

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Audit and Corporate Governance Committee held on
Friday, 30 June 2017 at 9.30 a.m.

PRESENT:	Councillor Andrew Fraser – Chairman Councillor Ray Manning – Vice-Chairman	
Councillors:	John Batchelor Tony Orgee	Roger Hall John Williams
Officers:	Patrick Adams Suzy Brandes Jean Cole Alex Colyer Rory McKenna Michael Millar Caroline Ryba	Senior Democratic Services Officer Principal Accountant (General Fund & Projects) Interim Principal Accountant Executive Director (Corporate Services) Deputy Monitoring Officer Interim Accountant Head of Finance
External:	Steve Crabtree Tony Poynton Suresh Patel	Shared Head of Internal Audit Ernst & Young Ernst & Young

Councillors Nick Wright was in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Grenville Chamberlain and Councillor Douglas de Lacey. Councillor Ray Manning substituted for Councillor Grenville Chamberlain.

2. DECLARATIONS OF INTEREST

Councillor Andrew Fraser declared a non-pecuniary interest as a non-executive director of Ermine Street Housing Ltd.

Councillor John Batchelor declared a non-pecuniary interest as the Chairman of the Combined Authority's Overview and Scrutiny Committee.

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 31 March 2017 were agreed as a correct record, subject to the following amendments:

- The following text was included in agenda item 2: "Councillor Andrew Fraser declared a non-pecuniary interest as a non-executive director of Ermine Street Housing Ltd."
- The fourth bullet point of agenda item 5 was amended to read: "Review of land supply was at risk because of the five year land supply."

4. INTERNAL AUDIT ANNUAL REPORT 2016-17

Steve Crabtree, Shared Head of Internal Audit, presented the annual report on the work of Internal Audit for 2016/17.

Gifts and hospitality

Steve Crabtree reported that an audit on the prevention of serious organised crime would

be carried out this year, which would in part review the Council's recording of gifts and hospitality. In response to questioning the Interim Chief Executive explained that gifts and hospitality declared by councillors was publicly available. Steve agreed to amend the second sentence, to read that "There was a lack of evidence in relation to declarations..."

National Fraud Initiative

Steve Crabtree reported that any differences between our data and those of other public authorities were due to anomalies and not errors. It was noted that a report on tackling fraud was going to Cabinet in September.

Annual Governance Statement

It was noted that CIPFA were introducing a new framework for this.

Ermine Street Housing

It was noted that this was expected to be concluded in a week's time. None of the errors identified were material.

Homelessness

This audit had resulted in a limited assurance. Steve Crabtree assured the Committee that the Council was acting to address concerns.

Banking contract

Steve Crabtree was pleased to report that the "cross council" tendering process had resulted in improvements and cost savings.

VAT (follow-up)

It was noted that the "Full" assurance given for the audit of VAT should actually have been "Substantial" as the "Full" assurance score no longer existed.

Safeguarding

This audit was currently in draft form and was awaiting comment from Directors.

Driver Competency

It was noted that this audit was put on hold following a request from senior management. Improvements had been put in place and there was no longer the need for an audit to take place.

Sample testing

Steve Crabtree explained that the assurance provided by auditors were based on sample testing, which meant that it was impossible to provide an absolute assurance.

Response times

It was noted that there had been an increase in response times from officers to requests from Internal Audit for information. As a consequence Internal Audit were planning to liaise with Corporate Management Team to explain what was expected from officers. It was understood that there would be no decline in Internal Audit's expectations.

The Committee **NOTED** the report.

5. EXTERNAL AUDIT: 2016/17 PROGRESS UPDATE REPORT (ORAL UPDATE)

Suresh Patel gave an oral update on External Audit's Progress Report. He explained that the Council had not met the 30 June May 2017 deadline for producing a full set of 2016/17 accounts while other councils he audited had done so. It was noted that the deadline has been brought forward for 2017/18 to 31 May and concerns were expressed over the

Council's capacity to meet this future deadline. It was understood that this year's delay was due to recent staff turnover.

