

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Audit and Corporate Governance Committee held on
Friday, 21 October 2016 at 9.30 a.m.

PRESENT:	Councillor Andrew Fraser – Chairman	
Councillors:	Anna Bradnam Simon Crocker Roger Hall Tony Orgee	Grenville Chamberlain Christopher Cross Douglas de Lacey
Officers:	Patrick Adams Alex Colyer Sally Smart	Senior Democratic Services Officer Interim Chief Executive Principal Accountant Financial & Systems
External:	Steve Crabtree Neil Harris Tony Poynton	Shared Head of Internal Audit Ernst & Young Ernst & Young

Councillor Peter Topping was in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors John Batchelor and John Williams. Councillor Anna Bradnam was substituting for Councillor John Batchelor.

2. DECLARATIONS OF INTEREST

None.

3. APPOINTMENT OF VICE-CHAIRMAN

Councillor Andrew Fraser proposed and Councillor Tony Orgee seconded Councillor Grenville Chamberlain for the position of Vice Chairman. There being no other nominations Councillor Grenville Chamberlain was elected unopposed.

4. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 24 June 2016 were agreed as a correct record, subject to the following amendments:

- In the second sentence of the paragraph under the heading “Core Financial Systems” on page one, the word “wold” was corrected to “would”.
- In the first sentence on the paragraph under the heading “Corporate Fraud Arrangements” on page one, the word “for” was corrected to “of”.

5. INTERNAL AUDIT - PROGRESS REPORT

Steve Crabtree introduced his progress report on the delivery of the 2016/17 Internal Plan, as at August 2016. He was pleased to report that the Senior Internal Auditor had recently passed her exams and was now fully qualified.

Gifts and hospitality

Steve Crabtree explained that the audit of Corporate Governance had revealed that there

was no evidence of any declarations of gifts and hospitality nor had the system been reviewed. To remedy this the Monitoring Officer and Deputy Monitoring Officer had agreed to carry out a full review. In response to questioning Steve Crabtree stated that he was not aware of any other authorities that insisted that all councillors and officers complete annual returns of their gifts and hospitality.

Homelessness

It was noted that a new IT system had recently been installed and this would affect internal audit's review.

Corporate Fraud Working Group

The Corporate Fraud Working Group would be reporting to EMT this autumn.

Procurement and Commissioning outside the European Union

The Executive Director explained that new laws would have to be enacted by Parliament in order to change the current European laws which regulated the Council's procurement strategy.

The Committee **NOTED** the Internal Audit Progress Report.

6. EXTERNAL AUDIT RESULTS 2015-16

Neil Harris presented this report which summarised the findings from the 2015/16 External Audit. He apologised for not having the audit completed in time for the meeting scheduled for 30 September. He explained that following the untimely death of Rob Murray new auditors had been employed and this had caused delay. He promised that steps had been taken to ensure that future deadlines would be met. He thanked the Principal Accountant Financial & Systems and her team for the work carried out.

It was agreed that as the audit deadlines for 2017/18 would be the end of July, the aim would be to have the 2016/17 accounts agreed by the end of August 2017, which was a month earlier than this year's deadline.

Neil Harris provided a summary of the conclusions of the Audit and was pleased to report that

- External Audit would be issuing an unqualified opinion on the Authority's financial statements.
- Strong arrangements were in place to secure value for money in the use of resources.
- The Council was in a secure financial position.

Corrected and uncorrected errors

It was noted that the corrected audit differences in Appendix B had been adjusted for.

The Principal Accountant Financial & Systems explained that the uncorrected error was based on a sample test of accruals, which would always be an estimate.

Property, Plant and Equipment

The Principal Accountant Financial & Systems explained that the methodology had not changed. The corrected amendments also required the restatement of relevant statement and notes in 2014/15, these were adjusted and recorded in Note 35, Prior Period Adjustments, to the accounts.

Audit fees

Neil Harris explained that extra staff had been drafted in to complete the audit. There would be an additional charge for the additional work. External Audit planned to levy an additional charge for auditing the Council's Group Accounts as these had grown in both size and complexity.

