

## **South Cambridgeshire District Council**

Minutes of a meeting of the Audit and Corporate Governance Committee held on  
Tuesday, 29 September 2020 at 9.30 a.m.

**PRESENT:** Councillor Tony Mason – Chair  
Councillor Nick Sample – Vice-Chair

**Councillors:** John Batchelor Mark Howell  
Heather Williams Eileen Wilson

**Officers:** Patrick Adams Senior Democratic Services Officer  
Peter Maddock Head of Finance

**Auditors:** Suresh Patel Ernst & Young  
Jonathan Tully Head of Shared Internal Audit

Councillor John Williams was in attendance, by invitation.

### **1. Apologies for Absence**

Apologies for Absence were received from Councillor Ian Sollom.

### **2. Declarations of Interest**

Councillor John Batchelor declared a non-pecuniary interest in item 5 Statement of Accounts, as an unpaid director of Ermine Street Housing. He took no part in the discussion on this item.

Councillor Mark Howell declared a non-pecuniary interest, as he and his wife were friends with an employee of EY, who was not involved in the auditing of the Council.

### **3. Minutes of Previous Meeting**

The minutes of the meeting held on 9 July 2020 were agreed as a correct record.

### **4. Annual Governance Statement and Local Code of Governance**

The Head of Internal Audit explained that the Annual Governance Statement needed to be agreed in advance of the Statement of Accounts. He also explained that the Annual Governance Statement needed to take into account the financial year 2018/19 up until the date the accounts were signed off, which was why the report included references to the impact of the Covid-19 pandemic. The Head of Internal Audit reported that there had been guidance from CIPFA on how to deal with the challenges of the Covid-19 pandemic, but the diverse nature of local authorities meant that Councils had to adapt to their own local circumstances.

In response to questioning, the Head of Internal Audit agreed to update the

Statement to refer to the fact the new Constitution had been agreed and amend the word “of” to “off” in the first line of the 5th bullet point under “Manage risk & performance, internal control, finance” on page 20 of the agenda.

It was agreed that the issue of page numbers not appearing on individual reports on the website would be investigated.

The Committee

**Agreed** To approve the Annual Governance Statement, with the minor amendments made above.

## 5. **Statement of Accounts 2018/19**

The Head of Finance introduced this report on the draft Statement of Accounts 2018/19. He explained that it had come to the Committee later than hoped, but it could not be finalised until the 2017/18 accounts had been audited. He further explained that the audit of the accounts would commence in October and was estimated to take two months.

Councillor Heather Williams agreed to submit a list of minor amendments to the Head of Finance.

### **Allowances**

In response to questioning, the Head of Finance agreed to investigate why Members expenses for 2018/19 was £7,000 higher than 2017/18 when the number of councillors had reduced from 57 to 45.

### **Comprehensive Income statement**

In response to questioning, the Head of Finance explained that the reduction in the Comprehensive Income statement was due to the reduction in the number of Council dwellings in the previous year.

### **Pension**

The Head of Finance assured the Committee that whilst there was a shortfall in the Pension scheme, the scheme itself was not under threat. Suresh Patel added that the figures in the Statement of Accounts were over a year out of date and he was not aware of major concerns regarding the Pension scheme.

The Committee **Noted** the 2018/19 draft Statement of Accounts.

## 6. **External Audit: Outline Audit Plan 2018/19**

Suresh Patel, External Auditor, introduced this Outline Audit Plan, which set out the scope of the audit of the 2018/19 accounts.

### **Value for money**

Suresh Patel explained that External Audit would make an informed decision on whether the Council had put in place “proper arrangements” to secure economy,

efficiency and effectiveness on its use of resources.

### **Audit fees**

In response to questioning, both Suresh Patel and the Head of Finance assured the Committee that the external audit's fees had been reduced due to their capacity issues which had made them unable to be as efficient with their time as they had hoped. The Head of Finance added that the Council had also been similarly inefficient, which had also delayed the audit. Suresh Patel estimated that the fee had been reduced by approximately 15%.

### **Avoiding delays in processing the audit**

Suresh Patel explained that he had a fully resourced audit team, but they were reliant on the officers from the Council. The Head of Finance explained that the Project Accountant would be leaving the Council in less than a month's time. His replacement would be in post before he left, allowing a two week handover period. It was noted that the new appointment's contract extended to the end of March 2021, he came well recommended and was experienced in the specific work required.

Suresh Patel explained that there would be weekly catch-up meetings between senior officers and auditors to investigate any slippage in the expected timescale.

### **New financial systems**

In response to concerns expressed about the new Fixed Asset Register and FMS financial system, Suresh Patel explained that both systems were designed to improve financial reporting.

### **Impact of Covid-19**

The Head of Finance explained that the Council supported officers who wished to work at home and provided them with equipment from the office. The accountancy service was carrying out more work online than before and officer support was available to scan documents if necessary. However, much of the accountancy work benefited from face to face meetings. This meant that due to the Covid-19 pandemic, work was taking a little longer than normal to complete. Suresh Patel concurred and said that remote working had slightly increased the time it took to carry out audits.

The Committee **Noted** the Plan.

## **7. Annual External Audit Letter for 2017/18**

The Committee **Noted** the Annual Audit Letter, which concluded that the financial statements gave a true and fair view of the financial position of the Council as at 31 March 2018.

## **8. Treasury Management Annual Report 2019/20**

The Head of Finance presented this report on the Treasury Management activities in the financial year 2019/20. He explained that there was a minor error in the table on page 217 of the agenda, where the figure for Net Borrowing (Investment) for 31

March 2020 was 103,404 not 111,719. He concluded that the returns were slightly higher than expected and were also slightly higher than the client average. He explained that the Council planned to borrow in short term, as it ensured lower rates than longer-term loans.

Committee **Noted** the Treasury Management performance and **Approved** the Treasury Management Annual Report.

**9. Matters of Topical Interest**

**RIPA powers**

The Committee noted that the Council had not used RIPA surveillance powers in the last quarter.

**Redman Review on Financial Reporting**

Suresh Patel agreed to share a short summary of the Local Authority review of financial reporting

**Committee effectiveness toolkit**

It was agreed that the above item should be on the agenda for the next meeting.

**10. Date of Next Meeting**

It was noted that the next meeting was scheduled for 24 November 2020 at 9:30am.

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**The Meeting ended at 11.15 a.m.**

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