

South Cambridgeshire District Council

Minutes of a meeting of the Audit and Corporate Governance Committee held on
Thursday, 9 July 2020 at 3.00 p.m.

PRESENT:	Councillor Tony Mason – Chair Councillor Nick Sample – Vice-Chair	
Councillors:	John Batchelor Eileen Wilson	Heather Williams Nick Wright
Officers:	Rory McKenna Patrick Adams Peter Maddock Michael Millar	Deputy Head of Legal Practice/Monitoring Officer Senior Democratic Services Officer Head of Finance Interim Accountant
Auditors:	Suresh Patel Mark Russell Jonathan Tully	Ernst & Young Ernst & Young Head of Shared Internal Audit

Councillors Brian Milnes and John Williams were in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received Councillor Nick Sample and Councillor Mark Howell. Councillor Nick Wright substituted for Councillor Mark Howell.

Due to Councillor Brian Milnes' appointment to Cabinet, he agreed to participate at the meeting as a councillor in attendance and not as a member of the Committee.

2. DECLARATIONS OF INTEREST

Councillor John Batchelor declared a non-pecuniary interest as an unpaid Director of Ermine Street Housing Ltd.

3. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting held on 19 December 2019 were agreed as a correct record, subject to the following amendments:

- The last sentence of the first paragraph of minute 6 was amended to read "... Mark Russell, who had been an audit manager of the Council's accounts since 2019".
- The first sentence of the second paragraph of minute 6 was amended to read "... the external auditors had issued a qualified value for money conclusion on finance reporting".

4. INTERNAL AUDIT PLAN 2020-21

The Head of Internal Audit introduced the draft Internal Audit Annual Plan and Strategy, for 2020/21. He explained that due to the current uncertainties the Plan was for 6 months instead of 12. Guidance from both CIPFA and the Institute of Internal Auditors had advised auditors to be flexible and the Plan reflected this. He advised that whilst there was a potential risk that less assurance work could impact on the ability of the Internal Audit to provide a full assurance opinion on the annual governance plan, he currently saw no

cause for concern.

Red, Amber and Green (RAG) ratings

The Head of Internal Audit agreed to update the reports in the Plan to provide RAG ratings and to circulate this to the members of the Committee.

Delays in audits due to Covid-19

The Head of Internal Audit estimated that 3-4 audits had been delayed due to the impact of the Covid-19 virus. He agreed to identify which audits had been delayed and circulate this information to the Committee.

Impact of Covid-19

The Head of Internal Audit assured the Committee that he and his team had scrutinised the processing of Covid-19 related grants from the Government and had found no evidence of fraud. Their work was ongoing.

Suresh Patel, External Auditor, confirmed that the Council had carried out an assessment on the impact of Covid-19 on its income and expenditure.

The Head of Finance reported that approximately £1.6 million had been received from the Government and more was expected to cover lost income.

Capital Investment Programme

The Head of Internal Audit stated that the audit on the Council's Capital Investment Programme would be concluding shortly.

A vote was taken and the Audit and Corporate Governance Committee with three votes in favour and two abstentions (Councillors Heather Williams and Nick Wright)

AGREED To approve the draft Audit Plan and Strategy

A vote was taken the Audit and Corporate Governance Committee unanimously

AGREED To approve the supporting Charter and the Code of Ethics.

5. EXTERNAL AUDIT RESULTS REPORT 2017-18 - ADDENDUM UPDATE

Suresh Patel presented this report on the External Audit of the Council's financial statements for the year ended 31 March 2018. He explained that it had been hoped to complete the audit of the 2017/18 accounts earlier, but the reconciliation had taken longer than expected and then the lockdown due to the Covid-19 pandemic had caused further delay. However, the External Auditors had made the necessary adjustments to be able to work remotely, so it was expected that work on the 2018/19 accounts and the 2019/20 accounts would not be delayed by any continuation of the lockdown.

Not material differences

In response to questioning, Suresh Patel explained that audit differences had been found in the Assets Held for Sale and the Capital Grants Received in Advance, but these were not materially significant to require an adjustment.

Record of expenses

It was noted that whilst the Council had accidentally destroyed records relating to councillors' register of interests for 2017/18, details of expenses paid to councillors were publicly accessible on the Council's website.

Audit fee

It was noted that External Audit had recognised that they were partly culpable for the extra work resulting in the compilation of the report and had adjusted their audit fee accordingly. Any dispute in the fee would be considered by the PSAA.

The Committee **NOTED** the report.

6. COMPLETION OF THE 2017/18 AUDIT OF THE ACCOUNTS

The Head of Finance explained that the audit of the 2017/18 Accounts had been completed and needed to be approved and issued as a final version.

2018/19 accounts

The Head of Finance expressed the hope that the 2018/19 accounts would be approved by the Committee at its meeting on 29 September 2020.

HRA Balance

In response to questioning, the Head of Finance explained that the reduction in the HRA balance from March 2018 to March 2020 was due to additional capital expenses caused by house building.

Planning fees

The Head of Finance agreed to investigate why there was an adverse variance in planning fees.

The Committee thanked the Head of Finance and his team for successfully completing the 2017/18 accounts.

The Committee unanimously

AGREED To approve the 2017/18 Statement Accounts in the expectation that an unqualified audit opinion will be issued by the external auditors in due course.

7. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) AMENDMENTS TO POLICY & UPDATE ON USE OF RIPA

The Monitoring Officer presented this report which sought the approval of the Committee on the revised policy and procedure on the use of covert surveillance under RIPA and to note the use of RIPA powers since the last meeting of the Committee.

The Committee **NOTED** that there had been no use of surveillance powers by the Council under RIPA between September 2019 to June 2020.

It was understood that amendments were required as the postholders included in the policy had left the Council. The new policy recommended that the Chief Executive be the Senior Responsible Officer and the Council's Monitoring Officer should also be RIPA's Monitoring Officer.

The Committee unanimously

AGREED the recommendations for amendments to the Council's RIPA policy, as detailed in Appendix A.

8. MATTERS OF TOPICAL INTEREST

The Committee thanked Councillor Brian Milnes for his work as a Committee member.

9. DATE OF NEXT MEETING

The Committee agreed to cancel the meeting scheduled for 28 July, as its business had already been discussed at this meeting. The Committee noted that its next meeting would be held on Tuesday 29 September at 9:30am.

The Meeting ended at 4.15 p.m.
