

South Cambridgeshire District Council

Minutes of a meeting of the Audit and Corporate Governance Committee held on
Tuesday, 24 November 2020 at 9.30 a.m.

PRESENT:	Councillor Nick Sample – Chair	
Councillors:	Mark Howell Heather Williams	Dr. Ian Sollom Eileen Wilson
Officers:	Patrick Adams Peter Maddock	Senior Democratic Services Officer Head of Finance
Auditors:	Suresh Patel Jonathan Tully	Ernst & Young Head of Shared Internal Audit

Councillor John Williams was in attendance, by invitation.

1. Apologies for Absence

Apologies for Absence were received from Councillor Tony Mason. It was noted that Councillor John Batchelor had resigned from the Committee.

2. Declarations of Interest

Councillor Ian Sollom declared a non-pecuniary interest as an unpaid Director of Ermine Street Housing Ltd.

3. Minutes of Previous Meeting

The minutes of the meeting held on 29 September 2020 as a correct record.

It was agreed that the effectiveness toolkit will be discussed at the next meeting.

4. Internal Audit Update

The Head of Shared Internal Audit presented this item, which detailed the work of Internal Audit between April and October 2020 and gave details of the forward plan.

The Head of Shared Internal Audit corrected the assurance of disabled facilities grants in the report, which was Limited and not Reasonable.

HRA gas safety

In response to questioning, the Head of Shared Internal Audit explained that this review had been completed and will be followed up to ensure that Internal Audit's recommendations were being implemented. He hoped to provide an update at the next Committee meeting.

National Fraud Initiative

The Head of Shared Internal Audit explained that the Council was extracting data for this national data matching service. No incidents of fraud had been uncovered at this stage.

Business grants

The Head of Shared Service explained that Internal Audit were checking the 2,189 grant payments made by the Council.

Planning audit

The Head of Shared Internal Audit reported that the audit of planning was seen as a priority. It was agreed that an update on this should be received by the Committee at its next meeting. In response to questioning, Suresh Patel of External Audit stated that he would wait for the report before commenting on the value for money aspect.

Resourcing Internal Audit

In response to questioning the Head of Shared Internal Audit stated that Internal Audit had to respond to the extra work created by the responses to the Covid-19 pandemic. He hoped to recruit an extra member of staff in the future.

The Chair thanked the Head of Shared Internal Audit for his report and presentation. The Committee **noted** the report.

5. Oral Update on the Audit of the 2018/19 Accounts from EY and the Head of Finance

Suresh Patel of External Audit explained that unfortunately the audit of the 2018/19 accounts had not yet been completed. This was due to the challenges created by the Covid-19 pandemic, issues with reconciling both the Fixed Asset Register and the General Ledger, the Principle Accountant leaving the Council and the quality of information regarding transactions not being as good as hoped.

The Head of Finance largely agreed with the External Auditor. He explained that the issues regarding quality of information was due to a misunderstanding. He added that Finance were also trying to prepare the budget for 2021/22 as well as work on the 2018/19 accounts. If all went well the audit would be completed in February 2021.

Changing of procurement system

The Head of Finance agreed that it was preferable to change a finance system at the beginning of the financial year and this practise would be followed in the future.

Staffing

The Head of Finance explained that the replacing of the Principal Accountant had inevitably caused a delay in the work on the accounts. The contract of the current postholder would be extended past March 2021.

Cost of audit

It was noted that the cost of the external audit could be expected to increase and this matter would be discussed at the next meeting of the Committee.

The Chair thanked the Head of Finance and Suresh Patel for their oral report. The Committee **noted** the report.

6. Mid Year 2020/2021 Treasury Management Report

The Head of Finance presented this report on the mid-year treasury management report up to 30 September 2020.

Borrowing for capital expenditure and investment

In response to questioning the Head of Finance assured the Committee that whilst the Council had borrowed for investment purposes and capital expenditure, it had not borrowed money to fund General Fund expenditure.

Liquidity

In response to a question on the Council's liquidity, the Head of Finance explained that the Council had invested £17.9 million in short term investments and £78.2 million in longer term investments. Suresh Patel assured the Committee that External Audit regularly reviewed the Council's liquidity and he had no concerns to report. He advised the Committee to continue to monitor this.

The Head of Finance explained that loans of £4.2 million had been made to Ermine Street Housing to allow them to reach their target of having 500 properties. In addition two commercial properties had been acquired.

The Committee **noted** the report.

7. Matters of Topical Interest**Financial Reporting Council (FRC) report**

Suresh Patel explained that the FRC had published a report on the work auditors did on local government. The EY audits that had been reviewed had been rated as good or only needing limited improvements. He hoped that this would provide assurance to the Committee on the work that EY carried out for the Council.

Redmond Review

Suresh Patel stated that EY welcomed the Redmond review and hoped that its recommendations would be enacted, although it was noted that this was unlikely to be seen as a priority by the Government. He hoped that the Committee had found the summary of the Review's findings useful.

Regulatory of Investigatory Powers Act (RIPA)

It was noted that the Council had not carried out any investigations under RIPA in the last quarter.

8. Date of Next Meeting

It was noted that the next meeting would be held on Tuesday 23 March 2021 at 9:30am.

The Meeting ended at 11.45 a.m.
