

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, 25 APRIL 2022

Councillors Present: Thomas Marino (Chairman), Jeremy Cottam (Vice-Chairman), Jeff Beck, Rick Jones, Tony Linden, David Marsh, Geoff Mayes, Andy Moore, Biyi Oloko, Bill Graham and David Southgate

Also Present: Sarah Clarke, Joseph Holmes, David Johnson (Grant Thornton), Iain Murray (Grant Thornton), and Sadie Owen

33 Minutes

The Minutes of the meeting held on 17 January 2022 were approved as a true and correct record and signed by the Chairman.

34 Declarations of Interest

Councillor Tony Linden declared a personal interest as a member of the Berkshire Pension Scheme.

35 Forward Plan

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

RESOLVED that: Governance and Ethics Committee note the Forward Plan.

36 Monitoring Officer's Annual Report to the Governance and Ethics Committee 2021/22 (C4198)

Sarah Clarke introduced the report (Agenda Item 5), and commented that whilst there were a number of complaints, only two had been substantiated and referred for investigation.

It was reported that Lindsey Appleton, Mike Wall MBE and Alan Penrith had been appointed as Independent Persons for the municipal year 2022/23.

Councillor Cottam drew members' attention to an article in the Newbury Weekly News on 21 April which had raised concern in relation to the doubling of the number of complaints in the past 3 years. It was queried whether any action would be taken to respond to the article.

Sarah Clarke agreed to review the article and to respond to it, if appropriate. It was reported that Code of Conduct training was being recommended for members and was hoped that this would assure the public that the council took the issue seriously.

It was clarified that initially complaints would be considered by the Deputy Monitoring Officer and Independent Person and assessed by the criteria set out in the constitution. If a breach had occurred and a local resolution was not appropriate then the case would be referred to an independent solicitor. It was confirmed that cases were progressed as swiftly as possible, but that party availability would always have an impact.

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It was clarified that anyone was able to make a complaint against a member of the Council, there was no restriction on locality.

It was reported that interviews for an Independent Person would be taking place in the following week.

In response to a query as to whether there was a rise in spurious complaints against councillors, Sarah Clarke reported that some of the complaints had been very similar to one another and there were clusters of such complaints.

RESOLVED that:

- Governance and Ethics Committee note the report; and
- Report to be circulated to all Parish/Town Councils in the District for information.

37 Governance and Ethics Annual Report (C4152)

Joseph Holmes introduced the report (Agenda Item 6), which provided an annual summary of the activities of the Governance & Ethics Committee for 2021-22 (excluding the April 2022 Governance & Ethics Committee meeting).

RESOLVED that: Governance & Ethics Committee approve the report for referral to Council.

38 Internal Audit Update Report (GE4093)

Julie Gillhespey introduced the report (Agenda Item 7), which detailed audit work undertaken during Quarter 3 of 2021/22. It was noted that there had been no significant issues of concern identified during the period that need to be highlighted to senior officers/members.

Julie Gillhespey explained that following the 'Weak' opinion in relation to Carers Payments (Adult Social Care), the service would be given 6 months to implement the recommendations with a return visit scheduled for May.

RESOLVED that: Governance and Ethics Committee note the report.

39 Internal Audit Plan 2022-2025 (GE4094)

Julie Gillhespey introduced the report (Agenda Item 8), and highlighted Appendix C which outlined the audit work programme for the next 3 year period.

Julie Gillhespey clarified that high risk items were usually audited every 5 years, and medium risk items every 8 years. If there were serious concerns about a particular issue it would be prioritised for either the current or following year.

With reference to Appendix E, item 1, Julie Gillhespey suggested that any audit which took longer than a year would be too long and that generally audits should take no longer than 6 months.

It was explained that any concerns or issues raised by senior officers or members would be risk assessed and prioritised accordingly. As a consequence the plan was fairly fluid.

RESOLVED that: Governance and Ethics Committee approve the Proposed Audit Plan.

40 2021/22 Year End Preparation (GE4211)

Joseph Holmes introduced the report (Agenda Item 9), which detailed the accounting policies to be applied in the production of the Council's 2021/22 Financial Statements.

In response to a query from Councillor Rick Jones, Joseph Holmes explained that the reduction of three days to 24 hours for recognising liquidity of cash equivalent assets reflected a change in accounting standards.

Iain Murray (Grant Thornton), agreed and explained that if an asset was liquid (accessible within 24 hours), then it should appear in the cash or cash equivalent section of the balance sheet, whereas other less liquid assets would be reflected in the investment half of the balance sheet.

It was clarified that de minimis was increasing from £5,000 to £10,000, but it was felt that this would not have a significant revenue impact.

