

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

Minutes of a meeting of the Corporate Governance Committee held on  
Friday, 29 June 2007 at 10.00 a.m.

### **PRESENT:**

Councillors:	NCF Bolitho JA Hockney RT Summerfield	EW Bullman SGM Kindersley TJ Wotherspoon
Officers:	Patrick Adams Adrian Burns Greg Harlock Chris Harris Suzanne Lane Steve Vinall	Senior Democratic Services Officer Head of Accountancy Chief Executive Internal Auditor Internal Auditor Internal Auditor
External:	J Collings J Golding Nigel Smith	Robson Rhodes Robson Rhodes Audit Commission

Councillors JD Batchelor, SM Edwards, Mrs VG Ford, Mrs EM Heazell and RMA Manning were in attendance, by invitation.

Apologies for absence were received from Councillor NS Davies.

### **1. DECLARATIONS OF INTEREST**

Councillor TJ Wotherspoon declared a personal interest in discussions on grants as a receiver of a home renovation grant.

Councillor RT Summerfield declared a personal interest as he receives a pension from Deloitte and Touche, the Council's previous internal auditors.

### **2. ELECTION OF CHAIRMAN**

Councillor JA Hockney proposed and Councillor EW Bullman seconded Councillor TJ Wotherspoon as Chairman. Councillor SGM Kindersley proposed and Councillor RT Summerfield seconded Councillor RT Summerfield as Chairman.

A vote was taken and Councillor TJ Wotherspoon was duly elected as Chairman.

### **3. APPOINTMENT OF VICE-CHAIRMAN**

Councillor SGM Kindersley proposed and Councillor JA Hockney seconded Councillor RT Summerfield as Vice-Chairman. There being no other nominations Councillor RT Summerfield was duly elected unopposed as Vice-Chairman.

### **4. MINUTES OF PREVIOUS AUDIT PANEL MEETING**

The Committee **NOTED** the minutes of the Audit Panel meeting held on 25 April 2007.

## 5. STATEMENT OF ACCOUNTS 2006/07

The Chief Executive, in his role as head of finance, introduced this report that requested the Committee to approve the Statement of Accounts, by praising the work of the Head of Accountancy and his team, who had managed to meet the deadline which had been brought forward three months in the last three years. The Chief Executive reminded the Committee that to maintain the Council's score of level 3 on financial reporting in the Use of Resources assessment there needs to be evidence that "the accounts were subject to robust member scrutiny prior to approval."

### Corrections to report

The Head of Accountancy made the following amendments to the Statement of Accounts document:

- On page 39, note 18, car loans should be £13,696 and sundry debtors £1,226,533, as at 31 March 2007 there being no change to the total.
- On page 47 the top line should read "Deficit/(surplus) on General Fund" not Income and Expenditure Account.
- On page 57 the last line in note 43 should read "Payable to the Government"

### Changes to statement of recommended practice

John Golding explained that although further changes to the statement of recommended practice which determined the contents of the statement of accounts were inevitable a repetition of the number of changes imposed this year were unlikely to be repeated next year.

### Improvement plan

The Chief Executive explained that the Statement of Internal Control, which included the action to bring the business process reviews under the Improvement Plan, had been agreed by the Audit Panel in April. It was expected that the decision on whether to continue the business process reviews would be made by Council in July.

### Loss on disposal of fixed assets

The Chief Executive explained that the "loss on disposal of fixed assets" related to the transfer of ownership of land and property at a rate below its full value due to its improvement costs.

### Population increase

The Head of Accountancy explained that the population of the District for 2007/08 had been estimated as 140,000.

### Direct Labour Organisation (DLO)

Councillor SM Edwards praised the staff at the DLO for returning a surplus for the last financial year, which represented an impressive turnaround.

### Property revaluation

The Head of Accountancy reported that the Council's properties were revalued every five years. Concern was expressed regarding the way in which the value of the housing stock could be reported.

### ISA 260 report

John Golding warned that External Audit had not yet audited the Statement of Internal Control due to the Government's revision of ISA 260.

**Sending information to Members**

It was noted that the Statement of Accounts was a lengthy document and every effort should be made by officers to ensure that its content was delivered to Members as soon as possible.

The Committee **APPROVED** the draft Statement of Accounts.

**6. INTERIM AUDIT REPORT**

John Golding introduced this interim audit report by explaining that it was a work in progress and summarising its main findings. The Committee raised the following points.

**Equal Pay**

In response to concerns about the Council's liability regarding equal pay claims John Golding explained that the Council had not yet received any claims and the situation was under constant review.

**Income from meeting LPSA targets**

The Chief Executive stated that he would raise the issue of Councils not recognising income from meeting LPSA targets appropriately at the next meeting of the Chief Finance Officers.

