

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Friday, 27 June 2014 at 9.00 a.m.

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| PRESENT: | Councillor Francis Burkitt – Chairman | |
| Councillors: | Andrew Fraser Bridget Smith John Williams | Douglas de Lacey Peter Topping |
| Officers: | Patrick Adams Alex Colyer Fiona McMillan Sally Smart | Senior Democratic Services Officer Executive Director, Corporate Services Legal & Democratic Services Manager and Monitoring Officer Principal Accountant Financial & Systems |
| External: | Steve Crabtree Mark Hodgson | Shared Head of Internal Audit Ernst & Young |

Councillor Ray Manning was in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Richard Barrett and David McCraith.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on Friday 21 March 2014 were agreed as a correct record.

4. ANNUAL REPORT OF THE INTERNAL AUDIT SERVICE 2013/14

Steve Crabtree presented the Annual Report of the Internal Audit Service for 2013/14.

Correction

A correction was made to the second bullet point on page 14, as the Senior Auditor had been appointed in October 2013.

Creditors system

In response to a question regarding the limited assurance given for the audit on the Manual Creditors system, the Principal Accountant Financial and Systems explained that the Council was implementing an electronic system of procurement, but there were some sections of the Council who were still using the old paper based system, although this issue was being addressed. Whilst the Corporate Governance Committee accepted this latter reassurance they nevertheless expressed concern regarding the potential fraud risk through not using the electronic system and it was recommended that this should be put on the Corporate Risk Register.

Single Fraud Investigations Service

Steve Crabtree explained that the creation of a Single Fraud Investigations Service would mean the reduction in the number of staff hours from 2.7 Full Time Equivalent(FTE) number of staff to just 0.7 FTE. The Executive Director warned that the loss of grant from the Government was likely to outweigh the savings from a reduction/transfer of staff. It was noted that Internal Audit would be producing an annual report on fraud and irregularities.

Public Sector Internal Audit Standards (PSIAS)

Steve Crabtree confirmed that he had carried out a self-assessment to assess whether Internal Audit was compliant with the PSIAS. He reported that he considered that no significant areas needed to be addressed and that an external assessment of the internal audit service would be carried out every five years.

Overall Audit opinion 2013/14

The Committee welcomed Internal Audit's report, which stated that the "internal control environment is fundamentally well established and continues to operate well in practice throughout the year ... [and] South Cambridgeshire District Council has a sound governance framework."

The Corporate Governance Committee

NOTED

- A) The annual report into the provision of the Internal Audit service and the opinion of the Head of Internal Audit into the adequacy of governance, risk management and internal control arrangements.
- B) Progress against the delivery of the 2014/15 Audit Plan.
- C) The self-assessment of the service against best practice Public Sector Internal Audit Standards.

5. LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING

The Corporate Governance Committee

NOTED the Local Government Audit Committee Briefing.

It was suggested that in future, items that were for the Committee's information could be distributed to Members via email outside the formal meetings.

6. STATEMENT OF ACCOUNTS 2013/14 (SUBJECT TO AUDIT)

The Principal Accountant Financial and Systems presented this report, which invited the Committee to note and endorse the 2013/14 Statement of Accounts.

Minor amendment

It was noted that wording in the third paragraph on page 11 of the Statement of Accounts, which stated "will begin in April 2014" should be amended to be in the past tense.

Pensions

It was noted that CIPFA had required a presentational change in the way that the information on pensions was presented. The Executive Director explained that as the Council had increased its contribution rate above that of the actuary rate, this authority

was less likely to have to increase its contributions over the next three years, compared to other authorities.

Business rates

The Committee asked the Executive Director which item was most at risk of challenge by the External Auditors. The Executive Director said that, whilst he felt the accounts were accurate and unlikely to be challenged, an area of focus would be the treatment of business rates. This was because companies were able to appeal against the business rates charged by the Council and now that the authority was now entitled to keep approximately 40% of the Business Rates collected, the results of these appeals had financial consequences for the Council. However, the Executive Director explained that each case had been examined on its individual merits by an external assessor to estimate the cost of these appeals to the Council, and that this was as robust and accurate a method as possible for accounting for the impact of the claims; therefore, the risk of challenge by the External Auditors was small. Mark Hodgson commented that using an external assessor was indeed likely to be considered an appropriate method.

As a separate matter, the Executive Director agreed to ascertain how far back a company could appeal against its rates.

The Chairman explained that the Committee was being invited to both note that the Executive Director had signed the Statement of Accounts and to endorse the accounts itself.

The Committee unanimously

NOTED AND ENDORSED The Statement of Accounts 2013/14.

7. ANNUAL GOVERNANCE STATEMENT 2013/14

The Head of Legal and Democratic Services presented this report, which invited the Committee to approve the draft Annual Governance Statement. The final version of the Statement would be updated following the receipt of the External Auditor's opinion.

Minor amendments

The fourth bullet point under the heading "Corporate Governance Committee" on page 44 was amended to read "recommending actions to the Council in respect of any issues ..."

It was suggested that an A5 version of the Annual Governance Statement could be produced for distribution to parish councils and members of the public.

The Committee

APPROVED The draft Annual Governance Statement and noted the information which supported the report.

NOTED That the final version of the Statement would be updated following the receipt of the External Auditor's opinion.

8. REGULATION OF INVESTIGATORY POWERS ACT (RIPA)

It was **NOTED** that there had been no RIPA investigations in the last quarter.

9. COMPLAINTS TO LOCAL GOVERNMENT OMBUDSMAN 2013-14

It was **NOTED** that there had been fewer complaints referred to the Ombudsman in 2013/14 than there had been in 2012/13.

10. **MATTERS OF TOPICAL INTEREST**

Signing off of accounts

The Executive Director stated that the Government was consulting on proposals to bring forward the deadline for signing of the Statement of Accounts from the end of June to the end of May each year from 2017/18 onwards. Both the Executive Director and the Principal Accountant Financial and Systems were confident that the Council could comply with these new deadlines. However, whilst it commended both for their efficiency, the Committee nevertheless expressed its preference against the change, as two months (from the 31 March end of the financial year, to an end-May deadline) felt rushed and insufficient time to ensure that the accounts were robust, accurate and had had sufficient time for review and challenge by the Committee and any other interested parties.

11. **DATE OF NEXT MEETING**

The Committee **AGREED** to hold its next meeting on:

- Wednesday 3 September 2014 at 8:30am to discuss the City Deal and any other matters.

The Committee **NOTED** the following meeting dates:

- Friday 26 September 2014 at 9am
- Thursday 27 November 2014 at 10am (to be cancelled if there is insufficient business)

The Meeting ended at 10.30 a.m.
