

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Audit and Corporate Governance Committee held on
Tuesday, 25 September 2018 at 9.30 a.m.

PRESENT:	Councillor Tony Mason – Chairman Councillor Nick Sample – Vice-Chairman	
Councillors:	John Batchelor Brian Milnes Eileen Wilson	Mark Howell Heather Williams
Officers:	Patrick Adams Suzy Brandes Alex Colyer Tracey Flack Rory McKenna Caroline Ryba	Senior Democratic Services Officer Principal Accountant (General Fund & Projects) Executive Director Principle Accountant Deputy Head of Legal Practice Head of Finance
Auditors:	Jonathan Tully	Head of Shared Internal Audit

Councillors John Williams were in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

There were no Apologies for Absence.

2. DECLARATIONS OF INTEREST

Councillor John Batchelor declared a non pecuniary interest as a Director of Ermine Street Housing Ltd.

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 31 July were confirmed as a correct record, subject to the inclusion of the following amendments to the reports made at that meeting:

- The report at agenda item 4, was dated 25 June when it should have been dated 25 July.
- The report at agenda item 6, was dated 31 August when it should have been dated 31 July.
- The report at agenda item 7, was dated 31 August when it should have been dated 31 July.

4. EXTERNAL AUDIT PROGRESS REPORT FOR 2017/18

The Principle Accountant introduced this report from External Audit, who were currently unable to state when their audit of the 2017/18 accounts would be completed. She explained that officers were liaising with External Audit regarding their queries on the trial balance, which needed to be addressed before the initial audit could be completed. It was noted that External Audit's other queries, such as those regarding the fixed asset register and Section 106 payments, were technical questions that were not delaying the initial audit.

The Committee expressed disappointment at the fact that the audit had not yet been completed and the established timetable had not been adhered to. Concern was expressed at the implications of the delay. It was understood that 10% of Councils had not been able to get their accounts signed off by the deadline. It was noted that the Council would be charged extra for additional work carried out by the External Auditors due to the lateness in the signing off of the accounts.

It was understood that accountancy were a relatively small section, where absences mattered and the team were not fully staffed. The Interim Manager's contract had expired before the preparatory work for External Audit had been agreed. Temporarily providing more resources was only a short-term solution and the plan was to fill the vacant positions with permanent staff. The way in which the accounts were compiled would have to be changed and it was hoped that the new Financial Management System, which had been adopted by the City Council, would assist the process in future years.

Councillor John Williams, Lead Member for Finance, agreed that changes were necessary to avoid a repetition in future years. The Committee were supportive of this.

Housing Revenue Account (HRA)

The Executive Director agreed to provide a written response regarding the £1.1 million variance regarding the HRA. It appeared that the Right to Buy was being slowly phased out. However, the Council were being cautious by assuming that it would still be in place in 2019.

The Executive Director explained that officers had a good working relationship with the External Auditors. In response to questioning the Head of Finance explained that External Audit should be in a position to take the audited accounts to the next meeting of the Committee in November.

The Committee **NOTED** the report.

5. INTERNAL AUDIT QUARTERLY PROGRESS REPORT

The Head of Shared Internal Audit presented this report on the work of Internal Audit between March 2018 to September 2018.

Agency staff

It was noted that temporary staff had been employed by Internal Audit and a recent permanent appointment had been made. There was no conflict of interest between the employment of temporary staff and the audit of agency workers.

Working with External Audit

It was noted that Internal Audit and External Audit contacted each other regularly and shared information. Part of the work of External Audit included the auditing of Internal Audit and no concerns had been raised. The Head of Shared Internal Audit agreed to consider ways in which working with External Audit could assist the auditing of accounts in future years.

The Committee **NOTED** the report.

6. RISK MANAGEMENT STRATEGY

The Principal Accountant presented this report, which invited the Committee to approve the draft Risk Management Strategy. It was noted that the companies controlled by the Council had their own Risk Registers.

Minor amendments

It was agreed that the terms Gross Risk and Net Risk should be used exclusively instead of also referring to Inherent Risk and Current risk in paragraph 13 of the report and Appendix C.

It was agreed that the Scrutiny and Overview Committee should be included as one of the Groups that had roles and responsibilities in the Risk Management Process.

It was suggested that the description "Dead cert" for a risk that was inevitable was too colloquial for a Council policy and should be amended. It was also suggested that it could be useful to have a flow chart, showing how various committees mitigated the risks.

The Principal Accountant agreed to distribute the draft Risk Management Process to the Committee, which was missing from the agenda.

Training from the Council's insurer

It was noted that Councillors were being offered training on risk management by Zurich, the Council's insurer on Tuesday 13 November from 3pm to 5pm. It was understood that the management of risk could affect the Council's insurance premium.

Baseline risk

It was noted that the Council set a baseline risk of a loss of £50,000 before taking action. This threshold figure of £50,000 was used to determine whether a risk was assessed as a "noticeable effect" impact or "some limited disruption" impact.

Housing stock

The Executive Director explained that Council houses were not covered in the event of loss, as the risk was managed by having the stock in many locations throughout the District, making a number of losses very unlikely.

The Committee **AGREED** the draft Risk Management Strategy, with delegated approval to the Executive Director to make the minor amendments agreed by the Committee.

7. MATTERS OF TOPICAL INTEREST

It was agreed that officers should respond to actions agreed in the minutes at the subsequent meeting.

Officer register of interests

The Deputy Head of Legal Practice explained that as a result of the Committee's discussions on this matter, new staff were now informed of the need to declare interests on a central register, as part of their induction. It was noted that officers were bound by the Local Government Act 1972 and could face criminal sanctions for any breach.

Regulatory of Investigatory Powers Act (RIPA)

The Deputy Head of Legal Practice explained that the above powers had been used, but as the investigation was currently ongoing, this matter could not yet be reported.

8. DATE OF NEXT MEETING

It was noted that this was scheduled for Tuesday 20 November at 9:30am.

The Meeting ended at 11.30 a.m.
