

## South Cambridgeshire District Council

Minutes of a meeting of the Audit and Corporate Governance Committee held on  
Thursday, 1 June 2023 at 2.00 p.m.

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

Councillors: Geoff Harvey  
Helene Leeming  
Heather Williams

Mark Howell  
Richard Stobart

Officers: Patrick Adams  
Peter Maddock  
John Murphy

Senior Democratic Services Officer  
Head of Finance  
Monitoring Officer

Auditors: Mark Russell  
Jonathan Tully

E & Y  
Head of Shared Internal Audit

### 1. Apologies for Absence

There were no Apologies for Absence.

### 2. Declarations of Interest

Councillor Peter Sandford declared a registerable interest as a non-executive director of Ermine Street Housing.

Councillor Richard Stobart declared two registerable interests as a director of South Cambs Investments Partnership and South Cambs Projects.

Councillor Mark Howell declared a registerable interest as a County Councillor, due to the fact the Committee briefly discussed the pension scheme, which the County Council administered.

### 3. Minutes of Previous Meeting

The Minutes of the Meeting held on 23 March 2023 were agreed as a correct record.

### 4. External Audit Plan 2020-21

Mark Russell presented the 2020/21 External Audit Plan. It was noted that an additional column showing the 2018/19 fees had been included in a supplementary version of the Audit Plan.

#### Audit fees

Councillor Heather Williams asked why the proposed audit fees for 2020/21 were usually at the top end of the scale. Mark Russell explained that the estimates had

been based on costs incurred for the 2019/20 audit. The actual cost would be lower than the estimates if the audit went to plan, but costs increased if queries were found.

### **Valuation of investment properties**

Councillor Heather Williams asked whether the amount spent on audit fees on investment properties was taken into consideration when assessing their profitability. The Head of Finance explained that usually the audit costs were charged centrally and not to specific budgets, but these costs could be considered when evaluating profitability in the future. However, he added that the audit fees would be higher in the year the property was purchased than in subsequent years.

Mark Russell explained that the investment properties were valued according to accounting standards, which took into account the possible future income of the asset and this could be different from the market value. The Head of Finance explained that the assets were valued every year and the Council's investment properties had increased in value. It was noted that the recent sale of a property provided evidence for the valuation of the properties that the Council still owned.

### **Covid-19 grants**

In response to questioning from Councillor Helene Leeming, the Head of Finance explained that the Covid-19 grants, which were funded by the Government, were worth tens of millions of pounds. Mark Russell explained that these grants were either classified as principal, meaning that the Council decided who to award them to, or agency, meaning that the Council merely paid out the grants on instruction from the Government. The external auditor already had experience of this issue from auditing other local authorities and this council had provided evidence relating to the grants' classification. He expected the audit of this matter to go smoothly and no additional audit fee had been allocated. In response to questioning from Councillor Richard Stobart, the Head of Finance agreed to consider what lessons could be learned from the ways in which these grants had been awarded.

### **Audit timetable**

Mark Russell confirmed that the 2020/21 audit was due to start in a week's time and the working papers had been provided to allow this to happen in accordance with the schedule.

### **Value for money**

Mark Russell explained that for the Council to achieve an unqualified audit opinion on value for money the authority will need to provide accurate financial statements and prompt officer support with any resulting queries. It was noted that the auditors would be using a different set of criteria from previous years.

### **Assessing materiality**

Mark Russell explained that planning materiality was the figure used by the auditors to determine which errors needed to be included in the final audit. The auditors would be using the performance materiality, which was 50% of the planning materiality, whilst carrying out the audit and querying the figures provided. This was the same level applied in previous years. Any unadjusted errors within 5% of planning materiality would be reported to the Committee.

**Responding to auditor queries regarding valuation**

Mark Russell reported that auditing the pension scheme had been made simpler as the auditors had already gained experience by auditing other local authority's pension schemes for the year 2020/21.

Mark Russell reported that the auditors had already received estimates regarding the investment properties valuation. Any queries from the auditors' valuers would then have to go to via the auditors to the Council's valuers and attempts had been made to improve this process.

The Head of Finance stated that he had liaised with the property valuers who confirmed that they were ready to respond to any queries from the external auditors. Key officers of the Council had also been informed that responding to any queries from external auditor must be a priority.

The Committee **noted** the report.

**5. Audit & Corporate Governance Committee - Annual Report 2022/2023**

The Head of Shared Internal Audit presented this report, which summarised the work of the Committee during the year of 2022/23.

Councillor Heather Williams questioned if the whistleblowing policy was being properly communicated. She suggested that the Whistleblowing and Anti-Bullying Task and Finish Group be re-established to look at the policy and how it was being implemented. The Chair agreed that July's Committee meeting should discuss this matter more fully. The Head of Finance agreed to liaise with Democratic Services regarding the possibility of arranging anti-fraud training for councillors.

Councillor Richard Stobart hoped that future training courses would be provided for members of the Committee, following the recommendations that came out of the recent Audit Committee Workshop. The Head of Finance assured Councillor Stobart that training on the Housing Revenue Account would be provided, probably after the anti-fraud training. A follow up to last year's treasury management training would also be arranged.

The Chair agreed that in future the annual report should be considered at the Council's Annual General Meeting.

It was noted that the Chair had some minor grammatical corrections to the Report, which he would share with officers.

The Chair proposed and Vice Chair seconded the recommendation in the report. A vote was taken and the Committee unanimously **Recommended** the Annual Report to Council.

**6. Matters of Topical Interest**

The Chair welcomed John Murphy, the Council's new Monitoring Officer, to his first

meeting of the Audit and Corporate Governance Committee.

**7. Date of Next Meeting**

It was noted that the next meeting would be held on Wednesday 26 July at 10 am.

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**The Meeting ended at 3.10 p.m.**

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