

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Friday, 25 September 2015 at 9.00 a.m.

PRESENT: Councillor Francis Burkitt – Chairman
Councillor Tony Orgee – Vice-Chairman

Councillors: Tom Bygott
David McCraith
John Williams
Roger Hall
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
Mark Hodgson
Ernst & Young
Shared Head of Internal Audit
Ernst & Young

Councillors Anna Bradnam, Simon Edwards and Hazel Smith were in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Andrew Fraser and Douglas de Lacey.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 26 June 2015 were agreed as a correct record.

4. INTERNAL AUDIT PROGRESS REPORT 2015-16

Steve Crabtree, Shared Head of Internal Audit, presented this report which updated the Committee on the progress being made against the delivery of the 2015/16 Internal Audit Plan.

Responsive Repairs

Steve Crabtree assured the Committee that whilst the audit of the response repairs contract had identified ineffective monitoring arrangements, significant improvements had been made since then. The Committee noted that the contract provided better value for money when compared to the Council's peers.

The Committee **NOTED** the progress against the delivery of the 2015/16 Internal Audit Plan.

5. **EXTERNAL AUDIT RESULTS 2014-15**

Mark Hodgson, External Auditor, presented external audit's Audit Results Report for 2014/15.

The Chairman thanked Mark Hodgson for including a definition of materiality and tolerable error in the report.

Business rates

The Executive Director explained that there had been two successful business rates appeals from purpose built doctors' surgeries, which had been settled for a higher amount than expected. However, the Committee noted that the cost of any new appeals were likely to be less than those just settled, as they could not be backdated to before 2010. Mark Hodgson stated that he was satisfied with the controls put in place by the Council, which included receiving estimates from independent specialists on what the overall costs were likely to be. The Executive Director informed the Committee that the issue of appeals had been reflected in the strategic risk register for a number of years.

Misstatements

The Committee noted that external audit had identified an uncorrected misstatement within the draft financial statements as set out in their report. The Principal Accountant Financial and Systems explained that this would be corrected in future years, and was well below the agreed materiality threshold for 2014/15. Members concurred with officers not to adjust for this issue.

Mark Hodgson explained that £3,106,000 had been classified as a long term investment, when it should have been short term. This had been corrected.

Reserves

Mark Hodgson declared that the Council's reserves were adequate to cover the budget gap identified in the Medium Term Financial Strategy, even if one assumed that none of the anticipated savings were able to be achieved. Councillor Simon Edwards, Finance and Staffing Portfolio Holder, stated that he would be monitoring the Government's policy on councils' reserves and how this could affect this authority's financial resilience.

Shared services

The Executive Director explained that from 2015/16 Ernst & Young would be appointing a single Audit Partner and Manager to cover the City, Huntingdonshire and South Cambridgeshire. It was expected that this would provide a joined-up approach across the shared services and so avoid duplication of effort.

Earlier deadlines for 2017/18

The Committee noted that the deadline for completing the accounts would be brought forward two months to the end of July for the 2017/18 accounts.

Mark Hodgson reported that the Council had prepared its financial statements adequately and had shown good governance over the financial statements process.

The Committee **NOTED** the report.

6. **EXTERNAL AUDIT REQUEST FOR LETTER OF REPRESENTATION**

The Committee **NOTED** the request for a letter of representation from External Audit.

7. **STATEMENT OF ACCOUNTS 2014-15**

The Executive Director presented this report, which invited the Committee to approve the 2014/15 Statement of Accounts and agree the letter of representation.

The Committee unanimously **APPROVED** the 2014/15 Statement of Accounts and **AGREED** the letter of representation from the Council.

The Chairman thanked the Executive Director, the Principal Accountant Financial and Systems and their colleagues for all their efforts in producing the accounts within the timescales and to such a high standard.

8. **REGULATION OF INVESTIGATORY POWERS ACT (RIPA) - ANNUAL REPORT AND POLICY REVIEW**

The Head of Legal and Democratic Services presented this report, which invited the Committee to review the Council's Regulation of Investigatory Powers Act (RIPA) policy and to note the use of RIPA powers over the last year.

The Header of Legal and Democratic Services explained that the Council only used the RIPA powers as a last resort, preferring to use other methods of investigation. This explained why the RIPA powers had not been used at all during 2014/15.

The Committee

NOTED the information contained in the report about the Council's use of surveillance powers in the last quarter and the annual summary of RIPA usage.

AGREED that no further changes in the Council's RIPA policy were necessary at this time.

9. **TREASURY MANAGEMENT ANNUAL REPORT 2014-15**

The Principal Accountant Financial and Systems presented this report on the treasury management function for 2014/15.

Managing risk

In response to questioning the Principal Accountant Financial and Systems explained that effective management and control of risk were the prime objectives of the Council's treasury management strategy; the interest rate earned was secondary to this.

Returns from South Cambs Limited

The 3.12% return on one-to-five year investments was far higher than the average return compared to other authorities in the benchmarking club on treasury management, which was largely due to the interest charged on the loan to South Cambs Limited.

The Committee **NOTED** the creditable performance of the treasury management function.

10. **LOCAL GOVERNMENT OMBUDSMAN ANNUAL REVIEW LETTER 2015**

The Head of Legal and Democratic Services introduced this item by highlighting the fact that the Government were consulting on a proposal to extend the jurisdiction of the Local Government Ombudsman to include parish councils.

The Committee noted that the Corporate and Customer Services Portfolio Holder received quarterly reports on complaints received by the Council.

Steve Crabtree agreed to look at the possibility of auditing the way in which the Council handled Freedom of Information Act requests.

The Committee **NOTED** the Local Government Ombudsman Annual Review Letter 2015.

11. MATTERS OF TOPICAL INTEREST

The Chairman distributed a copy of a recent local news article, which described an accounting error made by a neighbouring authority. He mentioned that this highlighted the importance of accurate accounts and a comprehensive audit.

12. DATE OF NEXT MEETING

The Committee agreed the following meeting dates:

- Friday 18 March 2016 at 9am
- Friday 24 June 2016 at 9am
- Friday 23 September 2016 at 9am

The Meeting ended at 10.15 a.m.
