

South Cambridgeshire District Council

Minutes of a meeting of the Audit and Corporate Governance Committee held on
Thursday, 19 January 2023 at 2.00 p.m.

PRESENT: Councillor Michael Atkins – Chair
Councillor Peter Sandford – Vice-Chair

Councillors: Mark Howell Helene Leeming
Richard Stobart Heather Williams

Officers: Patrick Adams Senior Democratic Services Officer
Farzana Ahmed Chief Accountant
James Carter Interim Project Accountant
Peter Maddock Head of Finance
Sunjiv Seetul Project Accountant
Liz Watts Chief Executive

Auditors: Janet Dawson E & Y
Mark Russell E & Y
Jonathan Tully Head of Shared Internal Audit

1. Apologies for Absence

Apologies were received from Committee member Councillor Geoff Harvey and the Lead Cabinet Member for Resources Councillor John Williams.

2. Declarations of Interest

Councillors Peter Sandford and Richard Stobart declared interests as non-remunerated directors of South Cambs Ltd trading as Ermine Street Housing.

Councillor Heather Williams declared an interest as a member of the Greater Cambridge Partnership Joint Assembly, as some financial transactions mentioned in the agenda referred to the Partnership.

3. Minutes of Previous Meeting

The minutes of the meeting held on 1 December 2022, were agreed as a correct record, subject to the following amendments:

- Under the item “Matters of Topical Interest” the words “Treasury Management Toolkit” were amended to “Audit Efficiency Toolkit” and the second sentence of the second paragraph was amended to read “The Chair invited the Committee to consider what the process and criteria should be for selecting an independent person.”
- Councillor John Williams attended the meeting remotely.

4. **Draft Audit Results Report 2019/20**

Janet Dawson presented this report, which summarised EY's audit of the Council's accounts for 2019/20. She explained to the Committee that the audit was substantially complete, subject to a small number of errors that needed to be adjusted. She thanked officers for their assistance during the work of the audit and stated that there had been a marked improvement in the Council's processes for liaising with auditors and responded to queries.

Mark Robinson updated page 53 of the report by explaining that the audit of the group accounts and the disclosures had now been completed. He explained that whilst corrections needed to be made, the auditors had found no serious errors.

The Chief Finance Officer agreed that communication between officers and the auditors had improved and he had no concerns regarding the outstanding work that needed to be carried out to complete the audit.

Audit fees

The Chief Finance Officer explained that the PSAA were investigating the audit fees issues for this Council and a number of other authorities. Janet Dawson reported that she did not envisage that the audit of the 2019/20 accounts would incur the same level of fees as the audit of the 2018/19 accounts.

Auditor's recommendations

Concerns were expressed regarding one of the recommendations of the External Auditors to re-evaluate and communicate the priority and importance of the financial reporting function of the Council, as officers and councillors were aware of the importance of the financial reporting function of the Council. The Chair requested that the External Auditors reword this recommendation to reflect that the Council was improving, as financial reporting had been adversely affected by the pandemic.

Review of audit

The Chair reported that a review of the audit would take place between officers and auditors to determine how future audits could be improved.

The Chair stated that the final audit report would either be agreed at the Committee's next meeting in March, or at an interim meeting, which was to be arranged.

Officers agreed to provide a written answer to the Chair's question on whether the valuation of assets was fully up to date.

The Committee **noted** the report.

5. **Annual Governance Statement and Local Code of Governance**

The Head of Shared Internal Audit presented this report on the draft Annual Governance Statement for 2020/21. It was noted that the Committee had agreed the Annual Governance Statement for 2019/20 less than six months previously.

Minor amendments

The Head of Shared Internal Audit agreed to amend the Draft Statement of Accounts to include the fact that Cambourne's population had increased from 9,000 and on page 137 of the agenda the Scrutiny and Overview Committee should be referred to in its full title.

The Head of Shared Internal Audit agreed that graphics could be used in future versions of the Statement of Accounts to communicate the work of the Council. He explained that the document was updated every year. It was noted that the document was written in plain English and not legal language.

The Chair requested that when discussing the Council's Zero Carbon Strategy, reports distinguish between the plans to reduce the Council's own emissions and the attempts to encourage others in the District to do the same.

The Committee

Agreed to approve the Annual Governance Statement of Accounts for 2020/21.

6. Completion of Draft Accounts for 2020/21 and Audit of 2019/20

The Chief Finance Officer presented this report on the draft set of accounts for 2020/21 and the audit of the 2019/20 accounts.

Minor corrections

Councillor Heather Williams agreed to send the Chief Finance Officer details of some minor errors in the report. She requested that the table on page 45 of the agenda has five columns to show the difference as well as the variances.

Chief Executive's budget

The Chief Executive explained that there was a change in the senior management structure of the Council during 2020/21 and this could account of the drop in spend between the years 2019/20 and 2020/21.

Pensions

The Chief Finance Officer explained that the pension valuation was carried out by the actuary. The Council had just received the three-year valuation and it was agreed that a report on this matter would be received by the Committee at its meeting in March.

Gains/losses

The Chief Finance Officer explained that gains had outweighed losses during the financial period 2020/21 but this was partly due to the timing differences between the Council's creditors' and debtors' transactions. He agreed to review the explanatory notes for this section.

Reserves

The Chief Finance Officer explained that page 52 of the agenda provided details of

movements in reserves and the balance at the end of the year, which arguably gave the best indication of the financial position of the Council. It was noted that some of the available reserves had been allocated to projects that had been delayed by the Covid pandemic. Details of these projects were provided on page 74 of the agenda. Councillor Mark Howell asked how much money was currently in the Council's reserves.

The Committee noted the report.

7. Matters of Topical Interest

Proposed audit toolkit

The Chief Finance Officer hoped to find a mutually convenient date to carry out work on the proposed audit toolkit. He suggested 16 March, but due Councillor Heather Williams reported that the Greater Cambridge Partnership Joint Assembly would be held on that day.

Updating agenda frontsheet

Councillor Heather Williams requested the Council's e-mail address be included on the agenda frontsheet instead of the fax number.

Directors of South Cambs Ltd

The Chief Finance Officer agreed to check that Companies House had the correct directors list for South Cambs Ltd.

8. Date of Next Meeting

It was noted that the next scheduled meeting of the Committee was due to be held on Thursday 23 March at 10 am.

The Meeting ended at 3.30 p.m.
