

DRAFT

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

REMOTE GOVERNANCE AND ETHICS COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 27 APRIL 2020

Councillors Present: Adrian Abbs (Substitute) (In place of Andy Moore), Jeff Beck (Chairman), James Cole, Jeremy Cottam (Vice-Chairman), Barry Dickens, Jane Langford, Tony Linden, Thomas Marino, David Marsh and Joanne Stewart

Also Present: Shannon Coleman-Slaughter (Chief Financial Accountant), Julie Gillhespey (Audit Manager), Kevin Griffin (Zoom Host), Joseph Holmes (Executive Director - Resources), Shiraz Sheikh (Legal Services Manager), Stephen Chard (Principal Policy Officer), Phil Rumens (Zoom Host), Moira Fraser (Zoom Host), Barrie Morris (External Auditor - Grant Thornton), David Johnson (External Auditor - Grant Thornton) and Councillor Ross Mackinnon (Executive Portfolio Holder: Finance)

Apologies for inability to attend the meeting: Councillors Andy Moore and Geoff Mayes

PART I

32 Minutes

The Minutes of the meeting held on 10 February 2020 were approved as a true and correct record and signed by the Chairman.

Councillor Adrian Abbs noted that his comments relating to the Council's response to the Covid pandemic under the Risk Register discussion were not included in the minutes. Officers explained that as that formed part of the Part II discussions on the agenda they would not be included in these minutes.

33 Declarations of Interest

There were no declarations of interest received.

34 Forward Plan

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

Councillor James Cole asked that the purposes in the document be included on future iterations of the forward plan.

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

35 Monitoring Officer's Annual Report to the Governance and Ethics Committee 2019/20 (C3687)

The Committee considered a report (Agenda Item 5) which provided an update on local and national issues relating to ethical standards and to draw the attention of Members to any complaints or other problems within West Berkshire. If agreed the report would be presented to the Annual Council meeting.

Shiraz Sheikh in presenting the report on the Monitoring Officer's behalf thanked both the Parish Councillor Representatives and Independent Persons for their contributions to the Governance and Ethics processes. He noted that overall, councillors in West Berkshire had maintained high standards of ethical conduct. The number of declarations in relation

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to gifts and hospitality was low for Members and officers and there was some disparity between the level of declarations across the Council's three Directorates and this would be looked into. There had been an increase in the number of complaints in 2018/19. This mirrored the increase that was experienced after the 2015 local elections and officers were looking into the training programme to see if any improvements could be made in order to reduce the number of complaints in the first year after an election. None of the complaints were significant in nature and no investigations were required.

The Chairman also, on behalf of the Committee, expressed his thanks to the Parish Council Representatives and the Independent Persons.

Councillor Jeremy Cottam queried if there were specific elements that the complaints pertained to. Officers noted that in respect of District Councillors the majority of the complaints pertained to planning matters and social media. Parish Council complaints had reduced in 2018/19 and most of these pertained to a single incident and there was therefore no pattern of behaviour that could be identified as a cause for the complaints.

Councillor Jo Stewart noted the comment about the level of declarations of gifts and hospitality for Members being low and asked for Officers to comment on it. Officers noted that any declarations pertaining to gifts and hospitality were recorded and it was very important for Members to make these declarations even if the offer was rejected to aid transparency. Officers accepted that the number of declarations might be declining on the basis that fewer offers were now being made. The Chairman noted that he had raised this issue with the Monitoring Officer and she did not consider this to be an issue as many of the gifts would not meet the £25 threshold.

RESOLVED that:

- **The report be noted;**
- **The report be presented to Full Council for information;**
- **It be recommended to Full Council that this report be circulated to all Town and Parish Councils.**

36 Internal Audit Review of the Governance and Ethics Committee (GE3889)

The Committee considered a report (Agenda 6) which set out the findings of the Internal Audit review of the effectiveness of the Governance and Ethics Committee. The review was undertaken in response to a recommendation arising from the external review of the Internal Audit Service and its conformance with Public Sector Internal Audit Standards.

Julie Gillhespey in introducing the report stated that in most cases the Council was complying with good practice. There were a couple of recommendations which were outlined in section 5 of the report. She noted that some of the recommendations would need to be discussed with the Chief Executive to obtain his views as they had wider governance implications. Corporate Board had suggested that the Finance and Governance Group (which was an internal officer group) discuss ways of implementing the recommendations and then make some proposals for the Committee to consider at a future meeting.

The Chairman noted that he should be invited to meet with the Chief Executive to discuss the proposals and he requested that this invitation be extended to the Vice-Chairman of the Committee also.

Councillor Stewart was disappointed that not all Members had completed the self-assessment survey as this would have provided a broader range of opinions. She felt that the recommendations were reasonable. She would be happy to be involved in any

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discussions on the re-shaping of the Committee so that she could reflect on her experiences as a new Member.

Councillor James Cole commented that he was very disappointed to see the lack of responses from Members and he felt that the report was damning given that the Committee appeared to only comply with two thirds of the good practice recommendations. He supported an annual review of processes. He felt that consideration should be given to having a separate audit committee. He also supported co-opting an accountant onto the Committee as this would be beneficial. Councillor Cole also felt it was important as part of a training programme to cover risk management processes and risk appetite.