Ermine Street Housing

The Executive Director explained that Ermine Street Housing were audited separately from the Council and were liable for that audit fee.

It was suggested that the colour scheme should be amended to avoid white letters on a yellow background, which was difficult to read.

The Committee thanked the Principal Accountant Financial & Systems and her team for the work carried out.

The Committee **NOTED** the report and invited the Executive Director to sign off the accounts.

7. REVIEW OF STATEMENT OF ACCOUNTS

The Executive Director presented this report, which invited the Committee to approve the 2015/16 Statement of Accounts. A copy of the Group Accounts were circulated at the meeting.

The Committee thanked the Principal Accountant Financial and Systems for her work in producing the accounts in particularly trying circumstances.

The Committee **APPROVED** the 2015/16 Statement of Accounts.

8. LETTER OF REPRESENTATION

The Committee **RECOMMENDED** that the Executive Director and the Chairman of the Committee sign the letter of representation to External Audit.

9. ANNUAL GOVERNANCE STATEMENT

The Executive Director introduced this item, which invited the Committee to endorse the draft Annual Governance Statement 2015/16 for approval and sign-off by the Leader and Chief Executive as part of the statement of accounts for the year ending 31 March 2016.

It was suggested that:

- any web links in paper copies of the statement should be written out in full.
- A summary of the Annual Governance Statement should be produced.
- The Council's involvement in the A14 improvement scheme should be clarified.

The Executive Director explained that the Council's decision making process was open and transparent, as agendas, minutes and decisions of EMT were available on the intranet and no decisions were taken at informal EMT meetings.

The Committee

ENDORSED the draft Annual Governance Statement for approval and sign-off by the Leader and Chief Executive.

NOTED that the final version of the Statement will be updated following the receipt of the External Auditors Opinion, to be notified to the Committee under separate cover.

10. APPOINTMENT PERSON ARRANGEMENTS FOR THE APPOINTMENT OF THE EXTERNAL AUDITOR

The Executive Director introduced this item, which recommended that the Council adopt the Public Sector Audit Appointments Ltd as the appointing person for the Council, to ensure that the authority meets its statutory requirements whilst guaranteeing quality and value for money.

The Committee

RECOMMENDED the adoption of Public Sector Audit Appointments Ltd (PSAA) as the appointing person for the Council, subject to receiving a satisfactory invitation to opt into the PSAA's appointing person arrangements.

AGREED to delegate acceptance of the invitation to the Executive Director of Corporate Services, as the Council's Section 151 Officer.

11. OMBUDSMAN LETTER

The Executive Director introduced this item, which provided the annual summary of the complaints made to the Local Government Ombudsman for 2015/16. The summary showed that of the 10 detailed investigations made by the Ombudsman only three were upheld and only one of these required remedial action by the Council.

The Committee **NOTED** the report.

12. TREASURY MANAGEMENT ANNUAL REPORT - REPORT TO FOLLOW

The Principal Accountant Financial & Systems introduced this report, which detailed the performance of the treasury management function for 2015/16. It was understood that the Council had achieved a return of 2.18% on combined investments, compared to 0.87% in 2014/15. The Council's in-house treasury management had achieved a good performance for 2015/16 at a minimal cost and at minimal risk.

It was noted that the figures in the table on page 152 were in thousands.

South Cambs Ltd (Ermine Street Housing) had a loan of £11.3 million from the Council and as of 31 March 2016 had assets totalling £11.699 million. The Executive Director assured the Committee that the associated risks regarding a possible downturn in the housing market were included in the business case and the situation would be kept under review.

The Committee **NOTED** the report.

13. MATTERS OF TOPICAL INTEREST

None.

14. COMMITTEE'S WORK PROGRAMME

The Committee **NOTED** that Internal Audit's quarterly report and External Audit's Annual Audit Letter would be sent by e-mail to the Committee members, as no meeting was scheduled for December.

15. DATE OF NEXT MEETING

The Committee **AGREED** that its next meeting will be held on Friday 31 March at 9:30am.

The Meeting ended at 11.00 a.m.
