

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Tuesday, 29 June 2010 at 10.00 a.m.

PRESENT:	Councillor Peter Topping – Chairman Councillor Francis Burkitt – Vice-Chairman	
Councillors:	Douglas de Lacey David McCraith	Mervyn Loynes John G Williams
Officers:	Patrick Adams Adrian Burns Alex Colyer Greg Harlock Paul Howes Sally Smart	Senior Democratic Services Officer Head of Accountancy Executive Director, Corporate Services Chief Executive Corporate Manager, Community and Customer Services Principal Accountant Financial & Systems
External:	Neil Gibson Debbie Hanson Chris Harris Suzanne Lane	Audit Commission Audit Commission RSM Tenon RSM Tenon

Councillors Nigel Cathcart, Simon Edwards, Sue Ellington, Ray Manning and Tim Wotherspoon were in attendance, by invitation.

Apologies for absence were received from Councillor John Batchelor.

3. DECLARATIONS OF INTEREST

None.

4. MINUTES OF PREVIOUS MEETINGS

The minutes of the meetings held on 31 March and 27 May 2010 were agreed as correct records.

The Chief Executive reported that the Annual Governance Statement 2009/10 had been signed off.

5. INTERNAL AUDIT QUARTERLY REPORT 2009/10

Chris Harris from RSM Tenon presented this report which summarised the outcome of work completed against the internal audit plan for 2009/10.

Officers were congratulated on the fact that out of the 24 areas audited no fundamental recommendations had been made. It was hoped that the internal auditors would be able to reduce their fee as a result.

ICT review

It was noted that the ICT review was the only audited area that received a limited assurance. The Executive Director reported that all actions had been agreed and were on target to be achieved.

The Corporate Governance Committee **NOTED** the report.

6. **INTERNAL AUDIT 2009/10 FINAL REPORT**

Chris Harris of RSM Tenon introduced the Internal Audit Annual Report by reminding the Committee that it had already seen the report and the only differences were minor amendments to paragraph 2.3 and the inclusion of appendix A, which detailed the internal audit's opinions and recommendations 2009/10.

The Committee

APPROVED The Internal Audit Annual Report for 2009/10.

7. **INTERNAL AUDIT QUARTERLY REPORTS 2010/11**

Chris Harris introduced this report on the internal audit plan for 2010/11. He explained that an important change from previous years was altering the levels of assurance to the following four categories: red, red/amber, green/amber and green.

It was noted that a red assurance had been given for Health and Safety – Tenant Electrical Safety Programme due to concerns over record keeping.

The Committee **endorsed** the report.

External Audit Reports

8 (a) **Audit Progress Report 2009/10**

Debbie Hanson, District Auditor from the Audit Commission, introduced this report which summarised the progress up to 15 June 2010 against the audit plan for 2009/10.

Comprehensive Area Assessment

It was noted that work had already been carried out on the Comprehensive Area Assessment, before the Government's recent decision to abolish it. Debbie Hanson agreed to provide the Council with this work, although it was understood that it would not be possible to provide a score.

The Committee **NOTED** the report.

8 (b) **Audit Opinion Plan**

Debbie Hanson introduced this Plan which set out the audit work that the External Auditors proposed to undertake for the audit of the financial statements 2009/10.

Savings

It was noted that following the external auditors' work on the grant and return certificate the annual housing subsidy amount payable to the Government had been reduced by £323,000.

It was then clarified that the saving was due to provisional data being included by officers on the initial certificate in order to meet the deadline and more accurate data on the

housing stock being included by officers on the final certificate.

The Committee **NOTED** the Plan.

8 (c) Annual Audit and Inspection Fee 2010/11

Debbie Hanson introduced this item on the proposed annual audit and inspection fee for 2010/11.

It was noted that the fee for 2009/10 was £10,000 more than anticipated due to extra risks identified from the audit of the Council's statement of accounts in 2008/09. Debbie Hanson explained that the additional significant risks associated with the plan was the reduction of £2.1 million in the Council's budget which meant an increase in the audit fee for 2010/11.

It was noted that no significant risks had been identified in relation to the value for money conclusion for 2010/11, but any impact on audit fees would be reported in December 2010.

It was recognised that the Council had no control over the fees charged by the External Auditor. Debbie Hanson **agreed** to report back to the Committee on the Council's use of resources for 2009/10, which was being paid out of the 2010/11 fees.

The Committee **NOTED** the report.

