

South Cambridgeshire District Council

Minutes of a meeting of the Audit and Corporate Governance Committee held on
Wednesday, 26 July 2023 at 10.00 a.m.

PRESENT: Councillor Michael Atkins – Chair
Councillor Peter Sandford – Vice-Chair

Councillors: Geoff Harvey Mark Howell
Richard Stobart Heather Williams

Officers: Patrick Adams Senior Democratic Services Officer
Anne Ainsworth Chief Operating Officer
Peter Maddock Head of Finance
John Murphy Monitoring Officer

Auditors: Janet Dawson E & Y
Mark Russell E & Y
Jonathan Tully Head of Shared Internal Audit

1. Apologies for Absence

Apologies for Absence were received Councillor Helene Leeming.

2. Declarations of Interest

Councillor Mark Howell declared a registerable interest as a County Councillor.

Councillor Peter Sandford declared a registerable interest as a non-executive director of Ermine Street Housing.

Councillor Richard Stobart declared two registerable interests as a director of South Cambs Investments Partnership and South Cambs Projects.

Councillor Heather Williams declared a registerable interest as a member of the Greater Cambridge Partnership Joint Assembly, as the agenda referred to the Greater Cambridge Partnership.

3. Minutes of Previous Meeting

The Minutes of the meeting held on 1 June 2023 were agreed as a correct record.

4. External Audit Update Report on 2020/21 Accounts

Janet Dawson presented this report, which updated the Committee on EY's audit of the Council's 2020/21 financial statement. She explained that although the timetable remained ambitious, significant progress had been made. The Committee noted the areas completed, those being worked on and the areas where more information from the Council was required. Janet Dawson complimented officers on their timely responses and reported that EY should be in

a position to give the final results of the audit at the Committee's next meeting.

The Head of Finance reported that there had been good collaboration between the Council and EY, who were working well together in a great effort to meet tight deadlines.

Covid grants

Mark Russell explained that the audit of the grants was currently in progress. One of the main risks was regarding classification. It appeared that £5m had been incorrectly accounted and the Committee could expect more details of this in the final report.

Technical adjustment

In response to questioning Janet Dawson explained that the technical adjustment referred to in the report did not affect the cash position.

Councillor Heather Williams asked if future audit reports could indicate what percentage of the audit was completed.

Janet Dawson concluded that EY hoped to complete their work by the end of July.

The Committee **noted** the report.

5. Final Accounts Position Statement and Catch Up Plan

The Head of Finance presented this report, which updated the Committee on the timetable to have the 2024/25 accounts to take place on time during the early part of the 2025/26 financial year. Janet Dawson confirmed that EY had also received a letter from the Government seeking assurance that delays experienced to accounts and audits were being addressed. She explained that it was possible that future audits would be less thorough to allow councils and auditors to carry out future audits on time. It was noted that there was a risk that something of material importance could be missed, which would make the starting balance for subsequent audits inaccurate. Guidance from CIPFA was awaited on this. The Committee could expect the proposed dates of future audits at its meeting in September.

The Committee **noted** the report.

6. Key Amnesty Project

This item was deferred to the next meeting.

7. Internal Audit Plan and Opinion

The Head of Shared Internal Audit presented this report on the proposed Internal Audit Annual Plan and Strategy for the next six months of the 2023/24 financial year by providing a summary of the proposed audits. He explained that the plan was agile and members could continue to suggest areas of assurance at future meetings. In response to questioning about including other work to the immediate

plan, he explained that the planning service had been audited recently and the impact of the organisational change was already being reviewed by external organisations. The Head of Shared Internal Audit did not want to duplicate work.

Data analytics

In response to questioning, the Head of Shared Internal Audit explained that data analytics was an important technique, which involved matching data to help tackle fraud. The team would provide training and coaching on the various approaches.

Ombudsman annual report

Councillor Heather Williams asked if the annual ombudsman's letter would be considered by the Committee. The Chair replied that the annual report from the ombudsman would come to a future meeting of the Committee. Councillor Heather Williams requested that the recommendations in the report be amended to ensure that both any risks identified by the ombudsman and the impact of the four-day week be included in the audit plan. The Committee had a brief adjournment whilst this was considered.

