

GOVERNANCE AND ETHICS COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 10 FEBRUARY 2020

Councillors Present: Adrian Abbs (Substitute) (In place of Andy Moore), Jeff Beck (Chairman), James Cole, Barry Dickens, Tony Linden, Thomas Marino, Steve Masters (Substitute) (In place of David Marsh), Geoff Mayes and Joanne Stewart

Also Present: Sarah Clarke (Service Director (Strategy and Governance)), Shannon Coleman-Slaughter (Chief Financial Accountant), Julie Gillhespey (Audit Manager) and Joseph Holmes (Executive Director - Resources), Moira Fraser (Democratic and Electoral Services Manager) and Councillor Ross Mackinnon (Executive Portfolio Holder: Finance)

Apologies for inability to attend the meeting: Councillor Jeremy Cottam, Jane Langford, Councillor David Marsh and Councillor Andy Moore

PART I

25 Minutes

The Minutes of the meeting held on 25 November 2019 were approved as a true and correct record and signed by the Chairman subject to the amendment of the following typographical errors:

Page 1, Item 17, Minutes, Final Paragraph replace the word 'mean' with 'meant'

Page 3, Item 22, Internal Audit – Interim Report 2019/20, First Paragraph replace 'updated' with 'update'.

The Chairman welcomed David Johnson from the external auditors, Grant Thornton, to the meeting.

Julie Gillhespey noted that the follow up to weak opinion of the audit of procurement cards had now been completed. Sample checks had been undertaken and the internal auditors were now comfortable that progress was satisfactory.

Officers had completed drafting the findings following the review of the Governance and Ethics Committee. Auditors would be proposing that the terms of reference for the Committee be updated and that specific training be undertaken for Committee Members on audit and risk management in particular. Moira Fraser noted that mandatory training for Governance and Ethics Committee Members was proposed in the Member Development Programme that was going to the march 2019 Council meeting.

She thanked those Members that had completed the survey which would help to inform the review.

26 Declarations of Interest

During the discussion of item 8, Risk Management – Quarter of 2019/20, Councillor Tom Marino noted that he had a personal interest in this item. As his interest was personal and not an other or disclosable pecuniary interest he determined to remain in the meeting and take part in the discussion.

27 Forward Plan

The Committee considered the Governance and Ethics Committee Forward Plan (Agenda Item 4). It was agreed that the feedback from the Effectiveness of the Audit Committee would be included on the next agenda.

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

28 The Audit Findings for West Berkshire Council - Financial Year Ended 31 March 2019 (GE3828a)

The Committee considered a report (Agenda Item 5) concerning The Audit Findings for West Berkshire Council – Financial Year Ended 31 March 2019.

The purpose of the report was to provide members with the draft audit findings report provided by Grant Thornton in respect of their external review of the 2018/19 Financial Statements.

Members agreed that standing orders should be suspended in order to allow David Johnson to speak on this item.

Mr Johnson noted that the Committee had already seen previous iterations of the report. Changes were highlighted in blue text. The areas which were still under review were set out on page 15 of the agenda. He thanked colleagues in the Finance Team for the work they had put in to trying to progress these issues. He noted that the outcome of the audit of the Berkshire Fund had been delayed which had an impact on this audit. The findings had been received in late January and they were working through that report to see if there were any issues which would impact on this audit. If any substantial issues were identified they would be reported back to this Committee.

One of the key issues had been the valuation of the Council's Land and Buildings. Grant Thornton were of the opinion that the approach adopted in previous years was flawed. They had therefore requested that the Council revalue these assets which had resulted in an uplift of £65m on the Council's balance sheet. The assessment of the process adopted was marked as red not the information itself. Joseph Holmes reassured Members that the only change was an increase in the value of the assets in the Council's balance sheet. The Council would now be in a better position for the audit the following year.

It was anticipated that an unqualified opinion would be issued. He noted that page 47 of the agenda highlighted that it was anticipated that Grant Thornton would need to charge the Council an additional audit fee to reflect the additional work that had been done. This figure was not yet known but would be discussed with Officers in due course.

Councillor Tony Linden queried whether Mr Johnson anticipated a delay in the 2019/20 audit. Mr Johnson stated that it was never their intention to be late. The 31 July was a reporting date and not a deadline and there was no requirement to publish the documents by this date. Grant Thornton would however be reviewing their workload and resources going forward. Members queried if they anticipated an increase in the fees for the following year.

Mr Johnson stated that auditors recorded the time they spent on audit activity and they would use this information and some benchmarking data to derive the fee for the following year. The Public Sector Audit Appointment Panel could be called on to arbitrate on any disputed fees.

It was agreed that a report would be brought to the April meeting which would provide an update on the 2019/20 close down.

GOVERNANCE AND ETHICS COMMITTEE - 10 FEBRUARY 2020 - MINUTES

Standing orders were reinstated.

The Chairman thanked Officers and the Auditors for the work they had done to date.

RESOLVED that the report be noted.

29 Financial Statements 2018/19 (GE3828b)

The Committee considered a report (Agenda item 6) concerning the Financial Statements 2018/19. The purpose of the report was to provide Members with a copy of the audited financial statements for the financial year ended 31 March 2019.

Councillor James Cole noted a few typographical errors which he would raise with Officers outside of the meeting.

RESOLVED that:

The financial statements for 2018-19 be approved subject to:

- i. The completion of the Berkshire Pension Fund audit
- ii. The completion of the external auditor's work raising no further material issues raised for those charged with Governance

Authority be delegated to the Chair of the Governance & Ethics Committee, in consultation with Executive Director (Resources) for the final approval of the financial statements following points (i) and (ii) above.

30 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 Paragraphs 3, 5 and 6 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](#).

31 Risk Management - Quarter 2 of 2019/20 (GE3691)

(Councillor Tom Marino declared a personal interest in Agenda item 8 by virtue of the fact that he was a member of one of the organisations referred to in the document. As his/ interest was personal and not a disclosable pecuniary interest he determined to take part in the debate and vote on the matter).

The Committee considered an exempt report (Agenda Item 8) concerning Risk Management – Quarter 2 of 2019/20.

The purpose of the report was to highlight the corporate risks considered by Corporate Board and outlined the actions that were being taken to mitigate those risks.

Members noted that there was no specific reference to the Corona Virus in the Risk Register. Officers explained that this was the risk register as at the end of Quarter Two (September 2019) which preceded the outbreak. At the request of Members it was agreed that a briefing note would be prepared for Officers and Members. It was noted that the risk around the virus was set at moderate at a national level and the Council would continue to be guided by the appropriate authorities and that it would be factored into business continuity planning as necessary.

RESOLVED that:

The current position and actions undertaken to minimise the impact for the existing 24 risks on the Corporate Risk Register (CRR) be noted, including the 6 new risks escalated from service risk registers.

GOVERNANCE AND ETHICS COMMITTEE - 10 FEBRUARY 2020 - MINUTES

The Corporate Board approved actions proposed to minimise the impact for existing risks on the Corporate Risk Register be noted.

The current progress with risk mitigation actions be noted.

It be noted that six risks were proposed to be de-escalated from the Corporate Risk Register.

(The meeting commenced at 4.00 pm and closed at 4.56 pm)

CHAIRMAN

Date of Signature