

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Tuesday, 19 March 2013 at 9.00 a.m.

PRESENT:	Councillor Francis Burkitt – Chairman	
Councillors:	Richard Barrett John Williams	Douglas de Lacey
Officers:	Patrick Adams Alex Colyer John Garnham Anita Goddard	Senior Democratic Services Officer Executive Director, Corporate Services Head of Finance, Policy & Performance Housing Operational Services Manager
External:	Mark Hodgson Suzanne Lane Daniel Harris	Ernst & Young RSM Tenon RSM Tenon

Apologies for absence were received from Councillors David McCraith and Peter Topping.

73. DECLARATIONS OF INTEREST

None.

74. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 14 December 2012 were agreed as a correct record.

75. INTERNAL AUDIT PROGRESS REPORT

Dan Harris of RSM Tenon presented the Internal Audit Progress Report which summarised the audits carried out so far during 2012/13.

Repairs partnership arrangements

It was noted that management had specifically requested Internal Audit to examine this area and were working to solve the problem. Dan Harris explained that the “red” audit opinion shown in page 6 of the report related to the work carried out by Internal Audit in the summer of 2012 and did not reflect the current level of concern.

The Housing Operational Services Manager explained that Mears had taken on repair work for the Council from April 2012. The two organisations’ computer systems were not fully compatible and this had resulted in questionable data informing the key performance indicators on the time taken to move tenants into empty properties, known as voids. The Housing Operational Services Manager assured the Committee that the Council had changed to a more manual system and data was now updated every hour, whilst it had previously been updated twice a day.

Updating portfolio holders

The Executive Director assured the Committee that, as a matter of practice portfolio holders were made aware of all internal audit reports, with particular attention being drawn to any “red” findings.

Consolidating reports

The Committee welcomed the suggestion to combine the Annual Governance Statement,

the end of year performance report and the annual report (and potentially also the Plain English accounts) into one report, probably to become the non-statutory section of the annual accounts publication. The Executive Director agreed to liaise with Cabinet on this approach, as they were responsible for agreeing the end of year performance report. Members agreed that this was a non-political cross-party initiative.

The Committee

NOTED The Internal Audit Progress Report.

76. INTERNAL AUDIT STRATEGY UPDATE 2013-14

Dan Harris of RSM Tenon presented this report on the Council's Internal Audit Strategy for 2013/14 to 2015/16 and the annual plan for 2013/14.

New internal auditors

It was noted that the Council's contract with RSM Tenon was about to expire and a report would be going to Cabinet on 11 April 2013 recommending that the internal audit service be brought in-house in a shared service arrangement with Peterborough City Council and Cambridge City Council. The current plan was for the new auditors to be in place by 1 July 2013. A preference was expressed for a direct contract with the individuals concerned, instead of a service contact with another authority.

In response to concerns with regard to impartiality, it was stated that employees already had an excellent knowledge of the authority and having an in-house internal audit team was not uncommon. It was also considered good practice to change audit providers to maintain impartiality. Dan Harris assured the Committee that RSM Tenon would be fully able to continue to assist the Council with their internal audit needs should this become necessary.

ICT Review

Dan Harris explained that due to its complexity the scope of the ICT review was still to be determined. It was agreed that the Scrutiny and Overview Committee review of ICT should have a different focus to the internal audit review.

Welfare Reform and HRA Business Plan

The Committee considered that the above two reports were too wide in their scope, and suggested to the Executive that they either be removed or much more focussed.

The Committee **ENDORSED** the Internal Audit Strategy and annual plan.

77. EXTERNAL AUDIT: AUDIT PLAN 2012/13

Mark Hodgson of Ernst & Young introduced the External Audit Plan 2012/13 by highlighting two financial statement risks:

- Valuation of property, plant and equipment.
- Risk of misstatement due to fraud and error.

It was noted that Rachel Brittain of Ernst & Young would be assisting Mark Hodgson with the day-to-day direction of audit work.

Timetable

It was noted that

- At the next meeting on 28 June 2013, the Committee would review the pre-audit

Statement of Accounts, which would have been drawn up by Officers and sent to the Committee for review, prior to being sent to the Auditors for audit;

- At the subsequent meeting on 27 September 2013, the Committee would receive the draft report from the auditors, which would include suggested changes and a response from officers. The meeting would be asked to formally approve the accounts, ahead of the deadline of 30 September 2013.

Audit fees

It was noted that the planned external audit fee for 2012/13 was £68,400, which was a 40% reduction on the fee for 2011/12, in line with Audit Commission's announcement on scale fees.

The Committee **NOTED** the External Audit Plan 2012/13.

78. RISK MANAGEMENT STRATEGY: ANNUAL REVIEW

The Head of Finance, Policy and Performance presented this report which invited the Committee to review the Council's Risk Management Strategy and process and consider any changes deemed necessary. He explained that changes being proposed resulted from internal audit's review of risk management and that only risks with a total score of 5 or more would be shown in the risk registers reported to EMT and Members.

It was noted that the Corporate and Customer Services Portfolio Holder was responsible for reviewing the Strategic Risk Register, whilst the Committee was responsible for reviewing the Risk Management Strategy.

The following points were raised:

- There should be consistency in the Strategy with regard to modal verbs, in particular the word "shall" shall be used in the future instead of "will" or "should".
- The word "must" was used with regard to matters such as complying with the Law.
- Sentences that use the passive voice should be amended and replaced with a clear explanation of who was responsible for each action.
- The word "etc" in paragraph 2.2(b) should be replaced with "as set out in Appendix A".

It was agreed that the Risk Management Strategy should be amended in line with the above recommendations and then e-mailed to members of the Committee for their comments in the hope that an amended Strategy will be agreed at the next meeting on 28 June 2013.

The Committee

DEFERRED the Risk Management Strategy as set out in Appendix B to the next meeting of the Committee.

79. MATTERS OF TOPICAL INTEREST

None.

80. DATE OF NEXT MEETING

The Committee **NOTED** that the next meetings would be held on:

- 28 June 2013 at 9am
- 27 September 2013 at 9am

- 13 December 2013 at 9am

The Meeting ended at 10.30 a.m.
