

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Wednesday, 12 January 2011 at 9.30 a.m.

PRESENT:	Councillor Francis Burkitt – Acting Chairman	
Councillors:	John Batchelor David McCraith	Douglas de Lacey John G Williams
Officers:	Patrick Adams Adrian Burns Alex Colyer	Senior Democratic Services Officer Head of Accountancy Executive Director, Corporate Services
External:	Debbie Hanson Chris Harris	Audit Commission RSM Tenon

Councillor Tim Wotherspoon was in attendance, by invitation.

Apologies for absence were received from Councillor Peter Topping and Mervyn Loynes.

25. DECLARATIONS OF INTEREST

None.

26. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 24 September 2010 were accepted as a correct record.

27. INTERNAL AUDIT PROGRESS REPORT

Chris Harris introduced the Internal Audit Progress Report, which summarised the outcome of work completed to date against the Internal Audit Plan for 2010/11.

When to audit

In response to questioning Chris Harris explained that the timing of an audit would be a decision taken by senior officers of the Council. It was noted that it made sense to wait for a new system to be fully operational before conducting an audit. A report on the ICT review was expected at the next meeting of the Committee.

Horizon scanning

Chris Harris explained that whilst forward planning was an essential part of audit work it was not yet possible to be able to accurately predict what the consequences of the Localism Bill would be for this authority.

HR – Redundancies

Chris explained that an assurance level had not been provided for the HR Redundancies report as it was not a full audit and so the recommendations had not been assessed as high, medium or low.

Staff absence

The Executive Director assured the Committee that staff sickness rates were receiving regular attention at the meeting of the Executive Management Team.

Health and Safety – Tenant Electoral Safety Programme

The Committee noted this issue had been discussed at previous meetings. Chris Harris stated that the 12 recommendations made in the report had been accepted and he had no specific concerns to feedback.

The Committee **NOTED** the Internal Audit Progress Report.

28. INTERNAL AUDIT PLAN

Chris Harris presented this report on the Strategy for Internal Audit for 2011/12-2013/14. It was noted that the Strategy for Internal Audit for 2010/11 had been approved by the Committee in March 2010.

Minor amendment

It was noted that the ticks indicating the years that audits were scheduled to take place needed to match the text for the planned audit of the Contact Centre, which had been combined with the audit of Customer Services.

Potential savings on audit days

It was suggested that due to the reduction in the Government's settlement, savings needed to be identified in all areas, including the payment of Internal Audit. Chris Harris explained that it was usual for Councils to reduce the number of audit days when faced with having to make cuts. He stated that the number of annual audit days had been 400, but his organisation had reduced this to 280 days on becoming the Council's auditor and further reductions had been made each year since then.

Chris Harris explained that the Committee had agreed 260 audit days for the current year. However, it was expected that only 254 would be required. This meant that the audit fee for 2011/12 was likely to be reduced by 6 days. The number of days expected to be charged for 2011/12 was currently estimated at 236. The Committee expressed the long-term hope that the number of days could be reduced to 200 in the medium term.

The Committee **APPROVED** the Strategy for Internal Audit 2011/12-2013/14 on the understanding that:

- The minor amendment to the dates of the Customer Services and Contact Centre audits be made.
- The Executive Director continued to identify potential reductions in the charge for internal audit's fee for 2011/12.
- That it be understood that the Committee's medium term target for the number of internal audit days was 200.

29. ANNUAL AUDIT LETTER 2009/10

Debbie Hanson introduced this report, which summarised the findings of the 2009/10 audit. She was pleased to report that the financial reports were a significant improvement on the previous year and were of a good standard. In addition the 2009/10 grant claims had also shown notable improvements, with all claims submitted within the required time frame. It was also noted that the asset management was one of the best that the External Audit team had audited. Debbie expressed her thanks to the Council's officers in achieving these improvements, which had resulted in a reduction of the cost of the certification work by £8,000.

Debbie introduced Paul King who would be taking over from her as the Council's external auditor.

International Financial Reporting Standards

It was noted that the 2010/11 accounts would be based on the International Financial Reporting Standards for the first time. Debbie stated that she had assessed the Council as only needing to consider minor amendments to comply with the new standards.

Housing

It was noted that it was currently unclear whether the debt passed onto the Council for taking ownership of its Council stock would be interest free. Nor was it certain whether the Council would be allowed to keep 100% of its capital receipts. There was potential revenue in the form of the New Homes Bonuses Scheme so it was recognised that there were opportunities and threats.

Medium Term Financial Strategy (MTFS)

It was noted that the current MTFS, reported to Cabinet on 9 September 2010, resulted in an underlying General Fund deficit of £2.1 million by 2015/16. In response to questioning Debbie Hanson stated that it was not unusual for a Council to have a funding gap at the end of its MTFS. She stated that whilst using its reserves or making one-off saving provided temporary respite, the only sustainable action would be for the Council to implement yearly savings or income generation. Potential savings were from the ICT review and Partnership working and these were being reviewed by Cabinet.

Council's use of natural resources

The Committee agreed to ask the Climate Change Working Group how it considered the Council was going to meet its target regarding its use of natural resources and whether the Task and Finish Group was going to meet to address this issue. It was hoped that a response would be received before the next meeting of the Committee.

Two material amendments

The Committee noted that two material amendments were required to the financial statements:

- The valuation of land at market value, which should have been at their existing use value.
- A technical accounting entry error relating to fixed asset notes that actually made no impact on the net book value.

The Committee **NOTED** the report.

30. AUDIT FEE PROPOSAL 2010/11 AND 2011/12

The Head of Accountancy presented this report on the proposed fees for internal and external audit for 2010/11 and 2011/12. He stated that neither Internal nor External Audit had been able to see the report before it was published. It was noted that £25,000 savings were anticipated.

Calculating audit fees

It was noted that the internal audit fees were calculated on days worked, whilst the external audit fees were worked out in terms of the result of the work carried out.

External audits in the future

It was noted that following the abolition of the Audit Commission the Council would go out to contract for its external auditor for the year 2012/13. It was understood that the Comprehensive Area Assessments had been abolished and any effort to make comparisons would have to be organised by the Local Authorities.

The Corporate Governance Committee **NOTED** the report.

31. STRATEGIC RISK REGISTER QUARTERLY REPORTS 2010/11

The Executive Director introduced this report on the quarterly review of the Risk Register by explaining that the Northstowe Portfolio Holder was responsible for managing the risks affecting this Council and had last examined this issue at his meeting on 20 January 2011.

It was noted that Council had agreed in April 2010 that the responsibility for Risk Management rested with the Executive and the Corporate Governance Committee was responsible for monitoring the work of the Northstowe Portfolio Holder.

Councillor Tim Wotherspoon, the Northstowe Portfolio Holder, expressed his enthusiasm for monitoring the risks faced by the Council. He explained that he focussed on the risks that were above the tolerance line.

The Committee was satisfied with the Northstowe Portfolio Holder's work regarding the Strategic Risk Register and **NOTED** the report.

32. MATTERS OF TOPICAL INTEREST

None.

33. DATE OF NEXT MEETING

The next meeting was arranged for 28 March 2011 at 9:30am in the Monkfield Room.

The Meeting ended at 11.20 a.m.
