

DRAFT

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

GOVERNANCE AND AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 27 APRIL 2015

Councillors Present: Paul Bryant, Tony Linden, Geoff Mayes, Julian Swift-Hook (Vice-Chairman) and Quentin Webb (Chairman)

Also Present: Andy Day (Head of Strategic Support), Lesley Flannigan (Finance Manager: Technical and Control), Julie Gillhespey (Audit Manager), Kevin Griffin (Head of ICT & Corporate Support), Ian Priestley (Chief Internal Auditor), Shiraz Sheikh (Solicitor), Ian Pennington (KPMG) and Moira Fraser (Democratic and Electoral Services Manager)

Apologies for inability to attend the meeting: Councillor Peter Argyle and Councillor Brian Bedwell

PART I

21. Minutes

The Minutes of the meeting held on 9 February 2015 were approved as a true and correct record and signed by the Chairman.

22. Declarations of Interest

There were no declarations of interest received.

23. KPMG Audit Plan (GA2985)

The Committee considered a report (Agenda Item 4) to inform Members of the proposed audit plan by external auditors, KPMG. The audit plan from KPMG, described how they would deliver their financial statements audit work for West Berkshire Council. It also sets out their approach to value for money.

The headlines of the report were as follows:

- **Audit approach.** KPMG's overall audit approach remained similar to last year with no fundamental changes. Their work would be carried out in four stages and the timings for these, and specifically their on site work, had been agreed with the Head of Finance. Their audit strategy and plan remained flexible as risks and issues change throughout the year. They would review the initial assessments presented in this document throughout the year and should any new risks emerge they would evaluate these and respond accordingly.
- **Key financial statements audit risks.** KPMG had completed their initial risk assessment for the financial statements audit and identified one significant risk this year.
 - *Accounting for Local Authority Maintained Schools.* Changes to the Local Authority Code of Practice meant that the Authority had to review the agreements under which assets are used by the schools and consider whether those assets should be brought on to the Authority's balance sheet.

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They would assess this risk area as part of their interim work and conclude this work at year end.

- **Value for Money Audit Approach.** KPMG completed an initial risk assessment for the VFM conclusion and had not identified any significant risks at this stage. However the risk assessment process was an on going process and they agreed to provide an update if any new VFM risks were identified.
- **Audit team, deliverables, timeline and fees.** There had been one change to the audit team from last year. The main year-end audit was planned to start on 15 June 2015. This was earlier than in previous years, as the Council was working towards finalising their accounts earlier ahead of the new CIPFA guidance which required accounts to be produced in May. It was positive to note the Council's commitment to bringing the accounts production timetable forward.

At the end of the work, KPMG would again present their findings to the Council in their *Report to Those Charged with Governance (ISA 260 Report)*. The planned fee for the 2014/15 audit was £128,870. This had increased by £1,070 from the position set out in their *Audit Fee Letter 2014/15* and was in line with the scale fees issued by the Audit Commission. The Audit Commission had increased the scale fee to take account of additional work required on National Non Domestic Rates. KPMG had previously relied on certification work in this area which had now ended. The last certification fee was £1,407 which results in a net saving to the Council.

RESOLVED that the report be noted.

24. **Internal Audit Plan (GA2986)**

The Committee considered a report (Agenda Item 5) in relation to the Internal Audit Plan for 2015-2018.

The report outlined the method used to compile the Plan which was based around risk and the Audit Plan set out a range of proposed audits. In addition, work carried out in the previous year would be followed up. The main areas of focus would be the 'Key Financial Systems' and the anti-fraud work, particularly the National Fraud Initiative.

The work of internal audit was designed to provide the Council with assurance on the state of the Council's internal control framework. The work was also designed to highlight and remedy any weaknesses identified in the Council's service delivery systems.

RESOLVED that the report be noted.

25. **Members IT Policy (C2984)**

The Committee considered a report (Agenda Item 6) concerning changes to the Members IT Protocol.

West Berkshire Members were provided with ICT equipment and facilities to support them in their role as Councillors. Following the May 2015 elections Members would be provided with tablet computers in place of their previous laptops. The appropriate use of Members ICT was described in the Members ICT Protocol and as the ICT solution used by Members had been updated it was necessary to update the protocol to reflect these changes.

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During the course of discussing this matter it was agreed that each of the three choices of new ICT equipment should have a specification attached to it to enable Members to better understand the relative merits of each.

Members also expressed concern about the proposal to switch off the auto forwarding rule being “switched off, the cost of insuring their new ICT equipment and not have a printer as part of the new package. As a result of these concerns it was agreed to support this the recommendation subject to the concerns raised above being addressed by full Council.

RESOLVED that the updated Member’s ICT Protocol be approved subject to the following issues being satisfactorily addressed by full Council:

- (i) Auto forwarding Rule
- (ii) Insurance for the new ICT equipment
- (iii) Printers

26. **Changes to Governance Arrangements (C2987)**

The Committee considered a report (Agenda Item 7) which proposed to amalgamate the Governance and Audit Committee with the Standards Committee to create a new Governance and Ethics Committee.

The workload of the Standards Committee had declined over the preceding few years. Officers had therefore been asked to look into merging the Governance and Audit and Standards Committees of the Council in order to streamline governance arrangements.

