

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Audit and Corporate Governance Committee held on
Friday, 31 March 2017 at 9.30 a.m.

PRESENT: Councillor Andrew Fraser – Chairman
Councillor Grenville Chamberlain – Vice-Chairman

Councillors:	John Batchelor Christopher Cross Douglas de Lacey John Williams	Simon Crocker Roger Hall Tony Orgee
Officers:	Tom Lewis Patrick Adams Suzy Brandes	Monitoring Officer Senior Democratic Services Officer Principal Accountant (General Fund & Projects)
External:	Steve Crabtree Suresh Patel Tony Poynton	Shared Head of Internal Audit Ernst & Young Ernst & Young

1. APOLOGIES FOR ABSENCE

There were no Apologies for Absence.

2. DECLARATIONS OF INTEREST

Councillor Andrew Fraser declared a non-pecuniary interest as a non-executive director of Ermine Street Housing Ltd.

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 21 October 2016 were agreed, subject to the following amendment:

- The first sentence under the heading “Audit fees” in minute 6 was amended to read: “Neil Harris explained that extra staff had been drafted in to complete the audit. There would be an additional charge for the additional work.”

Steve Crabtree explained that Gifts and Hospitality was in the audit plan for 2017/18.

4. INTERNAL AUDIT PROGRESS REPORT 2016/17

Steve Crabtree presented this progress report on the delivery of the internal audit service up to 28 February 2017. The Committee focused on the audits which it had not already received.

Ermine Street Housing

The Committee noted that this audit was focusing on the collection of rent and associated debts.

Homelessness

The Committee noted that managers had asked internal audit to carry out this work to ensure that the Council was complying with new legislation. The problem the new system

had with not properly storing data had now been resolved.

Budgetary Control

It was noted that this audit had been postponed until 2017/18, due to the implementation of a new Main Financial System across three councils.

Flexible Working Arrangements

It was noted that the aim was to reduce the amount of office space required and more was required on the guidance provided by the Council.

Internal Audit Shared Services

It was noted that Huntingdonshire District Council had decided in November 2016 not to join the shared arrangements at the present time. Peterborough City Council would continue to be part of the shared arrangements until at least September 2017. The Shared Internal Audit Service were recruiting to the post of Head of Internal Audit.

The Committee **NOTED** the Internal Audit Progress Report 2016/17.

5. INTERNAL AUDIT PLANS FOR 2017/18

Steve Crabtree presented this report on the Internal Audit Plan for 2017/18, with the associated documents in accordance with best practices as specified in the Public Sector Internal Audit Standards. The following additional points were noted:

- The 24 days allocated to the review of the Financial Management System could be reduced.
- The 12 days allocated to Treasury Management was similar to other local authorities.
- A review of Business Rates Collection was expected for 2018/19.
- Review of land supply was at risk because of the five year land supply.
- The review of licensing policies was scheduled for June/July 2017.
- A review would evaluate the delivery of the Shared Waste Service.
- The Gifts and Hospitality was reviewed in 2016/17 and its recommendations were being acted on.
- ICT staff were based in Huntingdon and would have to be consulted with on any review of the Council's cyber security.

Steve Crabtree explained that any review of the Combined Authority arrangements would have to be carried out from the perspective of this Council and no such review was planned for 2017/18.

The Committee **ENDORSED** the Internal Audit Plans for 2017/18.

6. EXTERNAL AUDIT PLAN 2016-17

Suresh Patel introduced this item, which provided the Committee with details of the 2016/17 audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and other legal and professional requirements.

Fees

It was noted that External Auditor planned to levy an extra fee of £5,000 due to an audit of the group accounts. Ermine Street Housing Ltd was audited as a separate entity.

The Committee **NOTED** the External Audit Plan 2016/17.

7. **EXTERNAL AUDIT: ANNUAL CERTIFICATION REPORT**

Tony Poynton introduced this item on the Council's claims and returns for 2015/16.

Housing benefits subsidy claim

Extended testing had discovered four errors. The net impact of the subsequent amendments was £55. This was a low number of errors compared to other local authorities.

The Committee **NOTED** the report.

8. **RISK MANAGEMENT STRATEGY**

The Principal Accountant (General Fund & Projects) introduced this report, which invited the Committee to approve the Risk Management Strategy. It was explained that the amendments to the strategy document were made with the intention to align it to the Cambridge City Council Risk Management Strategy, so that the same document was approved by both Councils.

Roles and responsibilities

Members of the Committee proposed that paragraphs 6.2.1 and 6.2.2 of the Risk Management Process were amended to specifically incorporate Corporate Management Team's (CMT's) responsibilities. The Principal Accountant (General Fund & Projects) pointed out that the process was due to be reviewed by CMT and was only presented to the Committee to be noted. It was also suggested that Appendix A should include the roles and responsibilities of individual councillors.

Minor amendments

Members of the Committee suggested that:

- The definition of risk in paragraph 1.1 of the Risk Management Process should be listed as bullet points.
- In paragraph 2.1 "ensures" should be amended to "helps to ensure".
- The diagram in paragraph 3.6 be replaced with a table.

With regard to the four step diagram in paragraph 5.1 members of the Committee raised the following points:

- It does not show how potential risks are identified.
- It does not show the influence of external factors.
- The final arrow was not required as the risk management process was not cyclical.

The Principal Accountant (General Fund & Projects) explained that this diagram had been included in a previous approved version of the Strategy and the process could be described as cyclical as a regular review of the risk register lead to the identification of new risks.

It was noted that Cambridge City Council had not yet agreed their Risk Management Strategy and as the Committee wanted to make some amendments it made sense to defer this item.

The Committee **DEFERRED** this matter to the next meeting.

9. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) REVIEW OF POLICY & UPDATE ON USE OF RIPA

The Head of Legal Practice explained to the Committee that the Council had not used the Regulation of Investigatory Powers Act (RIPA) since September 2015. He invited the Committee to agree the Council's existing RIPA policy, other than to update the names of the responsible officers.

It was noted that the Council could still use limited surveillance without a RIPA authorisation.

The Committee

NOTED the information contained in the report about the Council's use of surveillance powers since September 2015.

The Committee

AGREED that no changes to the Council's RIPA policy (other than officer changes) were necessary at this time.

10. MATTERS OF TOPICAL INTEREST

None.

11. DATES OF NEXT MEETINGS

The Committee **AGREED** the following meeting dates:

- 9:30am Friday 30 June 2017
- 9:30am Friday 29 September 2017
- 9:30am Friday 24 November 2017 (Provisional)
- 9:30am Friday 30 March 2018

The Meeting ended at 11.00 a.m.