Councillor Adrian Abbs stated that Councillor Andy Moore had said he was unable to complete the survey as he felt he did not know enough about the Committee to do so. Councillor Abbs made the suggested that the survey be repeated.

Councillor Jeremy Cottam asked if there was any additional information on resources to support the additional audit work. Julie Gillhespey stated that a new internal audit post had been agreed for the forthcoming financial year which was good news.

RESOLVED that:

- **The contents of the audit report be noted and the recommended actions therein be agreed.**
- **The Chief Executive's views on the proposals and possible implications on other governance structures be sought, prior to agreeing a formal action plan.**

37 Internal Audit - Interim Report 2019-20 (GE3690)

The Committee considered a report (Agenda Item 7) which provided an update on the outcome of Internal Audit work carried out during quarter three of 2019-20.

Julie Gillhespey that during this quarter no significant issues of concern had arisen which needed to be reported to the Committee. There was one school identified as having a weak audit which required improvements in relation to the internal governance and audit of the school fund. The school would be given a six month period to implement the recommendations. A follow up review would then be undertaken once that period had expired. Councillor Adrian Abbs queried what assistance would be provided to the school. Ms Gillhespey noted that a significant level of information would be provided to the school alongside the recommendations which the school could use to make the changes. In addition support would also be provided by the Accountancy Team and Education as appropriate.

Councillor Jo Stewart queried why some of the current audits were still listed as being in draft. Officers explained that there were a variety of reasons for this including a staff vacancy which had meant audits had had to be re-allocated and also when unplanned investigation work was required workloads would have to be reprioritised or audits postponed. The additional resource would assist with this.

RESOLVED that the content of the report be noted.

38 Internal Audit Plan 2020 to 2023 (GE3688)

The Committee considered a report (Agenda Item 8) which set out the proposed Internal Audit Work for the three year period from 2020/21 to 2022/23.

Julie Gillhespey noted that this was an annual report which set out the proposed work programme and included the audit charter which had been amended to reflect the new

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reporting lines following the appointment of the Executive Director as the S151 Officer. There were no major changes to the reporting protocol which was also included in the paperwork. The detailed work programme was attached in Appendix C and the format had been amended to include a column setting out the format of the review i.e. a short review or a full review. The short reviews would mean that the audits could cover wider areas of the council. Paragraph 4.6 also indicated that a separate anti-fraud work plan should be introduced as this was considered to be good practice. A draft work plan was included as Appendix D.

In response to a query from Councillor Jeff Beck, Julie Gillhespey advised that an external auditor would be commissioned for the audit of the Council Tax Reduction Scheme.

Councillor James Cole commented on staffing levels and re-iterated his concerns that the staffing levels were now too low especially given that high risk areas appeared not to be able to be audited often enough. He welcomed the additional post but queried if this was sufficient. Julie Gillhespey commented that benchmarking data suggested that five auditors was an average number of auditors in comparator authorities.

RESOLVED that the Proposed Audit Plan, the amended Internal Audit Charter and Internal Audit Reporting Protocol be approved.

39 **2019/20 Financial Statements Preparation and 2018/19 Final Audit Opinion (GE3890)**

The Committee considered a report (Agenda Item 9) which informed Members of the final external audit opinion for the financial year 2018/19 and of the preparation underway for the production of the 2019/20 Financial Statements.

The Committee agreed to suspend standing orders in order to allow Barrie Morris and David Johnson to speak on this item.

Shannon Coleman-Slaughter noted that the final audit opinion had now been received and that it was a true and accurate reflection of the position. The report also set out how the statements for 2019/20 would be produced based on the recommendations that had emerged during the preparation of the 2018/19 statements.

Barrie Morris stated that the audit opinion had been provided on the 31 March 2020 despite some last minute challenges not least the pandemic. He thanked Officers for their prompt responses especially in relation to the going concern element. The audit letter and 2019/20 audit plan would be presented to the next Committee meeting. A meeting would take place to discuss lessons learnt and assist with preparations for the 2019/20 audit which would be started shortly.

Councillor Adrian Abbs noted that the valuation of assets had been an area of concern and he queried what had or would be done given the impact the pandemic was likely to have on assets during this fiscal year. The external auditors noted that there was likely to be turbulence in two key areas namely property, plant and equipment (operational assets and investment properties and their value and any impairments) and valuation of pension fund and its assets.

Ms Coleman-Slaughter stated that Officers were already working with the Council's valuers in relation to the valuation schedule and she appreciated their input and help. Joseph Holmes noted the lengthening of timescales for the production (31 August) and auditing of accounts (end of November) and commented that this was likely to increase the likelihood and scope of post balance sheet adjustments.

Councillor James Cole noted that paragraph 5.5 (6) stated that the matter was ongoing and achieved. Officers agreed to clarify this.

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Standing orders were reinstated.

The Chairman thanked Barrie Morris and David Johnson for their attendance and contribution.

RESOLVED that the report be noted.

(The meeting commenced at 4:00pm and closed at 5.16pm)

CHAIRMAN

Date of Signature