

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

Minutes of a meeting of the Audit and Corporate Governance Committee held on  
Tuesday, 26 March 2019 at 9.30 a.m.

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

Councillors: John Batchelor  
Peter Topping  
Eileen Wilson

Brian Milnes  
Heather Williams

Officers: Patrick Adams  
Rory McKenna  
Bob Palmer

Senior Democratic Services Officer  
Deputy Head of Legal Practice  
Interim Executive Director

Auditors: Kay McClennon  
Suresh Patel  
Jonathan Tully

Ernst & Young  
Ernst & Young  
Head of Shared Internal Audit

Councillors Dr. Tumi Hawkins and John Williams were in attendance, by invitation.

### **1. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Mark Howell. Councillor Peter Topping was attending as his substitute.

### **2. DECLARATIONS OF INTEREST**

Councillor John Batchelor declared a non pecuniary interest as an unremunerated Director of Ermine Street Housing. The Deputy Head of Legal Officer confirmed that Councillor Batchelor was permitted to take part in discussions on Treasury Management, which was an information item.

### **3. MINUTES OF PREVIOUS MEETING**

The Minutes of the Meeting held on 25 September 2018 were agreed as a correct record.

It was agreed that actions in minutes should be responded to at the following meeting. The following matters were arising.

#### **Making tax digital**

The Executive Director reported that this Government scheme should make it easier for small businesses to complete their tax returns.

### **4. ANNUAL GOVERNANCE STATEMENT AND LOCAL CODE OF GOVERNANCE**

The Head of Shared Internal Audit presented this report, which invited the Committee to approve the Annual Governance Statement for 2017/18.

The Committee raised the following concerns:

- The Committee had not met for six months.
- Many of the issues raised in the Annual Governance Statement for 2017/18 were

out of date.

- This made specific dates in the report more important.
- The signing off of the accounts had been delayed for three years in a row and this delayed the agreeing of the Annual Governance Statement.

The Chairman confirmed that the gap of six months between Committee meeting would not be repeated.

The Head of Shared Internal Audit explained that the Annual Governance Statement needed to be agreed before the Statement of Accounts.

It was suggested that using the term “positive” to mean less willing to take risks was misleading.

The Deputy Head of Legal agreed to ensure that the Constitution Task and Finish Group consider inviting representatives of the Committee to its meeting, when discussing the parts of the Constitution relevant to the Committee.

As the Accounts for 2017/18 had not been signed off the Committee agreed to **DEFER** this item to its next meeting.

## **5. EXTERNAL AUDIT PROGRESS REPORT - AUDIT OF THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2018**

Suresh Patel introduced this progress report on the status of the Audit of the 2017/18 accounts, which remained in progress. He listed the following areas where progress had been slower than anticipated:

- Property, Plant and Equipment
- Movement in Reserves Statement
- Collection Fund
- Debtors and Creditors

It was noted that the volume of audit queries had been a challenge for officers to deal with and this had resulted in delays to the audit.

Suresh Patel could not guarantee that External Audit would be in a position to sign off the accounts by the end of April.

It was noted that the extra work carried out by External Audit would inevitably increase their audit fee. It was estimate that these fees could be £60,000 to £80,000 more than expected.

The Executive Director stated that this was the third year that the Council had not managed to get the accounts signed off within the Government’s deadline and he acknowledged that this was not acceptable. He stated that a new full-time accountant was being employed to replace the part-time arrangements that were in place under shared services. The Committee thanked the Executive Director for his efforts and hoped that a structure could be put in place to avoid such a lengthy delay in the future. It was suggested that the Committee should set up a Task and Finish Group to help facilitate this. It was also suggested that members of the Committee should have received regular updates on continuous delays to signing off of the 2017/18 accounts.

Disappointment was expressed that the issues raised by External Audit in 2016/17 had not be resolved for the 2017/18 accounts. It was noted that the delay in signing off 2017/18

accounts would inevitably cause delays in the signing off of the 2018/19 accounts, as there was currently no starting balance for this year's accounts.

The Committee **NOTED** the report.

## **6. ANNUAL TREASURY MANAGEMENT (OUTTURN) REPORT 2017/18**

The Committee considered the annual treasury report, which reviewed the treasury management activities and the actual prudential and treasury indicators for each financial year. The Executive Director explained that the figures in the report would not change due to the work still to be done on the accounts for 2017/18. It was suggested that the word "draft" should be added to the report, because the 2018/19 report was not signed off.

It was noted that the Council's investment in Ermine Street Housing Ltd had achieved a return of 3.73% in 2017/18. The Council's performance on Waited Average Rate of Return, excluding the loan to Ermine Street Housing Ltd, was 0.81%, which exceeded other similar sized authorities that made up our benchmarking group who achieved 0.63%.

The Committee **NOTED** the report.

## **7. HALF-YEAR TREASURY MANAGEMENT REPORT 2018/19**

The Executive Director presented this item, which provided a half-year treasury management report for 2018/19, as required by the Chartered Institute of Public Finance (CIPFA) Code of Practice on Treasury Management.

It was noted that the amount the Council was investing with local authorities had increased from £4 million to £16.5 million. The Executive Director agreed to provide a list of these local authorities. It was understood that investing with other local authorities was low risk.

The Committee agreed that there should be a review process, which allowed the Committee to assess the risks associated with the Council's investments. The Head of Internal Audit agreed to bring a report on this to a future meeting of the Committee.

The Committee noted the report.

## **8. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) AMENDMENTS TO POLICY & UPDATE ON USE OF RIPA**

The Deputy Head of Legal Practice on the revised Regulation of Investigatory Powers Act (RIPA) and an update on the use of RIPA powers since June 2018.

It was noted that the RIPA powers had been used once between June 2018 and February 2019. This had not resulted in any useful evidence being gathered and had been cancelled on 1 October 2018.

It was noted that the Council had been inspected by the Investigatory Powers Commissioner's Office in May 2018 and the report concluded that the policy, training and oversight regime was very good. It made no recommendations for improvement.

### **Amendment to the RIPA policy**

The Deputy Head of Legal Practice recommended that Mike Hill, who had been authorising officer since 2011, became the Senior Responsible Officer and Rob Lewis and Geoff Clark become authorising officers.

The Committee

**AGREED** the amendments to the Council's RIPA policy at Appendix A

**NOTED** the Council's limited use of surveillance powers between June 2018 and February 2019.

**9. MATTERS OF TOPICAL INTEREST**

**Workshop**

In response to a request from the Committee, Suresh Patel agreed to run a workshop for councillors on how to serve effectively on an Audit Committee.

**Accountancy**

The Executive Director reported that following the decision not to go ahead with shared services, two part-time officers were being replaced by a single full-time officer, who will serve as the Council's Deputy Section 151 Officer.

**10. DATE OF NEXT MEETING**

It was agreed that the next meeting of the Committee will take place on Tuesday 30 April at 9:30am in the Swansley Room.

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**The Meeting ended at 12.20 p.m.**

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