GOVERNANCE AND ETHICS COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 13 FEBRUARY 2017

Councillors Present: Jeff Beck (Vice-Chairman), Graham Bridgman, Keith Chopping (Chairman), Barry Dickens, Tim Metcalfe (Substitute) (In place of James Cole), Anthony Pick and Quentin Webb

Also Present: Sarah Clarke (Acting Head of Legal Services), Julie Gillhespey (Audit Manager), Ian Priestley (Chief Internal Auditor), Andy Walker (Head of Finance) and Moira Fraser (Democratic and Electoral Services Manager)

Apologies for inability to attend the meeting: Councillor Steve Ardagh-Walter, Chris Bridges, Councillor James Cole and Councillor Lee Dillon

PART I

24 Minutes

The Minutes of the meeting held on 28th November 2016 were approved as a true and correct record and signed by the Chairman.

Moira Fraser agreed to circulate a note about Berkshire County Council Assets requested at the 05th September 2016 meeting to the Committee.

25 Declarations of Interest

There were no declarations of interest received.

26 Forward Plan

The Committee considered the Governance and Ethics Committee Forward Plan (Agenda Item 4). It was noted that currently there were no scheduled items for discussion on the 19 June 2017 and if no items were forthcoming this meeting would be cancelled. It was also noted that it might be necessary to move the 21 August 2017 meeting. A new date would be agreed outside of the meeting and circulated to all Members.

RESOLVED that the Governance and Ethics Committee Forward Plan be noted.

27 Update on Ethical Matters – Quarter 3 of 2016/17 (GE3092)

The Committee considered a report (Agenda Item 5) which updated on local and national issues relating to ethical standards and brought to the attention of the Committee any complaints or other problems within West Berkshire.

Sarah Clarke noted that during the third quarter of 2016/17 no formal standards complaints had been received by the Council, no dispensations were granted and a small number of gifts and hospitality offers were declared by Members. She also noted that the revised West Berkshire Council Councillors' Code of Conduct had been circulated to all Parish and Town Councils post the Council adopting it in September 2016.

RESOLVED that the report be noted.

28 Webcasting Procedure (GE3189)

The Committee considered a report (Agenda Item 6) concerning the Webcasting Procedure, which outlined the process for choosing which meetings were webcast and offered guidance to those involved.

Moira Fraser noted that the principle of webcasting had been agreed at the 15th September 2016 Council meeting as part of a response to a Motion on this issue. The Council also agreed that a Webcasting Procedure should be developed and presented to the Governance and Ethics Committee for adoption.

A Webcasting Task Group was set up and they were consulted on the Procedure. In particular she wished to thank Councillor Graham Bridgman and Jo Reeves for the work they had put into developing the document.

Members requested that an update be circulated to the Committee and Members more generally on when it would be possible to webcast meetings.

Councillor Bridgman noted that a Webcasting Task Group had been set up and they had been tasked with considering webcasting in general and to give thoughts to a policy which he and Jo Reeves had drafted. He thanked Jo Reeves for the work she had done on producing the policy.

Members raised some concerns about the ability to webcast meetings that were not held in the Council Chamber most notably the Eastern Area Planning Committee. They discussed the possibility of being able to record these meetings and then broadcast them later on when access to Wi-Fi was not an issue. Moira Fraser commented that audio quality might also be an issue in the current venue. Members were concerned about the possibility of all planning meetings having to be held in the Council Chamber or the possibility of Western Area Planning meetings being broadcast and Eastern Area Planning meetings not.

It was noted by Councillor Bridgman that the procedure set out a process for deciding which meetings would be webcast. Councillor Bridgman also highlighted that all meeting notices would contain a paragraph to the effect that the Council webcasts certain meetings and that the meeting in question might be webcast, although speakers might opt not to be videoed.

Members were however happy to support the adoption of the procedure.

RESOLVED that the Webcasting Procedure be agreed.

29 Public Sector Audit Appointments (C3211)

The Committee considered a report (Agenda Item 7) concerning the merits of West Berkshire Council opting into the national scheme for auditor appointments for the financial year 2018/19 onwards.

Andy Walker noted that this matter had come to the November 2016 meeting and Members had asked for clarification on two issues. Firstly they sought assurance that by buying into the procurement framework best value in respect of price would be achieved in 2018/19. Secondly they also sought additional information on indicative costs of setting up a Local Independent Audit Panel (LIAP).

