

DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

GOVERNANCE AND ETHICS COMMITTEE

MINUTES OF THE MEETING HELD ON

MONDAY, 26 NOVEMBER 2018

Councillors Present: Jeff Beck (Vice-Chairman), Paul Bryant, Keith Chopping (Chairman), James Cole, Barry Dickens, Geoff Mayes, Anthony Pick and Quentin Webb

Also Present: Sarah Clarke (Acting Head of Legal Services), Lesley Flannigan (Finance Manager: Financial Reporting), Julie Gillhespey (Audit Manager) and Andy Walker (Head of Finance and Property), Jo Reeves (Principal Policy Officer)

Apologies for inability to attend the meeting: Councillor Steve Ardagh-Walter, Councillor Jeff Brooks and Jane Langford

Councillor(s) Absent:

PART I

18 Minutes

The Minutes of the meetings held on 30 July 2018, 08 August 2018 (special) and 29 October (special) were approved as a true and correct record and signed by the Chairman subject to the inclusion of the following amendments:

Minutes from the meeting held on 30 July 2018, Page 7: The meeting recorded as being on 16 April 2019 would actually be held on 15 April 2019.

Minutes from the meeting held on 8 August 2018, Page 12: Remove the 's' from 'Mr Thomas Tunney in addressing the Committee raised the following points'.

Matters Arising

Councillor Quentin Webb noted that weak audit follow ups, as discussed in the previous meeting, were included in the Internal Audit Update Report (Agenda Item 7).

19 Declarations of Interest

There were no declarations of interest received.

20 Forward Plan

The Committee considered the Governance and Ethics Committee Forward Plan (Agenda Item 4).

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

21 Financial Statements 2017/18 - Annual Audit Letter (GE3360)

The Committee considered a report (Agenda Item 5) which included the Final Annual Audit Letter 2017/18 from KPMG. The audit letter summarised the outcome from their audit work at West Berkshire Council in relation to the 2017/18 audit year.

It was noted that Value for Money was given an unqualified conclusion and KPMG issued an unqualified opinion on the Council's financial statements on 31st July 2018.

The Committee requested that their thanks be recorded and passed on to all in the Finance Service whose hard work had ensured the Council's strong results.

RESOLVED that the Annual Audit letter be noted.

22 External Auditors - Audit Progress Report and Sector Update (GE3661)

The Committee considered a report (Agenda Item 6) from Grant Thornton on progress in delivering their responsibilities as the Council's new external auditors and a sector update. This was an introductory paper from the new auditors.

David Johnson, Engagement Manager for Grant Thornton, introduced the report to the Committee. He explained that he had already held meetings with the Council's Chief Executive and the Finance Team to explore future areas of attention. The process followed would be largely similar to the previous auditors, KPMG. As part of their service, Grant Thornton would hold workshops for the Finance Service and the next would be held in February.

Councillor Anthony Pick noted the information regarding the Vibrant Economy Index contained within the Sector Update section of the report. He asked whether the index was able to measure the impact of the Council's policies around promoting a strong local economy. David Johnson advised that the measure was more geared to reflect the impact of the economy of social mobility.

Councillor Webb enquired whether Grant Thornton would undertake any analysis of KPMG's processes. David Johnson advised that they would be informed by KPMG's work but would look at things themselves in order to learn the Council's process.

Councillor Bryant noted that the value for money opinion would be informed by seeing whether the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. He asked whether that meant that Grant Thornton would recommend areas where specific services could be made more efficient. David Johnson advised that they would be looking to ensure appropriate governance arrangements were in place and that the Council was directing the use of resources properly.

Councillor Keith Chopping asked whether a reactive audit process would be used. David Johnson advised that they would get ahead of the curve where possible.

RESOLVED that the Audit Progress Report and Sector Update be noted.

23 Internal Audit Update Report (GE3628)

The Committee considered a report (Agenda Item 7) which updated on the outcome of Internal Audit work carried out during quarters one and two of 2018/19.

The report concluded that no significant/fundamental weaknesses had been identified in the Council's internal control framework through the work carried out by Internal Audit during the first two quarters of 2018/19. Progress against the plan was slow during the second quarter due to a Senior Auditor post becoming vacant, and also because there was unplanned work that Internal Audit was requested to undertake which needed to be prioritised over planned work.

Councillor Keith Chopping enquired upon whether the team was now fully staffed. Julie Gillhespey advised that an experienced Senior Auditor was appointed in mid-September.

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Councillor James Cole asked whether the team was adequately resourced. Julie Gillhespey expressed the view that she would prefer to have one more member of staff.

Councillor Anthony Pick asked how the weak result of a school audit would be followed up. Julie Gillhespey advised that there would be a follow up in six months, as with the systems audit. Geoff Mayes asked whether the weak audit was due to finances. Julie Gillhespey advised that it was due to weak financial governance.

Councillor Paul Bryant asked whether academies were audited by the Council, Julie Gillhespey advised that they were not.

Councillor James Cole sought more information on procurement cards. Julie Gillhespey advised that a 'weak' result was identified because services were not complying with the financial controls. A range of recommendations would be taken forward. It was likely that staff within the services did not understand the requirements, rather than there being deliberate non-compliance. Individual findings had been issued to services. Councillor Chopping requested a further update on the matter at the next meeting in February 2019.

Andy Walker offered reassurance that the Finance and Governance officer group were aware of the situation and would consider withdrawal of the procurement card as a sanction. It was hoped the situation could be resolved through training.

