

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Audit and Corporate Governance Committee held on
Tuesday, 31 July 2018 at 9.30 a.m.

PRESENT: Councillor Tony Mason – Chairman
Councillor Nick Sample – Vice-Chairman

Councillors:	Clare Delderfield Brian Milnes Eileen Wilson	Mark Howell Heather Williams
Officers:	Patrick Adams Alex Colyer Tom Lewis Martin Yates	Senior Democratic Services Officer Executive Director Monitoring Officer Interim Chief Accountant
Auditors:	Suresh Patel Jonathan Tully	Ernst & Young Head of Shared Internal Audit

1. APOLOGIES FOR ABSENCE

Apologies for Absence were received from Councillor John Batchelor. Councillor Clare Delderfield acted as substitute.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 22 March 2018 were agreed as a correct record.

4. FINAL ACCOUNTS UPDATE - REPORT TO FOLLOW

The Interim Chief Accountant presented this report. He explained that the trial balance was with the External Auditors and the Committee would be asked to sign-off the accounts at its meeting in September. It was noted that the report should have been dated 25 July and not 25 June.

Fixed Asset Register

The Interim Chief Accountant explained that the current Fixed Asset Register was too unwieldy and would be replaced with the CIPFA model. Due to time constraints it had been used to provide the trial balance.

Short Term Creditors

The Interim Chief Accountant agreed to ascertain why the figure for Short Term Creditors had changed from -£25,000 in March 2017 to -£66,441 in March 2018.

Reserves

The Executive Director explained that whilst the plan in the medium term was to reduce the Council's reserves to £2.5 million, they had actually increased at the end of the financial year. £2.5 million was approximately 10% of total revenue costs and so was seen as sustainable.

The Executive Director explained that the Council was looking at ways to use the reserves to drive efficiencies. For example £300,000 had been spent to improve the website and create a new customer portal. This will reduce the Council's overall running costs.

Treasury Management and Investment

It was noted that the 2% return on investments compared favourably with other local authorities. The Council was receiving a return of 3.8% on the funds lent to Ermine Street Housing, whilst only achieving 0.5% on shorter term investments because the Council requires instant access to these funds.

Shared Waste services

The Executive Director explained that the £527,000 overspend was due to the costs of rearranging the rounds, which will result in an estimated annual savings of £150,000 for both this authority and the City Council. It was noted that the income from recycled plastic and paper was likely to reduce due to the decline in the market price and because the Council's contract with Ameycespa was coming up for renewal in October 2018.

Resources

The Chairman asked whether accountancy had adequate resources to close the accounts and carry out other work, including the implementation of the new FMS system in October. The Executive Director explained that there was considerable cross departmental working regarding the implementation of the FMS system. He further explained that the Council was considering the purchasing of a "Red Button" system which would aid the process of balancing the accounts next year. It was noted that Huntingdonshire District Council had this system, which would cost this authority £10,000 to purchase.

Housing Revenue Account (HRA)

The Interim Chief Accountant agreed to ascertain the reason for the £1.1 million variance in the HRA for 2017/18. The Executive Director agreed to find out why savings were expected in the Planning Maintenance budget.

The Committee noted the report.

5. EXTERNAL AUDIT PROGRESS REPORT FOR YEAR ENDING 31 MARCH 2018

Suresh Patel presented this report on the progress made against External Audit's 2017/18 plan. He explained that he estimated that approximately 10% of other local authorities had not been able to get their accounts signed off by the July deadline.

The Committee noted the areas that External Audit planned to focus on during their initial visit in August. Suresh Patel assured the Committee that External Audit were planning on completing the audit of the accounts by the end of September.

6. INTERNAL AUDIT: ANNUAL GOVERNANCE STATEMENT AND LOCAL CODE OF GOVERNANCE

Jonathan Tully, Head of Shared Internal Audit, presented this report on the Annual Governance Statement, which updated the Committee on the progress made on actions that had been identified in the previous year, reported the annual review of effectiveness and communicated any new governance issues.

Minor amendment

It was noted that the headings in the Local Code of Corporate Governance which stated "City Council" would have to be amended. It was also noted that the report was dated 31st

August, when it should have been dated 31st July.

Officers' Register of Interests

It was noted that senior officers had to maintain a register of interests and keep their line managers informed of any updates. Jonathan Tully agreed to provide further details regarding the relevant procedures..

The Committee noted the report.

7. INTERNAL AUDIT: ANNUAL REPORT OF INTERNAL AUDIT

Jonathan Tully, Head of Shared Internal Audit, presented this annual report on the organisation's internal control environment, governance and risk management framework. He was happy to report that none of the reviews undertaken during 2017/18 had identified any risks that were likely to have a major impact on the organisation as a whole. It was noted that the report was dated 31st August, when it should have been dated 31st July.

Recruitment

Jonathan Tully explained that Internal Audit were recruiting to a permanent position, which was currently being covered by two agency staff.

Waste contract audit

Jonathan Tully explained that an unplanned audit had been carried out at the request of the Cambridge and Peterborough Waste Partnership regarding the long term financial viability of the materials recycling facility contract at Waterbeach. There were a number of recommended actions, which will be followed up.

The Committee noted the report.

8. INTERNAL AUDIT - QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

Jonathan Tully, Head of Shared Internal Audit, presented this report on the results of the Quality Assurance and Improvement Programme for Internal Audit, which concluded that the team "Generally Conform" with the Public Sector Internal Audit Standards. This was the highest grade possible and was a positive achievement.

It was noted that the external assessment recommended a review of the service's structure and the appointment of a trainee or apprentice.

The Committee noted the report.

9. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE ON USE OF RIPA & IPCO INSPECTION REPORT

The Executive Director stated that the Council had not used the surveillance powers that came under the Regulation of Investigatory Powers Act 2000 during 2017/18.

The Executive Director explained that plans were in place to ensure that new staff received appropriate training on the policy and procedures regarding RIPA powers. It was understood that there were strict rules on the use of social media.

The Committee noted the report.

10. EXTERNAL AUDIT LOCAL GOVERNMENT BRIEFING

Suresh Patel introduced this briefing paper, which covered the topical issues that concerned the Council and the Local Government sector.

Staff pay

The Executive Director explained that the Council had carried out a recent review and so he could confirm that the authority fully complied with the National Minimum/Living Wage legislation. It was noted that, in reverse of the national trend, the Council paid women more on average than men.

Making Tax Digital

The Executive Director agreed to find out how the Making Tax Digital VAT requirements would affect the authority when it comes into force in April 2019 and report back at the next meeting of the Committee.

Right to Buy

The Committee discussed the Government's plans regarding the Right to Buy of Housing Association properties. The Executive Director agreed to report back at the next meeting of the Committee on this issue.

11. MATTERS OF TOPICAL INTEREST

The Chairman announced that it was the Interim Chief Accountant's last day with the Council and on behalf of the Committee he thanked him and his team for all their hard work on the accounts.

12. DATE OF NEXT MEETING

It was noted that the next meeting of the Committee would take place on Tuesday 25 September at 9:30am in the Swansley Room.

The Meeting ended at 11.40 a.m.