9. APPROVAL OF STATEMENT OF ACCOUNTS

The Head of Accountancy introduced this item, which invited the Committee to approve the Statement of Accounts by explaining that the Council's General Fund, Housing Revenue Account (HRA) and Capital balances for 2009/10 were all within 3% of the estimates as set out in the Weekly Bulletin of 23 June 2010. The Bulletin emphasised that audited accounts set out the balances which were available to spend in the future and that financial stewardship was in place during the year.

The Head of Accountancy further explained that accounting deficits listed in the Statement of Accounts were not actual deficits to the Council, as these accounts included items which were then reversed out in order to meet statutory technical accounting requirements and that a simplified summary of accounts would be published in due course.

Amendments

The Head of Accountancy mentioned some amendments to the notes to the accounts which, together with minor narrative corrections and roundings, were included on a list circulated at the end of this item on the agenda. It was noted that there were no changes to the figures in the primary financial statements. In addition to these, the Committee agreed the following two amendments:

- On page 51 the words "are valued" were added to paragraph a) after the figure 2010.
- On page 51 the second "and" in paragraph c) was amended to "are".

Underspends

The Head of Accountancy agreed to ascertain why there was a £133,000 underspend in the Capital grants credited to services. It was noted that underspends could only be rolled-over to the following year for each budget with the permission of the relevant portfolio holder.

Sheltered Housing

It was noted that there had been an underspend in the Sheltered Housing budgets due to

posts being held vacant due to an expected restructure.

Pensions

The Executive Director explained that the Council had capped its contribution rate in the Medium Term Financial Strategy at 25%, whilst it had been estimated that a contribution rate of 33% might be required to maintain the Scheme at its current levels with no other changes. It was noted that public sector pension schemes were being reviewed nationally and that, as this was a national issue, it had not been put on the Council's Risk Register.

It was noted that the Actuary had calculated that the life expectancy for both current and future pensioners had increased and that the discount rate had decreased, both of which contributed to the substantial increase in the actuarial pensions deficit.

Council Tax collection

The Head of Accountancy explained that whilst collecting other authorities' Council Tax in the future, this Council would in accounting terms be considered to be acting as an agent and so the funds collected would not go through the authority's accounts. It was noted that the Council would still receive interest on the tax collected.

Economic development

The Head of Accountancy agreed to find out the provider and the cost of the logo used for the recent Step Up competitions for local businesses.

It was noted that quarterly reports on the Economic Downturn, which had been discussed at Cabinet, would now be reviewed by the Planning Portfolio Holder.

Depreciation of housing stock

It was noted that the District Valuer had determined an asset life of 25/45 years for the depreciation of the buildings element of the housing stock, but this did not mean that the Council's houses were only expected to last a maximum of 45 more years.

Sundry debtors

It was noted that the figure of £871,178 of the amount owing to the sundry debtors account would be carried over to the following year and had not been written off.

Investments

In response to concerns regarding liquidity of assets, the Executive Director assured the Committee that the Council would not have to call in any of its long-term investments before they mature.

Creditors

The Head of Accountancy reported that the Council had paid 97% of invoices within 30 days.

Concessionary fares

The Head of Accountancy explained that the Cowley Road Park & Ride in Cambridge City had moved to Milton in this authority resulting in increased costs for this Council and he estimated that the funding from the Government was inadequate to cover this Council's costs regarding the concessionary fares scheme.

Employees remuneration

It was noted that the figures showing the number of staff whose remuneration was over £50,000 included redundancy pay. It was understood that the new Chief Executive might want to review the Council's senior management structure.

Future challenges

The Head of Accountancy and Executive Director highlighted the following potential challenges facing the Council in the next 12 to 18 months.

- The Government's grant settlement, which should be known in December 2010
- The Council's contribution to the Pension scheme
- Funding of Equity Share

The Committee

APPROVED the draft Statement of Accounts for 2009/10.

The Chairman thanked the Head of Accountancy and his team for their hard work in producing the Statement of Accounts.

10. CORPORATE GOVERNANCE COMMITTEE - SELF EVALUATION

The Committee **NOTED** the report without discussion.

11. LOCAL GOVERNMENT OMBUDSMAN ANNUAL REVIEW 2009/10

The Committee **NOTED** the report without discussion.

12. STRATEGIC RISK REGISTER QUARTERLY REPORT

The Committee **NOTED** the report without discussion.

13. MATTERS OF TOPICAL INTEREST

None reported.

14. DATE OF NEXT MEETING

The Chairman requested that the next meeting of the Committee be held on the 24 September 2010. It was hoped that Nick Dawe, Corporate Director: Finance, Property & Performance from Cambridgeshire County Council, would be able to attend this meeting and address the Committee on the Local Government Pension Scheme.

The Meeting ended at 12.15 p.m.