Councillor Beck requested an update regarding the modelling of the Adult Social Care budget. Julie Gillhespey advised that the Chief Executive was authoring a forthcoming report on the matter. Councillor Graham Bridgman, Executive Member for Adult Social Care, advised the Committee that the process was ongoing to correct the modelling. It was known how the modelling error was caused, but not why there had been omissions from the model in the first place. Some elements of the forecast overspend in Adult Social Care could not have been predicted. The new modelling regime should be an improvement.

Councillor Pick asked what degree of risk the council was under through the procurement card issue. Julie Gillhespey advised that the cards had a transaction and monthly spend limit. Around £90k was spent per year via the cards. The primary risk was reputational.

In relation to the audit for contract letting, Councillor Cole sought assurance that it would be recompleted following the change to the Council's Rules of Procedure. Julie Gillhespey advised that even when reviewed, there was more scope for the matter to be weak as the matter was devolved to services and therefore more people were involved.

RESOLVED that the content of the report be noted.

24 Amendments to the Constitution (GE3260)

The Committee considered a report (Agenda Item 8) which proposed a number of amendments to Parts 2, 3, 10, 11 and 13 of the Council's Constitution. The main changes to the Constitution were set out in the report but they were mainly general tidying up and an increase to delegated authority.

Sarah Clarke introduce the report to the Committee. She particularly highlighted that the Social Media Protocol for Councillors (the Protocol) was overdue an update as the deadline of December 2016 had long passed. She thanked a working group for their support including Councillors Bridgman, Cole, and Doherty, plus Martin Dunscombe the Communications Manager. Councillor Bridgman had subsequently circulated a 'clean' version to the Committee members. Comments had been submitted by Councillor Macro and the Protocol would be further amended to ensure the use of 'blog' and 'post' were consistent. A general clause would be added to enable the evolving language around social media to be covered. Regarding Councillor Macro's point regarding racist, homophobic and transphobic content, Sarah Clarke advised the Committee that the

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Council's Equality Policy sufficiently covered the matter. Finally regarding Councillor Macro's point about the use of Council equipment, the Council's IT Policy was applicable.

Councillor Bridgman advised that he had edited the Protocol to take into account Councillor Macro's comments, minus those which Sarah Clarke had identified were sufficiently covered by other policies. He wished to draw the Committee's attention to a slight difference to the Councillor's Code of Conduct that the meaning of Capacity, where capitalised in the Protocol, included such circumstances where a councillor might be reasonably perceived to be acting their capacity as a Councillor.

Councillor Cole stated that he was happy with the proposed changes.

Sarah Clarke advised that Martin Dunscombe would provide Members with training on how to maximise the use of social media following the elections in May 2019.

Turning to the other proposed changes to the constitution, Councillor Chopping queried whether £5k was a sufficient reward for officers whose ideas had saved the Council £1m. Sarah Clarke advised that the proposal related to new income generation and not savings. Councillor Pick stated that in his experience the size of the reward had little bearing on the scale of the benefit achieved.

RESOLVED that the following items be recommended to Full Council for approval subject to the inclusion of the amendments agreed at the meeting :

- The amendments to the Articles of the Constitution which are detailed in Appendix D of the report.
- The amendments to the Scheme of Delegation which are shown fully in Appendix E of the report.
- The amendments to the Financial Rules of Procedure at Part 10 of the Constitution, as detailed in Appendix F of the report.
- The amendments to the Contracts Rules of Procedure at Part 11 of the Constitution, as detailed in Appendix G of the report.
- The amendments to the Social Media Protocol for Councillors at Part 13 of the Constitution, as shown at Appendix H of the report.

25 Exclusion of Press and Public

RESOLVED that members of the press and public be excluded from the meeting for the under-mentioned item of business on the grounds that it involves the likely disclosure of exempt information as contained in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the [Local Government \(Access to Information\)\(Variation\) Order 2006](#). [Rule 8.10.4 of the Constitution](#) also refers.

26 Strategic Risk - Key Issues Q2 2018/19 (GE3639)

(Paragraph 3 – information relating to the financial/business affairs of a particular person)

The Committee considered an exempt report (Agenda Item 10) concerning the Strategic Risk Key Issues Q2 2018/19.

RESOLVED that the report be noted.

(Paragraph 3 – information relating to the financial/business affairs of a particular person)

The Committee considered an exempt report (Agenda Item 10) concerning the Strategic Risk Key Issues Q2 2018/19.

Catalin Bogos introduced the report which was based on the old methodology but the information was up to date. A further update would be brought to the Committee in six months.

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Councillor Chopping queried why Grazeley was shown as a risk when the Council had nothing pinned on it. Catalin Bogos explained that it had been escalated by the Corporate Programme Board as it was perceived there was a risk that the Council might not achieve its objectives. Councillor Bryant noted that if Grazeley was at risk the whole Local Plan would be at risk.

Councillor Pick raised a concern that Sandleford required a Western access point and there was a risk that the transport provision onsite would be inadequate.

Councillor Cole stated that Catalin Bogos had achieved some progress in the presentation of risk but he was still unsatisfied with the risk appetite statement. Catalin Bogos advised that he was only resourced to work 0.75 of a day per week on risk.

RESOLVED that the report be noted.

(The meeting commenced at 5.00 pm and closed at 6.26 pm)

CHAIRMAN

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Date of Signature

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FIELD RESTRICTED SUMMARY

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