The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 had recently been enacted which required the Council to make changes to the Constitution to include certain provisions relating to the potential dismissal or disciplining of the Head of Paid Service, Monitoring Officer or S151 Officer. As part of the procedural changes required a panel would need to be set up to advise on matters relating to the dismissal of these Officers. The Act required at least two Independent Persons who had been appointed under section 28(7) of the Localism Act 2011 to be appointed to the panel. The roles of the Independent Persons therefore needed to be updated.

It was proposed that:

- The two Committees would be merged to form a Governance and Ethics Committee;
- A revised set of terms of reference of the Governance and Ethics Committee should be adopted;
- The membership of the revised Governance and Ethics Committee would comprise ten members (eight District Councillors appointed on a proportional basis and two co-opted non-voting Parish/Town Councillors);
- The structure of agendas would be arranged so as to ensure that the Parish Councillors would only need to attend the Standards element of the meeting;
- The Advisory Panel and Independent Persons would be retained;
- The role of the Independent Persons would be updated to include the requirements set out in The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015;
- Authority would be delegated to the Monitoring Officer to amend all relevant parts of the Constitution to reflect the new governance structure;

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- Authority would be delegated to the Head of Strategic Support to amend the timetable of meetings for 2015/16.

Moira Fraser explained that the recent Peer Review had highlighted that the authority was somewhat bureaucratic in nature. During the previous Financial Year Strategic Support had administered in excess of 330 meetings. This did not take into account the myriad of other meetings that Members were expected to attend including Outside Bodies, Group Meetings, Parish Council meetings, meetings with Officers and those administered by other teams. Officers had therefore been seeking opportunities to streamline the number of meetings and this seemed a logical choice. The skills required by the Members of the two Committees were similar and their remit already overlapped in certain areas. A number of other authorities had already amalgamated the two functions.

During 2014/15 the Standards Committee met four times, two of these meetings were held virtually. During the past three years 34 complaints about potential breaches of the Code of Conduct were received. Since the implementation of the revised Standards arrangements around 80% of these complaints were dealt with by the Independent Person and the Monitoring Officer at the Initial Assessment stage. This meant that a maximum of five complaints might result in a full Hearing.

It was important to note that the current Standards Committee was constituted on a proportional basis. This would also be true of the proposed Governance and Ethics Committee. Officers therefore proposed the retention of the Advisory Panel to ensure that the perception of political neutrality was retained.

The Governance and Ethics agenda would be structured into two parts so that the Parish Councillors would not have to stay for the rest of the debate if they did not want to. They would be appointed in a non-voting capacity as they were on the Standards Committee.

In the event that a hearing was required a special meeting would be convened to conduct this item of business.

Although this proposal will only generate a small saving both in terms of money and meetings the motivation is to improve the efficiency of the Councils democratic process and combining these two committees would be a good starting point.

Members expressed concern at the proposal to combine both Committees and felt they needed more time to consider the implications of this. It was agreed that the proposal to combine the two committees should be deferred to the next meeting of the Governance and Audit Committee with the exception of the need to receive Council approval in May to expand the roles of the two Independent Persons in accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015.

RESOLVED:

- (i) That the proposal to combine the Governance and Audit Committee and Standards Committee be deferred and discussed further at the next meeting of the Governance and Audit Committee.
- (ii) That Council be requested to approve the extension of the roles of the two Independent Persons to cover the requirements of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 in relation to any potential dismissal or disciplining of the Head of Paid Service, Monitoring Officer and Section 151 Officer.

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27. Amendment to the Constitution – Parts 11 (Contract Rules of Procedure) and Part 4 (Council Rules of Procedure) (C2969)

The Committee considered a report (Agenda Item 8) to review and amend Parts 4 (Council Rules of Procedure), 11 (Contract Rules of Procedure) and 12 (Personnel Rules of Procedure) of the Constitution in light of legislative changes, policy changes and recent government guidance.

Following an internal audit of the management of the Constitution in 2010 it was noted that one of the responsibilities of the Finance and Governance Group was to have ownership of the Council's Constitution. The content of the Local Code of Corporate Governance stated that there would be an annual review of the operation of the Constitution.

This report proposed amendments to Parts 4 (Council Rules of Procedure), 11 (Contract Rules of Procedure) and 12 (Personnel Rules of Procedure) in light of legislative changes, policy changes and recent government guidance. The amendments to Part 11 of the Council's Constitution (Contract Rules of Procedure) were required to implement the Public Contracts Regulations 2015. Several amendments were also proposed to Part 11 which were necessary to comply with the Public Contracts Regulations 2015, practices and procedures. The purpose of Part 11 was to set minimum rules and should not be treated as a guide to Procurement within the Council. It set out the rules governing contracts in accordance with the aforementioned Act.

Following on from the publication of new regulations on local authorities' disciplinary procedures for removing a senior statutory officer, The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 (SI 2015/881) the Council was required to amend its Constitution in order to incorporate the new arrangements for taking disciplinary action against the most senior Council staff. The modification had to be made by the first ordinary Council meeting held after the 7th May 2015 elections.

The report set out in detail the changes which it was proposed should be made to the Constitution.

(Note: Councillor Swift Hook left the meeting at 7.26pm)

RESOLVED that Council be requested to approve the proposed amendments to Parts 4 (Contracts Rules of Procedure), 11 (Contract Rules of Procedure) and 12 (Personnel Rules of Procedure).

(The meeting commenced at 5.00pm and closed at 7.36pm)

CHAIRMAN

Date of Signature