The Chair proposed and the Vice Chair seconded that any risks identified by the ombudsman be included in the Audit Plan. A vote was taken and with four votes in favour and two against the Committee

Agreed to approve the draft Audit Plan and Strategy,

A further vote was taken and the Committee unanimously

Agreed

- A) To approve the supporting Charter and the Code of Ethics.
- B) That the Head of Shared Internal Audit, in consultation with the Chair, will adapt the audit plan to incorporate risks identified by the ombudsman.

8. Governance Risk and Control Update

The Head of Shared Internal Audit presented this report that updated the Committee on any key audit and governance matters.

Asset management audit

The Head of Shared Internal Audit reported that the above audit had resulted in a full assurance.

Taxi licensing audit

The Head of Shared Internal Audit reported that the above audit had resulted in reasonable assurances. He agreed to confirm reports that the licensing team had implemented two minor amendments on the recommendation of internal audit. He expected that due to this the audit would also result in a full assurance.

Counter-fraud investigations

In response to questioning, the Head of Finance stated that there had been an

increase in referrals, probably due to the key amnesty, and the team were working through the 63 outstanding cases. It was noted that housing fraud made up more cases than any other category. Councillor Heather Williams asserted that the Council had a moral obligation to tackle fraud to show that the authority would not tolerate the defrauding of the taxpayer. The Head of Finance stated that the anti-fraud training would examine these issues.

The Committee **noted** the report.

9. Independent Members

The Head of Shared Internal Audit presented this report that invited councillors to consider whether to include an independent as a member of the Committee. The Committee had previously agreed to regularly consider this matter and new guidance from CIPFA, stating that have an independent member was best practice for an Audit Committee, made this a timely review.

Councillor Mark Howell expressed his concern at allowing a non-elected person on the Committee and he asserted that the independent person should not have voting rights. Councillor Heather Williams agreed and expressed concern that it would be difficult to recruit a person of sufficient skills for the remuneration on offer. Councillor Peter Sandford recommended that only one Independent person should serve on the Committee. Councillor Richard Stobart agreed and added that an Independent Member could provide useful external challenge. It was suggested that the Independent Member should be a resident of the district and ideally should have some accounting knowledge.

It was noted that the Constitution would have to be amended to allow an independent member on the Committee and this would require a recommendation from the Civic Affairs Committee to full Council, who would then have to decide whether to amend the Constitution.

Councillor Mark Howell and Councillor Heather Williams stated that they would not be voting on the recommendation. They could consider this matter afresh as members of the Civic Affairs Committee.

A vote was taken and with four votes in favour and two councillors not voting the Committee

Agreed

- A)** To recommend that the Civic Affairs Committee recommend to Council that the Constitution be amended to allow for the appointment of an Independent Person to the Audit and Corporate Governance Committee.
- B)** If approved by Council, the Chief Finance Officer, after consultation with the Chair of the Committee, be authorised to make the necessary arrangements to recruit and select the Independent Person.

10. Treasury Management - Annual Report 2022/2023

This item was deferred to the next meeting.

11. Treasury Management Performance Report: Quarter Ending 30 June 2023

The Head of Finance presented this report that outlined the Council's performance against the approved Prudential Indicators for Treasury Management for the first three months of 2023/24. He explained that the Committee would now receive quarterly updates on Treasury Management.

The Head of Finance did not believe that the Council had invested with Black Rock but agreed to check.

The Committee **noted** the report.

12. Six-Monthly Strategic Risk Report

This item was deferred to the next meeting.

13. Matters of Topical Interest

No matters of topical interest were raised.

14. Date of Next Meeting

The Chair suggested that future meetings of the Committee should be moved to a Thursday, as they had been held on this day in the past. It was noted that before any meeting dates were altered, officers would need to check that there were no clashes with other meetings such as those of the County Council or the Greater Cambridge Partnership.

The Meeting ended at 12.00 p.m.
