

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

Minutes of a meeting of the Corporate Governance Committee held on  
Wednesday, 29 April 2009 at 9.30 a.m.

PRESENT:	Councillor PW Topping – Chairman Councillor RT Summerfield – Vice-Chairman	
Councillors:	JD Batchelor FWM Burkitt Mrs JM Guest	NCF Bolitho Dr DR de Lacey
Officers:	Patrick Adams Alex Colyer Catriona Dunnett Steve Hampson Greg Harlock Paul Swift	Senior Democratic Services Officer Interim Executive Director, Corporate Services Principal Solicitor Executive Director Chief Executive Policy and Performance Review Manager
External:	Chris Harris Allan Maund Suzanne Lane Neil Gibson Nigel Smith	RSM Bentley Jennison RSM Bentley Jennison RSM Bentley Jennison Audit Commission Audit Commission

Councillor SM Edwards was in attendance, by invitation.

### **2. DECLARATIONS OF INTEREST**

None.

### **3. MINUTES OF PREVIOUS MEETING**

The minutes held on 15 December 2008 were agreed as a correct record subject to the following amendments:

- Nigel Gibson was corrected to Neil Gibson in the attendance list and in the final paragraph of minute 39.
- The end of the first sentence of minute 38(b) was corrected to read: "... presented the Use of Resources Report."

### **4 (a) Internal Audit Annual Report**

Chris Harris presented internal audit's annual report for 2008/09. It was noted that the assurance level for "Capital Exp. and Asset" on page 15 of the agenda should be "Substantial" instead of "Adequate".

It was agreed that the wording under the heading the Acceptance of Recommendations should be amended as it presented good news in a negative way.

The Chief Executive expressed great disappointment in the decision to award an amber light on Internal Control instead of green in light of the fact that the assurances in key areas were all substantial. Chris Harris informed the Committee that this was a subjective decision which the auditors and the Council's management disagreed on. He explained that the Council was closer to achieving a green than a red.

Chris Harris agreed to provide the Committee with details of the auditor's three recommendations on Risk Management. It was noted that Chris Harris and the Chief Executive would discuss what the Council needed to do to achieve a green rating on Risk Management.

The Committee **NOTED** the report.

#### **4 (b) Internal Audit Operational Plan for 2009/10 and 3 Year Strategic Plan to 31 March 2012**

The agenda item was amended to include details of the Operational Plan for 2009/10. Chris Harris presented this report which provided an independent and objective opinion on risk management, internal control and corporate governance and their effectiveness in achieving the Council's agreed objectives.

Chris Harris confirmed that the audit of Phase Two of the Housing Futures project would not go ahead if the tenants voted in favour of the transfer of the housing stock. However, it was noted if the stock were transferred the arrangements would have to be monitored.

Councillor FWM Burkitt asked the Internal Auditors whether the Council's improved performance could result in a further reduction in the number inspection days. It was agreed that the Chief Executive and Chris Harris should discuss how the number of audit days carried out by Internal Audit could continue to be reduced.

The Corporate Governance Committee supported the Chief Financial Officer's opinion that:

- A)** The detailed internal audit plan for the coming financial year (as set out in Appendix B) reflected the areas that should be covered as a priority, with the acknowledgement that work on Phase Two of the Housing Futures project was dependent on whether the Tenants voted in favour of the transfer of the housing stock;
- B)** The updated Strategy for Internal Audit (as set out in Appendix C) covered the organisation's key risks;
- C)** The audit strategy included all those areas that should be subject to internal audit coverage, both in terms of our professional responsibilities as well as covering areas of concern flagged by management;
- D)** The level of audit resource was accepted and agreed as appropriate, given the level of assurance required, though it was expected that as the Council's performance continued to improve, less audit days would be necessary.

#### **4 (c) Internal Audit Progress Report**

The item was discussed after item 2. It was noted that the heading in the agenda was incorrect and needed to be amended from Internal Audit Operational Plan for 2009/10 to Internal Audit Progress Report.

Chris Harris presented this report which summarised the outcome of work completed to date against the periodic internal audit plan for 2008/09.

#### **ICT and Contact Centre**

It was noted that the review of ICT Network Security was carried out annually and the results of this year's review should be reported at the next meeting of the Committee.

Surprise was expressed that the Contact Centre, which had been judged as the best in the country, had only received an “adequate” assurance level.

#### **Management responses**

It was noted that it was not unusual to have four works in progress which awaited management responses at this stage and so this was not a cause for concern.

#### **Reducing the number of audit days**

Chris Harris explained that the number of audit days carried out by Bentley Jenison was a reduction on the number carried out by the previous internal auditors and the downward trend was continuing. It was understood that naturally there was a minimum level of inspection and so the downward trend could not continue indefinitely.

The Committee **NOTED** the report.

