

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

Minutes of a meeting of the Corporate Governance Committee held on  
Wednesday, 26 September 2007 at 10.00 a.m.

PRESENT:	Councillor TJ Wotherspoon – Chairman	
Councillors:	EW Bullman SGM Kindersley	NS Davies
Officers:	Patrick Adams Steve Hampson Greg Harlock Kate Wood	Senior Democratic Services Officer Executive Director Chief Executive New Village / Special Projects Officer (Cambourne)
External:	J Collings J Golding Chris Harris	Grant Thornton Grant Thornton Bentley Jennison

Councillors SM Edwards and Mrs VG Ford were in attendance, by invitation.

### **15. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors NCF Bolitho, JA Hockney and RT Summerfield.

### **16. DECLARATIONS OF INTEREST**

Councillor TJ Wotherspoon declared a personal interest as a receiver of a Home Renovation Grant.

### **17. MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 29 June 2007 were agreed as a correct record subject to the following changes:

- The final sentence on page 2 under the heading "ISA 260 report" be amended to read "John Golding warned that External Audit had not yet audited the Statement of Internal Control."
- In the third and final sentence in the second paragraph under item 12 the word Committee be replaced with the word Council.

#### **LPSA Targets**

The Chief Executive reported that £6.5 million would be awarded to the Local Area Agreement Board to distribute across the County. This funding was to be split equally between capital and revenue. Countywide projects on subjects of an interest to all District authorities were most likely to receive funding.

### **18. COMMITTEE'S TERMS OF REFERENCE**

The Chairman invited the Committee to suggest any amendments to its terms of reference, to be submitted to the Constitution Review Working Party. It was noted that a minor descriptive change would be required.

**Allocation of audit days of external audit**

It was understood that every year the Committee would consider the programme of work to be performed by external audit and the draft audit time budget. John Golding explained that it would not be a sensible use of the Committee's resources to discuss the amount of time that external audit spent analysing the statutory responsibilities of the Council.

The Committee **noted** its terms of reference.

**19. JOB DESCRIPTION FOR CHAIRMAN OF COMMITTEE**

The Committee **noted** the Chairman's job description.

**20. RISK MANAGEMENT**

The Chief Executive presented this item, which invited the Committee to agree an updated version of the Council's risk management strategy and to review the strategic risks prioritised for the Council.

**Best practice guidance**

The Chief Executive explained that best practice guidance had been sought from East Cambridgeshire District Council as they shared the same insurers and were similar in enough respects to make joint training sessions a possibility.

**Medium Term Financial Strategy (MTFS)**

It was suggested that the MTFS was not an A1 risk. The Chief Executive explained that Cabinet would be considering a revised version of the MTFS at their meeting in October and this would affect its risk assessment.

**Direction of travel for risk management**

The Chairman suggested that the strategic risk register should include a column that would allow extra information to be provided on the strategic risks that could detail what action was being taken to manage the risk and could indicate the "direction of travel" the risk was likely to take.

**Emergency planning**

The Chief Executive explained that the County Council led on this issue.

John Golding explained that the Committee needed to ensure that risk was being well managed and mitigated.

The Committee

**AGREED**

- A)** To take on responsibility for risk management, subject to there being no adverse comments by the Council's internal and external auditors, with a review in one year's time;
- B)** The revised risk management strategy, as detailed in Appendix A in the report, including the designation of the Chairman of the Corporate Governance Committee as Member Risk Management Champion;
- C)** To endorse EMT's role regarding risk management, as set out in sections 8 to 10 of the strategy;

- D) To adopt the targets suggested for risk management;
- E) That adequate funding for risk management activities and training is available under the Council's insurance arrangements;
- F) That staffing resources identified in the revised strategy are suitable and appropriate for risk management activities and management;
- G) The risk scenarios provided at Appendix D, the prioritisation matrix (Appendix E), the resulting strategic risk register (Appendix F) and the management action plans (Appendix G).

It was understood that the risk register would continue to be analysed at the meetings of the portfolio holders. It was noted that all reports were required to include a comment on risk management.

#### **21. ANTI-THEFT, -FRAUD AND -CORRUPTION POLICY**

It was suggested that Members should be able to report concerns to the Chairman of the Scrutiny and Overview Committee or the Council Leader in addition to the Chairman of Council and the Chairman of this Committee, the two members stated in this report.

The Committee noted that this policy would be discussed by the Constitution Review Working Party.

#### **22. CONTINUATION OF INTERNAL AUDIT PRESENTATION**

The Committee **agreed** to defer this matter to the next meeting of the Committee.