In respect of the second query the Head of Finance reported that it would cost around £15k to set up an LIAP and that there would be ongoing revenue costs of circa £1k to £2k per annum associated with member attendance and additional costs associated with procurement. These costs did not include the cost of the audit itself.

Andy Walker explained that currently only around nine companies had sufficient expertise and suitable qualified auditors to audit local authorities. It was therefore likely that even if the Council decided to undertake the procurement on its own it would still end up procuring services from one of these companies. This was likely to be more expensive as economies of scale would not be achieved.

To date 350 of 493 local authorities had indicated that they would sign up to the procurement framework and as the deadline of the 09 March 2017 to do so approached it was likely that this number would increase.

Members thanked Andy Walker for the comprehensive report and Councillor Quentin Webb stated that he was happy to support the recommendation as outlined in the report.

RESOLVED that:

- The Governance and Ethics Committee agreed to accept the invitation to opt into the national scheme for auditor appointments.
- The Committee to recommend that Full Council consider and endorse the Governance and Ethics Committee's decision.

30 Accounting Policies (GE3209)

The Committee considered a report (Agenda Item 8) concerning the Accounting Policies that would be used to produce the Annual Accounts for the year ending 31st March 2017. The accounting policies were defined as the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting the financial statements in the Annual Accounts. The Code of Practice required that authorities should select and apply their accounting policies consistently for similar transactions.

Andy Walker noted that it had been identified that the Council did not always review its accounting policies in advance of the external audit process. It had therefore been agreed that this year in advance of the year end close down Members would be afforded the opportunity to do so.

Members considered the policies and commented that they did not wish to make any amendments.

RESOLVED that the Accounting Policies be agreed.

31 Internal Audit Interim Report 16-17 (GE3091)

The Committee considered a report (Agenda Item 9) concerning the outcome of internal audit work carried out during the first half of 2016-17.

The Public Sector Internal Audit Standards, as adapted by CIPFA's "Local Government Application Note", required the Chief Internal Auditor to make a formal report annually to the Council in order to present an opinion of the Council's internal control framework. In addition to the formal annual report the Chief Internal Auditor provided an interim report to the organisation in the course of the year. The interim report aimed to address emerging issues in respect of the whole range of areas to be covered in the formal annual report. This report provided an interim view looking at the first six months of the year.

Ian Priestley noted that there had been one unsatisfactory audit follow up during the first half of the year. This related to procurement cards. Ironically the cards had been introduced to reduce the risks associated with imprest accounts. The action plan associated with the follow up audit was attached as Appendix C to the report. It was noted that the concerns related to service areas not adhering to the policies introduced to manage the use of the cards. The Portfolio Holder had been informed about the concerns and he agreed to ask his fellow Executive Members to remind services of the need to adhere to the policies.

Ian Priestley noted that the issue of procurement cards would be revisited within the first six months of the next financial year. It had been agreed that the audit would be delayed in order to allow the amended policies to be embedded in service areas. Members noted

that at the time of the audit around 30 cards had been issued. Each card had a maximum limit of around £4k but that this varied from card to card as limits were set based on operational requirements.

Officers noted that the risks associated with procurement cards were much lower than those associated with 'petty cash' as statements were provided for all purchases and therefore an audit trail was in place. Andy Walker had now had the opportunity to remind Heads of Service about the policies that were in place albeit that this happened later than the recommendation had set out. Julie Gillhespey noted that the audit had identified a few anomalies including the fact that cards were not only being used by the card holder, purchases did not always receive prior approval and that the card holders were often responsible for reconciling the statements.

Councillor Bridgman was concerned that only two of the 15 recommendations had been fully implemented and two had been partially implemented. In response to a query Officers confirmed that opportunities for fraudulent activity had been greatly reduced. Andy Walker noted that the statements were also seen by the Service Accountants although the returns to accountancy were not always timely.

Councillor Tim Metcalfe was concerned about the cost to the Council when invoices were not attached thereby preventing the Council from claiming back VAT. Ms Gillhespey noted that only one such occurrence had been identified.

The Chairman thanked the auditors for the excellent work that they had undertaken. Although this had been an unsatisfactory follow up it should be noted that procurement cards were to some degree self regulatory and therefore posed a lower risk to the Council. He was pleased to note that this issue would be revisited in the next annual audit plan.

RESOLVED that the report be noted.

(The meeting commenced at 5.00 pm and closed at 5.59 pm)

CHAIRMAN …….

Date of Signature …….