

## **South Cambridgeshire District Council**

Minutes of a meeting of the Audit and Corporate Governance Committee held on  
Thursday, 12 October 2023 at 10.00 a.m.

**PRESENT:** Councillor Michael Atkins – Chair

Councillors:	Geoff Harvey	Helene Leeming
	Richard Stobart	Heather Williams

Officers:	Patrick Adams	Senior Democratic Services Officer
	Kevin Ledger	Senior Policy and Performance Officer
	Peter Maddock	Head of Finance
	Tara Nutbeam-King	Corporate Fraud Manager

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

Councillor John Williams was in attendance, by invitation.

### **1. Apologies for Absence**

Apologies for Absence were received from Councillor Peter Sandford.

### **2. Declarations of Interest**

Councillor Richard Stobart declared an Other Registerable Interest as the Director of South Cambs Investment Partnership and South Cambridgeshire Projects.

### **3. Minutes of Previous Meeting**

The minutes of the meeting held on 26 July 2023 were agreed as a correct record.

It was noted that a member of the public had submitted a question, but he was not present at the meeting.

### **4. External Audit Update Report on 2020/21 Accounts - Report to Follow**

Janet Dawson presented her report on the audit of the 2020/21 accounts. She explained that the audit had found that the value of investment properties had been overstated by £8.5m, as it was leasehold not freehold. This valuation had been accepted by officers. The figures on the pension fund were being checked. Officers would have to respond to these queries which would result in an updated set of Financial Statements. She estimated that the audit was 95% complete and she assured the Committee that the auditors had the resources to complete their work on the 2020/21 accounts in time for November's Committee meeting.

The Head of Finance reported that communication between officers and auditors

had improved but further progress could be made. It was noted that part of the challenge in responding to the auditors' queries was that they related to historic information. The Head of Finance agreed that the accounts should be signed off in November.

Mark Russell assured the Committee that the re-evaluation of assets would not have any impact on the Council's General Fund and that information from any third parties had been received and so auditors only needed to liaise with officers to get the information they required. The Head of Finance explained that the valuation related to three investment properties acquired by the Council. The authority had since sold one of these properties.

Janet Dawson expected that the auditors would be able to start the auditing of the 2021/22 accounts soon after the 2020/21 accounts were agreed. Guidance was still expected from the Government on whether overdue audits could be subjected to a less thorough inspection in order to address the national issue of bringing local authority audits up to date. The Head of Finance reported that he expected that the Committee would receive a report on the 2021/22 accounts in the new year.

In response to concerns regarding staff turnover, it was noted that the accountancy team had a stable workforce and two officers had been employed specifically to work on the overdue accounts. One cause of delays was the need to deal with third parties when carrying out valuations.

Councillor Heather Williams stated that officers had worked very hard under pressure during the pandemic and should be thanked. She highlighted two points that needed to be amended:

- Note 24 on page 55 referred to 2019/20 and so needed to be updated.
- Note 5 on page 48 referred to the war in Ukraine but had the wrong date.

The Committee **noted** the report.

## **5. Completion of Accounts for 2020/21**

The Head of Finance presented this report on the Statement of Accounts for 2020/21. He reported that the Committee would not be finalising the accounts at this meeting. It was hoped that the Statement of Accounts would be signed off in November. He reported that the adjustments had altered the balance sheet by £2.4m.

The Chair expressed his thanks to the accountancy team for their work on the accounts, which were substantially complete.

The Committee **noted** the report.

## **6. Key Amnesty Project**

The Corporate Fraud Manager explained that at the beginning of the year an awareness campaign had been launched on social housing fraud and the report provided the results of this campaign.

The Head of Finance explained that it had been timely to carry out the initiative after the pandemic and the project had been jointly run with the housing team. Corporate Fraud Manager stated that the project had been well communicated with tenants and overall officers were satisfied with its results. There had been an increase in attempted fraud over the last two years and housing officers could report their concerns to the anti-fraud team.

In response to questioning, the Corporate Fraud Manager explained that the subletting of social housing by tenants was a major challenge. There was a robust process in place regarding the right to buy process and resources were in place to investigate any examples of fraud.