### **5 (a) External Audit: Audit and Inspection Letter 2007/08 & Direction of Travel**

Nigel Smith of the Audit Commission presented this report which detailed External Audit’s annual audit and inspection letter for 2007/08. He highlighted the progress that the Council had made in its Use of Resources arrangements, but warned that the assessment would be tougher in future years, which meant that improvements would have to be made to maintain the current level of performance. In practice, he explained, most councils scoring a 3 in the previous scheme would score a 2 under the new assessment. It was noted that the time period between the publishing of the criteria for the use of resources assessment and the actual assessment was truncated, leaving little time for the Council to alter its policies.

#### **Minor corrections**

It was suggested that the sentence relating to littering in paragraph 3 should be reworded for the sake of clarity and paragraph 16 should be amended as it implied that the Council was responsible for climate change. It was unclear that the “district average” in paragraph 20 referred to the national average of all district councils.

#### **Comprehensive Performance Assessment (CPA) replaced by Comprehensive Area Assessment (CAA)**

It was understood that the Council’s “fair” rating related to the CPA inspection carried out in 2004 and that there would be no re-inspection, as the CAA had replaced the CPA scheme. It was noted that external factors such as the economic downturn would influence performance.

#### **Value for money**

Nigel Smith explained that the Council had scored 2 out of 4 on value for money because of a lack of proof that resources were being targeted on residents’ concerns. The Interim Executive Director – Corporate Services explained that an attempt to improve its value for money score might not be best use of the Council’s resources.

#### **Scrutiny**

Councillor JD Batchelor expressed concern at the criticism in the report of the Scrutiny and Overview Committee that Committee, which he chaired. He stated that had he been consulted he could have informed the report writer that the two meetings in 2008 were not cancelled due to a lack of business, but because external factors made a discussion on the items scheduled premature. The Policy and Performance Review Manager acknowledged this but added, as there were no other items to replace the scheduled items on the agenda the statement in the report was factually correct.

The Committee **NOTED** the report.

**6. MATTERS OF TOPICAL INTEREST**

None.

**7. AUDIT OF EMPLOYMENT PRACTICE - SAFEGUARDING CHILDREN**

The Executive Director presented this report, which informed the Committee of the Council's duty to safeguard children and the audit requirements in relation to safer recruitment practices.

The Chief Executive explained that there needed to be a justifiable reason to submit a Councillor or officer to undergo a CRB check and the Council had been advised that if it attempted to check all Councillors, without proper justification, it would run the risk of having its licence withdrawn.

The Committee **NOTED** the report.

**8. ANNUAL GOVERNANCE STATEMENT**

The Principal Solicitor presented this report on the draft Annual Governance Statement, which sought to provide public assurance about the effectiveness of the Council's system of internal control and the Council's corporate governance arrangements and assurance framework.

It was noted that the Annual Governance Statement needed to be included in the statement of accounts for the year ending 31 March 2009 and so effectively needed to be agreed prior to the next meeting of the Committee on 29 June. Members of the Committee expressed concern that due to the lateness of the report they had been unable read it before the meeting. It was therefore agreed that members of the Committee should make any comments or suggested amendments to the report to the Principal Solicitor and that delegated authority should be given to the Chairman and Vice-Chairman of the Committee to agree the Annual Governance Statement to ensure that the statement of accounts is agreed at the Corporate Governance Committee meeting on 29 June.

The following amendments were suggested by the Committee:

- The Council's view that it deserved a green rating in Risk Management should be included.
- In the paragraph R3 under the heading Improvements During the Year the phrase "staff absence" should be replaced with the phrase "staff illness".

The Committee

**AGREED** that

- A)** Members of the Committee should provide the Principal Solicitor with any suggested amendments to the Annual Governance Statement by 18 May 2009;
- B)** Delegated authority be given to the Chairman and Vice-Chairman to liaise with the Chief Executive to determine any amendments to be made to the Annual Governance Statement prior to its submission to the Leader of Council and Chief Executive for their approval.

## 9. RISK REGISTER

The Chief Executive presented this report, which enabled the Committee to review the Council's risk register and examine the actions being taken to achieve risk management targets.

It was noted that this report had originally been prepared for the cancelled meeting in March and so included the risk of being capped, which had not occurred. It was noted that due to recent events the risk of pandemic 'flu may have to be revised, although it was understood that the Council had contingency measures to ensure that key services would continue to be provided in the event of an emergency.

The Chief Executive stated that to comply with EU legislation the Council's website would allow online transactions, screening of legislation, policy and fee practices, by the end of the year.

The Committee

### AGREED

- A) The strategic risk register, prioritisation matrix and action plans;
- B) Actions being taken to achieve risk management targets.

## 10. ANTI-FRAUD CORRUPTION AND SECURITY HEALTHCHECK

The Interim Executive Director – Corporate Services presented this report, which updated the Committee on the implementation of recommendations from an Anti-Fraud, Corruption and Security healthcheck review carried out by the Council's internal auditors, RSM Bentley Jennison.

It was noted that although the appendix was confidential the report was not and unless the Committee wished to discuss the confidential aspects of the appendix there was no need to go into private session.

Chris Harris agreed to present an update on this issue at September's meeting of the Committee.

The Committee **NOTED** the report.

## 11. DATE OF NEXT MEETING

The Committee noted that its next meeting would be held on Monday 29 June at 9:30am.

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

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