**Funding secured by Partnerships**

John Golding explained that the Council needed to review the expenditure by Partnership bodies which they were members of, irrespective of where the money came from.

**Key Lines of Enquiry (KLOE)**

It was noted that KLOE represented sets of questions and statements around either service or judgement specific issues which provide consistent criteria for assessing and measuring the effectiveness and efficiency of services.

**Robson Rhodes merger with Grant Thornton**

John Golding informed the Committee that by 2 July Robson Rhodes would be merging with Grant Thornton and the service to the Council would not be affected. The new organisation would be known as Grant Thornton.

**7. CONCLUDING REPORT OF DELOITTE & TOUCHE ON 2006/07 WORK PROGRAMME**

In the absence of a representative from Deloitte and Touche no report was presented. The Chief Executive announced that he had investigated the outstanding recommendations discussed at April's Audit Panel and had no concerns regarding them.

It was noted that Bentley Jennison would ensure continuity.

**8. ROLE OF THE CORPORATE GOVERNANCE COMMITTEE - PRESENTATION**

Chris Harris from Bentley Jennison gave a presentation on the role of the Corporate Governance Committee.

It was noted that unlike the Audit Panel, the Committee reported directly to Council. It was understood that the Committee was responsible for assessing internal control, risk management and corporate governance throughout the Council. However, it was suggested that a clear definition of the separate roles of this Committee and the Scrutiny Committee would be beneficial.

## 9. VERBAL UPDATE ON NEW ARRANGEMENTS

Chris Harris introduced Steve Vinall and Suzanne Lane also from Bentley Jennison. He explained that an audit on the Council's Corporate Governance would be tabled at the next meeting.

## 10. ANNUAL NEEDS ASSESSMENT AUDIT PLAN 2007/08

Chris Harris presented this report which provided an assessment of the Council's audit needs, which will be used to direct internal audit's resources to those aspects of the Council that are assessed as generating the greatest risk to the achievements of its objectives. Chris Harris invited questions from the Committee on the report and the following matters were raised.

### **Contact centre**

Chris Harris explained that there were large risks associated with the Contact Centre, hence the number of audit days allocated to it. He invited Members to inform him of any specific concerns regarding this issue.

### **Housing Benefits**

The Chief Executive explained that following a report from the Benefit Fraud Inspectorate (BFI) the previous internal auditors had doubled the number of audit days for Housing Benefits. Bentley Jennison had lowered the number of audit days for this service. The Chief Executive did not criticise this decision but felt duty bound to inform the Committee that this action, which was contrary to the BFI's recommendation, had been taken.

### **Flexibility**

It was noted that the Internal Auditors would be able to reallocate audit days if it felt this was necessary.

The Committee **ENDORSED** this report.

## 11. REVIEW OF RISK MANAGEMENT

The Chief Executive presented this report which reviewed the Council's risk management process. The report had been agreed by Cabinet on 14 June. The Committee were asked to consider this report.

### **Executive Management Team (EMT)**

The Chief Executive stated that risk management issues were considered quarterly at the meetings of the EMT.

### **Pandemic flu**

It was suggested that the risk of a pandemic outbreak of influenza had declined. The Chief Executive agreed to reassess the likelihood of this risk.

### **Extreme weather**

It was suggested that the threat posed to the District from extreme weather conditions, such as flooding caused by heavy rain, should be included in the risk register.

### **Presentation of risks**

The Committee recommended that the narrative relating to the numbers plotted on the Risk Management Matrix be shown on the same page to make the matrix easier to understand.

John Golding praised this report, but suggested that more on the mitigation of risk should be included.

The Committee **NOTED** the report.

**12. BRIEFING NOTE ON THE CIPFA SOLACE 2007 FRAMEWORK AND ACCOMPANYING GUIDANCE NOTE**

The Chief Executive presented this report which advised the Committee on the implications of the anticipated updated Corporate Governance Framework and accompanying Guidance to be published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

The Chairman noted that the Guidance note recommended that the Council should identify a Committee responsible for monitoring and reviewing the authority's systems. He suggested that this Committee should be responsible for this. He also suggested that the Committee produce an annual report as recommended on page 71, paragraph 12 of the agenda.

The Chief Executive concluded that the purpose of this report was to bring this matter to the attention of Members. Members could expect further updates as more information came available.

**13. REVIEW OF TRAINING REQUIREMENTS**

It was noted that the Committee were receiving relevant training from Bentley Jennison on the purpose of the Committee. It was agreed that the terms of reference for the Committee should be on the agenda for the next meeting. It was re-iterated that the differences between the remits of this Committee and the Scrutiny Committee needed to be defined.

**14. DATE OF NEXT MEETING**

The Committee agreed to hold their next meeting at 10am on Thursday 27 September.

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**The Meeting ended at 12.45 p.m.**

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