It was noted that fraud could be detected early through data matching, as work on single person discounts had shown.

It was agreed that the Council had a moral obligation to detect and deal with fraud.

The Committee **noted** the report.

## **7. Six-Monthly Strategic Risk Report**

The Policy and Performance Officer presented his report on risks over the last six months. The Chair requested that the next six-monthly report be considered by the Committee in the new year, instead of November, to avoid the Committee having two reports in a row.

The Policy and Performance Officer agreed to review whether there was sufficient training for both officers and councillors, as it had been suggested that the shortage of technical skills meant that there was insufficient funding for professional development.

Councillor Heather Williams asked that the risk relating to IT be reviewed, as this was a cause of constant frustration to councillors. She stated that the Local Plan and Five Year Land Supply was at risk and the risk of reputational damage to the Council regarding the four-day week should be highlighted.

In response to concerns, the Head of Finance assured the Committee that the issue of cyber security was being discussed and due to its complexity it was likely that extra resources would be allocated to it.

The Head of Finance explained that risks regarding the cost of living crisis had been updated. The Government's fair funding review had been pushed back to 2026/27.

It was agreed that members of the Committee should be provided with further details of the control measures relating to SR24 and SR26.

The Policy and Performance Officer explained that the Council's Corporate Management Team regularly reviewed the Risk Register. He assured the

Committee that he report any risk that was removed from the register, with a rationale for this decision.

The Committee **noted** the report and looked forward to seeing an update early in the new year.

## **8. Governance Risk and Control Update**

The Head of Internal Audit introduced this report, which updated the Committee on topical news items on governance matters.

The Head of Finance stated that the new asset registration system was a vast improvement on the previous system. The new system was supported by CIPFA. One officer was an experienced user of the system and it was recognised that two to three other permanent members of staff needed to be trained up.

In response to questioning the Head of Finance expressed concern regarding the Office of Local Government's use of comparative data, which did not recognise the difference between the debt imposed on council's Housing Revenue Accounts and debt affecting General Funds.

In response to questioning, the Head of Internal Audit recognised the potential benefits of Artificial Intelligence to the Council and assured the Committee that discussions were ongoing on this matter.

The Chair suggested that the risk of future extreme weather in the UK should be included in the Risk Register.

The Committee **noted** the report.

## **9. Treasury Management - Annual Report 2022/2023**

The Head of Finance presented the annual report on treasury management. Overall the Council had done well out of its investments.

In response to questioning the Head of Finance explained that this authority maintained a list of councils that had issued a Section 114 notice, effectively declaring bankruptcy, and a list of those authorities that had put out warnings regarding their financial positions. He assured the Committee that there had not been any instances of the Council investing with another authority, which had then been able to pay the money back.

The Chair suggested that authorities responsible for education and social care appeared to be more at risk of a Section 114 statement than lower tier authorities.

It was agreed that in relation to paragraph 20 on page 183 it would be useful to have a lowest threshold figure. The Head of Finance assured the Committee that it had never been below £7 million.

The Committee **noted** the report.

**10. Treasury Management Performance Report: Quarter Ending 30 September 2023**

The Head of Finance presented this report on the latest treasury management position. Overall it was good news, with an extra £700,000 being paid into the budget.

In response to questioning, the Head of Finance explained that the figure for long term borrowing was historic. The gap between returns on long term and short term borrowing had narrowed considerably. He explained that the interest rate on borrowing was approximately 5.4% whilst the Council could get a 6% return on investments.

In response to questioning, the Head of Finance explained that the Council received regular updates from Link, CIPFA and the Financial Times on how to avoid risky investments. Regularly meetings were held with treasury advisers.

The Committee **noted** the report.

**11. Matters of Topical Interest**

The Head of Internal Audit reported that the Council meeting on 5 October had agreed to amend the Constitution to allow the Committee to appoint an Independent Person, subject to the definition of the term “resident” by the Civic Affairs Committee. The Audit and Corporate Governance Committee could then oversee the recruitment process.

**12. Date of Next Meeting**

The Committee noted that its next meeting would take place on 28 November at 10 am.

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**The Meeting ended at 12.00 p.m.**

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