RESOLVED that: Governance and Ethics Committee

- Approve a change to the Council's 2021/22 accounting policy in respect of cash and cash equivalents. The Council has to specify an accounting policy in respect of both cash and 'cash equivalent' financial assets. The classification is made with reference to the liquidity of holdings, for which the proposed accounting policy would define both as repayable within not more than 24 hours; and
- Approve the accounting policies which will be applied in the production of the Council's 2021/22 Financial Statements.
- Note the forthcoming accounting requirements, issued but not yet adopted, in respect of the accounting standard IFRS 16 *Leases*, which has been deferred for a further two financial years;
- Note the potential implications for accounting arrangements from 2022/23 for interests in companies and other entities; and
- Note the timetable under which the draft 2021/22 Financial Statements are to be produced.
- Recommend to Executive with effect from 1 April 2022, a de minimis limit of £10,000 for expenditure to be categorised as capital expenditure.

41 Draft Audit Findings for West Berkshire Council - Financial Year Ended 31 March 2021

Joseph Holmes introduced the report (Agenda Item 10), and clarified that members were being asked to approve the draft audit findings of Grant Thornton in respect of their external review of the 2020/21 Financial Statements subject to no further material changes as a result of the delayed pension fund audit being administered by the Royal Borough of Windsor and Maidenhead.

It was highlighted that contrary to the statement in section 5, the recommendation was that the Committee approve delegation to the Council's Executive Director for Resources and the Chairman to sign off the Financial Statements once the findings of Grant Thornton had been considered.

Iain Murray (Grant Thornton), commented that the pension fund auditor had reported that there had been an overstatement of investments within the fund. Grant Thornton were consequently assessing the impact of this to West Berkshire Council's assets.

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In relation to the double accounting school employee expenses for two schools, Iain Murray commented that it was not out of the ordinary and had probably been as a result of human error and remote working. It was noted that the impact had been adjusted in the latest set of accounts, and was clarified that they were purely financial accounting entry errors rather than actual double payments.

Councillor Jeremy Cottam expressed discomfort at the delays by the pension fund and queried whether they were operating a fundamentally flawed system.

Joseph Holmes clarified that the delay was due to the timetable of the auditor rather than the fund producing late figures. Iain Murray commented that there were delays across the whole of the sector which were not acceptable but clarified that Grant Thornton now had the information from the pension fund that it needed, but needed to conduct further investigation and analysis as a result.

Councillor Andy Moore queried how serious the four follow up recommendations listed in Appendix B were perceived. Iain Murray responded that they were not significant enough to impact the opinion, but had been suggested to improve the process. David Johnson (Grant Thornton), agreed and commented that it was not unusual for such errors to occur, particularly as they were as a result of manual systems rather than automated.

Joseph Holmes commented that the more manual the report, the more room for potential error and that this was an area of focus for improvement for the year ahead.

In relation to the £6.3m pension shortfall, Joseph Holmes commented that the council made increasing annual employer contributions and that he felt that the contributions were sufficient to cover any shortfall at the present time.

In relation to infrastructure assets, Iain Murray commented that it was currently an issue within the sector as to how they were accounted, and responding to Councillor Biyi Oloko's query commented that he did not know how it would affect the council's value of assets, but did not feel that it would have a material impact as it was a particularly technical issue.

RESOLVED that:

- Governance and Ethics Committee delegate authority to sign the 2020/21 Financial Statements to the Councils Executive Director for Resources (S151 Officer) and the Chair of the Governance & Ethics Committee, once the Council's appointed external auditors Grant Thornton provide a formal opinion on the 2020/21 Financial Statements and in the absence of any material changes.

42 Review of DLUHC finance and governance reports

Joseph Holmes introduced the report (Agenda Item 11), which reviewed the key conclusions from the Department for Levelling Up, Housing and Communities (DLUHC) reviews to ascertain any impact for West Berkshire.

Councillor David Marsh noted that the Council's General Fund reserve was budgeted to decline in 2021/22 and queried whether there was sufficient to cover all future contingencies. In response Joseph Holmes commented that the Council's data was comparable with other local authorities and that he was satisfied with the level.

RESOLVED that: Governance and Ethics Committee note the report.

43 Constitution Review Task Group Draft Work Programme

Sarah Clarke introduced the draft work programme of the Constitution Review Task Group (Agenda Item 12), which had been requested by the Committee.

It was noted that the original timetable had been impacted by Covid and the loss of an external resource, but it was hoped that the work could now get back on track.

Councillor Andy Moore and Councillor Jeff Beck noted that the group hadn't met since November and suggested that the timetable was still looking ambitious.

Sarah Clarke commented that additional dedicated resources were being explored to drive the programme forward.

CHAIRMAN

Date of Signature