#### **23. INTERNAL AUDIT REPORT**

Chris Harris informed the Committee that Bentley Jennison had joined the accountancy network RSM International and so were now known as RSM Bentley Jennison.

The planned date for the audit of Best Value Performance Indicators on page 101 of the agenda was amended to February 2008.

In response to questioning Chris Harris reported that a recent audit of the home improvement section had shown there to be no irregularities or maladministration. The investigation had been initiated following allegations made by a member of staff who had since left the Council. Recommendations on improving communication were being acted on.

#### **24. FINANCIAL DIAGNOSTIC**

The Chief Executive presented this report on the findings of the independent strategic diagnostic review and outlined the Council's response to its recommendations. He welcomed the recommendations and invited the Committee to note the report.

It was understood that the Department for Communities and Local Government had paid for this project and had set its parameters.

The Committee welcomed the report and recognised that the Council required either additional funding from the Government or a relaxation in the application of the council tax capping criteria if it were to respond effectively to the challenges brought by the new

development.

The Committee highlighted the following points in the report:

- The diagnostic report writer stated that it was unique to be “called to an authority with such underlying financial strengths”
- The current Cabinet recognised the importance of balancing income and expenditure with recourse to finite reserves
- The financial systems used by the authority are stable and obviously fit for purpose
- Following a 25% reduction in the Council’s budget it would be unrealistic to expect any further significant reductions
- Under the current rules the Council’s choice regarding Housing options, when based on purely financial terms, looked obvious
- The balance of expenditure that will not be met by Northstowe’s parish precept may need to be included in the next Medium Term Financial Strategy update
- Members should not accept major savings in future budgets without detailed implementation plans
- There was a tendency for budget holders to attempt to protect their budgets instead of identifying underspends
- The last paragraph of the report supported the Council’s “measured” reduction of balances and recognised the need for financial assistance from the Government due to the continued population growth.

The Committee **noted** the report.

## **25. EXTERNAL AUDIT: ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE**

John Golding presented the annual report to the Committee and explained that it needed to be agreed by 30<sup>th</sup> September 2007. He stated that the work outstanding listed on page 125, was either completed or would be completed by the 30<sup>th</sup> September deadline and he expected that external audit would issue an unqualified opinion on the Council’s accounts by this date.

It was noted that a reference to a negative housing subsidy of £34,000 had been removed from the report and the misclassification between the National non-domestic ratepayers debtors and creditors of £668,000 did not impact on the General Fund.

It was understood that the publication of this report was advertised in the local press. It was suggested that an additional line in the booklet accompanying the Council Tax bills could be included that encouraged electors to raise questions directly with the auditors on a specific day.

John Golding stated that this Council had a history of underspending that needed to be addressed, possibly by judicious use of virement. Whilst acknowledging that an underspend would be preferable to an overspend the aim should be to achieve an accurate budget plan.

The Committee approved the letter of representation for signature by the Chief Executive.

## **26. EXTERNAL AUDIT: REPORT ON HEALTH INEQUALITIES**

John Golding introduced this report on public organisations working in partnership to reduce health inequalities. It was understood that the Audit Panel had agreed to this study at its previous meeting.

Concern was expressed regarding a possible duplication of effort and that rural areas of deprivation were too small to attract Government funding.

The Committee noted the report.

**27. EXTERNAL AUDIT: MATTERS OF TOPICAL INTEREST**

**Change to auditing procedure**

John Golding reported that there would be less changes to the auditing procedures for the current year than there had been in previous years. External audit would liaise with officers on this matter.

**Comprehensive Performance Assessment(CPA) to Comprehensive Area Assessment(CAA)**

John Golding explained that next year CPA would be replaced by CAA, which was likely to have a greater focus on community issues.

**28. LOCAL GOVERNMENT OMBUDSMAN' S ANNUAL LETTER 2007**

The Executive Director introduced this report on the Local Government Ombudsman's annual report and the Council's response. He stated that the average response time for the first quarter had been 43 days and this had improved to 33 days for the second quarter demonstrating that the Council's performance was improving. It was understood that many of these enquiries related to very complex issues and that officers had to prioritise their work. It was understood that the number of complaints was low.

The Committee noted the report.

**29. AN ANNUAL REPORT**

The Committee agreed that an annual on-line report should be produced from the 2007/08 financial year onwards.

**30. DATE OF NEXT MEETING**

The next meeting will be held on 20 December at 10am in the Council Chamber.

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

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