the audit process for shared services.

BACS payments

Steve Crabtree agreed to circulate to the Committee details of the improvements that were required to ensure there were appropriate checks in place with regard to securely held data.

Housing repairs

The Committee noted that internal audit’s report into housing repairs was likely to be discussed at its next meeting. The Scrutiny and Overview Committee had examined the housing repairs contract the Council had with Mears.

Treasury managements

The Chairman and Committee congratulated the Principal Accountant Financial and Systems on the full assurance received for the audit on Treasury Management.

Corporate Governance Committee Effectiveness

Steve Crabtree reported that the Committee had operated effectively during the last year. He suggested that the Committee consider:

- Receiving annual reports on how the Council tackles fraud and corruption.
- Producing annual reports on the work of the Committee.

After discussion, the Committee decided that its existing level of reporting was adequate and that the return-on-effort for producing and additional reports could not be justified.

Community Chest Grants

A Committee member expressed concern at the audit report’s finding that there was “no formal documentation to assist in the decision making process” and asked where the evidence was that decision making on the awarding of grants was consistent. After discussion the Committee was satisfied on this point, and noted that decisions regarding the awarding of, or withholding, community chest grants were fully recorded in the minutes of the Leader’s Portfolio Holder meeting.

Depot

The Executive Director explained that the Committee would receive the audit report into the works of the waste service. The Council had entered into a shared service arrangement with Cambridge City Council and separate governance and reporting lines were scrutinising this.

Details of previous audits

The Committee noted that whilst it could be misleading to include benchmark data from previous audits because the scope of audits changed, it would be useful if internal audit

included previous recommendations made in the past.

The Committee thanked Steve Crabtree and Magen Powell for their work over the last year and for including more detailed information in their report, as requested.

The Committee **NOTED** the report.

5. STATEMENT OF ACCOUNTS 2014-15 (SUBJECT TO AUDIT)

The Principal Accountant Financial and Systems presented this report, which invited the Committee to endorse the Statement of Accounts for 2014/15. He confirmed that, if he was asked to sign them today, he would be happy to do so.

Minor amendments

The Committee noted the following minor amendments to the Statement of Accounts:

- On page 32 of the agenda the word “Capial” under the Housing Revenues Account Actual to Original Estimate Services heading should read “Capital”.
- On page 33 of the agenda the figure £61,849 million in the second paragraph under the Pensions heading should read £61.849 million.
- On page 115 of the agenda the figures for operational assets for 2013-14 should be recorded in thousands instead of the actual figures in full.

The Committee agreed that the second paragraph under the heading Ermine Street Housing on page 37 of the agenda should be amended as it currently implied that the company was set up to provide additional affordable housing when it was actually set up to bring extra income into the Council.

Business rates

The Executive Director explained that companies had the right to appeal against the level of their business rates and if successful the rebate would be back dated. This had resulted in a £2,230,818 deficit on the collection of business rates.

Street Cleansing Service

The Committee noted that the “reduced contractor costs” for the Street Cleansing Service, as shown on page 31 of the agenda, was due to reduced contractor activity levels.

Pensions

The Committee requested that the pension fund’s audited accounts be sent to all the members of the Committee.

Plain English Accounts

The Committee praised the Council’s Plain English version of the accounts, which expressed the finances of the authority in an understandable way and had a very useful glossary and list of abbreviations.

The Executive Director explained that following the Committee’s discussion the Statement of Accounts would be amended before he formally approved them by 30 June. Then, after the audit, the Committee would be asked to consider formally agreeing the Accounts at its meeting on 25 September.

The Committee endorsed and **NOTED** the Statement of Accounts.

6. ANNUAL GOVERNANCE STATEMENT 2014-15

The Legal and Democratic Services Manager presented this report which invited the Committee to approve the Annual Governance Statement 2014-15 prior to it being signed by the Leader and Chief Executive. The Annual Governance Statement 2014-15 will be included with the Statement of Accounts 2014-15.

Format of Annual Governance Statement 2014-15

The Committee asked the Legal and Democratic Services Manager to liaise with the Communications Manager to ensure that the Statement was written, presented and laid out in the Council's corporate style, but not to make this a major piece of work.

Amendments to Shared Services Governance Arrangements diagram

The Committee noted the following amendments to the flow diagram showing the Shared Services Governance Arrangements in Appendix 2 of the report:

- The text "3x Shared Service Lead PFH / Deputy" was removed from under the heading Joint Committee (Member Board).
- The text box with the heading "Shared Service Operational Management Board/Team" was merged with the text box headed "Head of Service".

The Committee noted that Cabinet would be asked to formally agree this Arrangements diagram on 9 July.

Minor amendments

The Committee agreed the following minor amendments:

- In the final sentence on page 139 of the agenda the words "They are" were amended to read "It is".
- On page 144 of the agenda the words "even more straightforward" were amended to read "straightforward and comprehensible."
- Steve Crabtree agreed to amend the wording of the third recommendation on page 146 of the agenda to reflect the work the Committee were likely to carry out regarding the governance arrangements of the Greater Cambridge City Deal.

The Committee suggested that the Performance Indicator "% Satisfaction with local environment quality" required an explanation.

The Committee

- A)** Endorsed the Annual Governance Statement, including the draft recommendations for action.
- B)** Noted that the final version of the Statement will be updated following the receipt of the External Auditors Opinion in September.
- C)** Noted the draft Shared Services Governance Arrangements at Appendix 2, as amended, which will be reported to Cabinet on 9 July.

7. MATTERS OF TOPICAL INTEREST

Internal Audit shared services

The Executive Director explained that Huntingdon District Council's internal audit function would in due course be provided by the shared service arrangement currently serving both South Cambridgeshire District Council and Cambridge City Council.

Regulation Investigatory Powers Act (RIPA)

The Head of Legal and Democratic Services Manager reported that there had been no use of the RIPA powers in the first quarter of this year.

8. DATE OF NEXT MEETING

The Committee **NOTED** that its next meeting would be held on Friday 25 September 2015 at 9am.

The Meeting ended at 10.30 a.m.