Tony Poynton reminded the Committee that two risks had been identified in the audit plan in March. He was happy to report that no further risks had been identified.

It was noted that External Audit were scheduled to commence their audit of the 2016/17 statement of accounts on 24 July 2017.

The Committee **NOTED** the update.

6. **EXTERNAL AUDIT: 2017/18 FEE LETTER**

Suresh Patel introduced this agenda item, by explaining that External Audit had written a letter to the Council confirming the work that they proposed to undertake for the 2017/18 financial year. It was noted that the indicative fee for 2017/18 had been frozen at £56,975, which was the same as the planned fee for 2016/17, although the Public Sector Audit Appointments Limited (PSAA) needed to approve this fee for 2017/18. It was further noted that Ernst and Young had successfully bid for the 2018/19 public sector audit contract and the PSAA will consult the Council in August as to the proposed auditor, but continuity was expected to be a key criteria.

The Committee **NOTED** the 2017/18 fee letter.

7. **ANNUAL GOVERNANCE STATEMENT 2016-17**

The Executive Director introduced this agenda item, which invited the Committee to endorse the draft Annual Governance Statement 2016/17, by explaining that the final version would go to the Committee in September.

Councillor John Williams suggested that the Annual Governance Statement should mention that senior officers were involved in the running of Ermine Street Housing Ltd. It was understood that neither Councillor John Williams, nor Councillor John Batchelor would support the final sentence of the Annual Governance Statement which declared that the Committee believed "the council was well-governed and performed well."

The Chairman stated that any grammatical errors or other minor mistakes should be reported to officers outside the meeting.

The Committee **ENDORSED** the draft Annual Governance Statement.

8. **RISK MANAGEMENT STRATEGY**

The Principal Accountant (General Fund & Projects) introduced this agenda item, which invited the Committee to approve the revised Risk Management Strategy. She explained that there was no obligation to wait until the Cambridge City Council had agreed their Risk Management Strategy, as they did not carry out an annual review.

The following minor amendments were made by the Committee:

- The date the Strategy was approved by the Committee was amended to 30 June 2017 on the title page of the Strategy.
- Paragraph 2.1 of the Strategy was amended to read "... the system which helps to ensure that South Cambridgeshire District Council achieve the right outcomes..."
- In appendix A the acronym CCC was removed from the risk description for "Major

Projects”.

The Committee **APPROVED** the Risk Management Strategy.

9. **STATEMENT OF ACCOUNTS**

This item was discussed after agenda item 6.

The Head of Finance circulated a report and appendix at the meeting, which provided the main financial statements, which will form part of the Council’s Narrative Report and Statement of Accounts. She explained that work on the main Statement of Accounts was still ongoing. The delay in producing the Accounts was due to the retirement of Principal Accountant in February and the unexpected departure of her interim replacement the following month. Jean Cole and Michael Millar were experienced accountants who had been drafted in on short notice to complete the work.

It was noted that the full Statement of Accounts would fully explain the differences in the Housing Revenue Accounts charges.

It was suggested that the report should be amended to remove the phrase “later today” as this could confuse residents who view the report on the website.

The Committee agreed that there should be an informal briefing on Monday 17 July at 9:30am to allow all members of the Committee to discuss the full Statement of Accounts before being signed-off by the Council’s Section 151 Officer.

The Committee **NOTED** the main statements of the Statement of Accounts.

10. **MATTERS OF TOPICAL INTEREST**

Regulation of Investigatory Powers Act (RIPA)

The Principle Lawyer announced that the Council had not used the RIPA powers in the last quarter.

Officer attendance at the Committee

It was agreed that lead officers for specific internal audits should be invited to attend Committee meeting to provide evidence.

Combined Authority

It was noted that auditing arrangements had been set up for the newly formed Cambridgeshire and Peterborough Combined Authority.

11. **DATE OF NEXT MEETING**

The Committee agreed that as the meeting scheduled for 30 March 2018 was on Good Friday, it should be rescheduled for 23 March 2018.

The Committee noted that the next meeting will be held on Friday 29 September 2018 at 9:30am.

The Meeting ended at 10.30 a.m.
