

South Cambridgeshire District Council

Minutes of a meeting of the Audit and Corporate Governance Committee held on
Tuesday, 28 September 2021 at 10.00 a.m.

PRESENT:	Councillor Tony Mason – Chair Councillor Nick Sample – Vice-Chair	
Councillors:	Geoff Harvey	Heather Williams
Officers:	Rory McKenna Patrick Adams Peter Maddock	Monitoring Officer Senior Democratic Services Officer Head of Finance
Auditors:	Janet Dawson Mark Russell Jonathan Tully	Ernst & Young Ernst & Young Head of Shared Internal Audit

Councillor John Williams was in attendance, by invitation.

1. Apologies for Absence

Apologies for absence were received from Councillors Jose Hales and Mark Howell.

2. Declarations of Interest

None.

3. Minutes of Previous Meeting

The minutes of the meeting held on 29 July 2021 were agreed as a correct record, subject to the amendment of the penultimate sentence of minute 5 to: "... wished him well for the future." The following matters arose.

Staff in Accountancy

The Chief Finance Officer reported that there were currently 17.5 Full Time Equivalent staff working in Accountancy. The management structure included a Chief Accountant, who managed three Principal Accountants. He agreed to distribute an organisation chart to members of the Committee.

The Chief Finance Officer explained that the Council planned to recruit an extra 0.5 Full Time Equivalent to assist with the 2019/20 audit of accounts.

4. Audit and Governance update

The Head of Internal Audit presented this report, which provided the Committee with an update on the key audit and governance themes. It was noted that the error on the contents page needed to be corrected.

Tackling fraud

The Head of Finance explained that the counter-fraud team had been set up in the spring of 2020 and the Covid-19 pandemic had made it very difficult to carry out investigations.

He reported that the team worked on fraud prevention as well as fraud detection. He was confident that the success of fraud prevention and detection paid for the cost of the team. He stated that performance would be measured using nationally recognised methods. He agreed to consider whether this data performance could be reported quarterly to the Committee.

The Committee **Noted** the report.

5. **Treasury Management - Annual Report 2020/2021**

The Head of Finance presented this report on the Treasury Management activities in the financial year 2020/21. He was pleased to report that the Council had achieved a better investment return on average than others similar authorities in the same benchmarking group. He agreed to provide a full definition of the “average weighted credit scores” referred to in paragraph 28 of the report, which was the formula used to compare the performance of different local authorities.

Ice rink

The Head of Finance reported that the Council had provided a substantial loan to the ice rink about three years ago. They had suffered due to the Covid-19 pandemic, but now the public had returned in great numbers to the facility. The Council were negotiating a possible extension to the loan.

South Cambs Limited

The Head of Finance explained that the Council was given 3-4 weeks’ notice by South Cambs Limited when a loan was required to purchase a property. The interest on the loan would then be paid a month and half after the loan was provided.

Borrowing rates

The Head of Finance reported that short-term borrowing rates were currently more competitive than long-term borrowing rates. At some stage in the future the Council will switch to long-term borrowing when this was in the authority’s best interests. It was noted that there were risks involved in this matter. The Head of Finance confirmed that he would be talking to advisers about this issue in October.

The Committee requested a risk assessment on the borrowing being made by the Council compared to the value of its assets.

The Committee **Agreed** to approve the Treasury Management Annual report.

6. **Matters of Topical Interest**

Janet Dawson from E&Y explained that she had replaced Elizabeth Jackson as the Council’s external auditor, because of the significant delays to the signing of the 2018/19 accounts. She explained that E&Y had been unable to process the accounts because the Council had not provided the necessary information. It was now 12 months since E&Y had started the audit of the accounts, but concerns raised had still not been resolved. She explained that the Council’s external auditors had the power to take a report to full Council detailing the information that was required and giving the authority 30 days to respond. If the Council was unable to provide the information requested within two weeks, E&Y would invoke these powers.

Two-week deadline for the Council

In response to questioning Janet Dawson explained that the Council had been given a two

week deadline, following a meeting this morning. Mark Russell confirmed that this was achievable, but recent history indicated that it was not certain. The Head of Finance reported that the Council needed to provide data for the external valuer who then needed to provide information for the asset register. Mark Russell added that the Council also needed to provide an up-to-date Comprehensive Income Statement, as well as an accurate valuation of its assets before a final version of the fixed assets register could be provided.

Processing of future accounts

Janet Dawson stated that it was possible that the 2018/19 accounts could be agreed in the next two months and then work could start on the 2019/20 accounts. If everything went to plan it was possible that the 2021/22 accounts would be processed in the summer of 2022.

The Head of Finance stated that the Council would put the resources in place to get the 2018/19 accounts, the 2019/20 accounts, the 2020/21 accounts and then the 2021/22 accounts processed. With the co-operation and commitment of E&Y he was hopeful that matters could be brought up to date by the summer of 2022.

The Chair of the Committee asked to be provided with an update every two days on the position of the signing off of the 2018/19 accounts. He would then report the situation to the members of the Committee.

Councillor Heather Williams reiterated her request for guidance for councillors on how to ensure that the Audit and Corporate Governance Committee was effective.

The Committee **Noted** the report.

7. Date of Next Meeting

It was noted that the next meeting will be held on Wednesday 1 December 2021 at 10 am.

The Meeting ended at 11.05 a.m.
