

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

Minutes of a meeting of the Corporate Governance Committee held on  
Friday, 26 September 2014 at 9.00 a.m.

PRESENT:	Councillor Francis Burkitt – Chairman Councillor David McCraith – Vice-Chairman	
Councillors:	Richard Barrett Douglas de Lacey Peter Topping	Andrew Fraser Bridget Smith John Williams
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 Simon Edwards was in attendance, by invitation.

### **1. APOLOGIES FOR ABSENCE**

None.

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

The Chairman declared a non-pecuniary interest as an employee of Rothschild, who continued you to do business with Close Brothers Ltd, a company that the Council were placed deposits with.

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

The minutes of the meeting held on 3 September 2014 were agreed as a correct record, subject to the following two amendments:

- In the first bullet point under the heading “The Assembly” the word “agreed” was amended to “accepted”.
- In the seventh bullet point under the same heading the sixth word “the” was amended to “a”.

An invitation had been extended to the Local Enterprise Partnership (LEP) to attend a meeting of the Committee, but unfortunately their Chief Executive had just resigned. It was hoped that a representative of the LEP could attend a meeting in the near future to explain how their organisation worked.

### **4. INTERNAL AUDIT: PROGRESS REPORT**

The Shared Head of Internal Audit presented this report, which updated the Committee on the progress being made on the delivery of the 2014/15 Internal Audit Plan, up to and including August 2014. It was noted that he had no major issues to report.

**Auditing corporate governance**

It was noted that the report on the effectiveness of the Committee, which was scheduled for the fourth quarter, would be shared with the membership of the Committee.

**South Cambs Ltd**

The Executive Director explained that the pilot phase for the establishing of South Cambs Ltd would be completed by November 2015. The Chairman stated that although South Cambs Ltd was a separate company, the funding was from the Council, as were its officers and so the Council should be responsible for auditing its own company. The Executive Director agreed and said that the internal audit of South Cambs Ltd would continue to be part of the Council's own general internal audit process. Any audit reports would be addressed to the Director of the Company and the Company Secretary, who were also the Housing Director and the Executive Director of the Council.

**Community Chest grants**

In response to questioning the Shared Head of Internal Audit explained that the Council were now ensuring that applicants submitted the requested documented evidence to support their grant applications. It was noted that the maximum level of grant to be submitted under this scheme was £1,500 and that all decisions were taken in a public meeting.

**Shared service arrangements**

It was noted that each council was responsible for auditing its role in setting up a shared service arrangement, but in respect of services shared with Cambridge City Council it helped that our internal auditor was also employed by that authority.

The Committee **NOTED** the report.

**5. EXTERNAL AUDIT: AUDIT RESULTS REPORT 2013/14**

Mark Hodgson presented this report from External Audit for the year 2013/14. He was pleased to report that they planned to issue an "unqualified opinion" on the financial statements.

**Reserves**

Mark Hodgson highlighted that, as part of his review of the "arrangements to secure economy, efficiency and effectiveness", he was now required to assess the adequacy of the Council's reserves, as forecast over a 3 year period, in relation to any financial savings targets over the same period. In previous years, this assessment was only required over a one year period. Mark Hodgson reported that he did not identify any significant risks and had no issues to report in relation to this criteria. The Chairman stated that the Committee should monitor this issue.

**Minor amendments**

On the request of the Chairman, Mark Hodgson agreed to amend the word "error" to "misstatement" for describing the £1.6 million business rates appeal provision as a "creditor" instead of a "provision". It was agreed that the word "indicate" in the final paragraph on page 5 of the report should be amended to "indicative".

**Audit fees**

The Committee welcomed the fact that there had been no variation in the proposed audit fees for 2013/14.

The Chairman thanked the Principal Accountant Financial and Systems and her colleagues for their hard work in producing the financial statements. The Committee noted

that not all councils achieved an “unqualified opinion” on their financial statements.

The Committee **NOTED** the report.

**6. REQUEST FOR A LETTER OF REPRESENTATION**

The Committee **NOTED** that this had been received.

**7. STATEMENT OF ACCOUNTS 2013-2014**

The Committee **APPROVED** the Statement of Accounts 2013/14.

**8. ANNUAL GOVERNANCE STATEMENT**

The Legal and Democratic Services Manager presented this report, which invited the Committee to approve the Annual Governance Statement 2013/14, prior to it being signed by the Leader and Chief Executive and then being included in the Statement of Accounts. It was noted that whilst the Committee had expressed a preference for combining the Annual Governance Statement with the Statement of Accounts, the Chartered Institute of Public Finance and Accountancy (CIPFA) preferred separate documents.

**Minor amendment**

On the recommendation of Councillor Douglas de Lacey it was agreed that the words “in opposition” should be removed from the second paragraph on page 41 of the agenda, as it could be interpreted as implying that the Independent Group always opposed and would never support the majority party on any matters.

The Chairman thanked the Legal and Democratic Services Manager for her work in producing the Annual Governance Statement and the Committee **ACCEPTED** the Statement.

**9. TREASURY MANAGEMENT ANNUAL REPORT 2013/14**

The Principal Accountant Financial and Systems presented the Treasury Management Annual Report for April 2013 to March 2014.

The Committee welcomed the fact that the Council had achieved a return of 1.18% for its combined investments for 2013/14, compared to a 0.85% return for other authorities and a 0.94% for authorities in the same comparator group. The Committee noted that the Council had strict criteria regarding which banks it could invest with, which excluded overseas banks, and the favourable returns achieved by the Council was due to astute cash flow management and forecasting, enabling surplus cash to be deposited for longer periods and hence earning higher interest rates and not due to taking higher risks than other authorities.

The Principal Accountant Financial and Systems explained that the Finance and Staffing Portfolio Holder received quarterly treasury management reports.

The Committee **NOTED** the report.

**10. REGULATION OF INVESTIGATORY POWERS ACT (RIPA) - ANNUAL REPORT AND POLICY REVIEW**

The Legal and Democratic Services Manager presented this report which detailed the use of the Regulatory of Investigatory Powers Act (RIPA) and recommended amendments to

the Council's policy. It was reported that whilst the Council had not used its RIPA powers in the past year, there had been a non-RIPA authorisation of surveillance in relation to a sickness absence case as part of an HR investigation. The Committee had no concerns relating to the Council's use of RIPA or over the proposed amendments to the policy.

The Committee **NOTED**

- (A) That the Council had not used the RIPA surveillance powers in the period July to September 2014, or for the year 2013/14.
- (B) The intention of the Office of the Surveillance Commissioner to carry out an inspection of the Council's use of RIPA in November 2014.

The Committee

**AGREED** the amendments to the Council's RIPA policy highlighted in bold red in the appendix to the report.

#### 11. **LOCAL GOVERNMENT OMBUDSMAN: ANNUAL REVIEW LETTER 2014**

The Committee **NOTED** the Annual Review Letter 2014 from the Local Government Ombudsman.

#### 12. **MATTERS OF TOPICAL INTEREST**

##### **Plain English accounts**

The Committee thanked the Principal Accountant Financial and Systems for the production of the plain English version of the accounts, which had been sent to all councillors.

#### 13. **DATE OF NEXT MEETING**

The Committee **AGREED**

- (A) To cancel the meeting on 27 November 2014.
- (B) To arrange meetings for:
  - Friday 27 March 2015 at 9am
  - Friday 26 June 2015 at 9am
  - Friday 25 September 2015 at 9am

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**The Meeting ended at 10.20 a.m.**

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