

# GOVERNANCE AND AUDIT COMMITTEE

## MINUTES OF THE MEETING HELD ON 25 JUNE 2008

**Councillors:** Jeff Beck (*Chairman*) (P), Paul Bryant (AP), Tony Linden (P), Irene Neill (P), Julian Swift-Hook (P), Tony Vickers (*Vice-Chairman*) (P) and Quentin Webb (P), David Rendel (Observer) and Laszlo Zverko (Observer).

**Officers present:** Jan Evans (Head of Older Peoples Services), Moira Fraser (Democratic Services Manager), Andy Best (on behalf of the Head of ICT), David Holling (Head of Legal and Electoral Services), Joseph Holmes (Accountancy Manager), Gary Lugg (Head of Planning & Trading Standards), Ian Priestley (Assurance Manager) and Andy Walker (Head of Finance), Julie Gilhespey (Internal Audit)

### PART I

#### 4. APOLOGIES.

An apology for inability to attend the meeting was received on behalf of Councillor Paul Bryant. Apologies were also received from Joanne Lees and Greg McIntosh of KPMG.

#### 5. MINUTES.

The Minutes of the meeting held on 25 March 2008 and the 08<sup>th</sup> May 2008 were approved as a true and correct record and signed by the Chairman.

#### 6. DECLARATIONS OF INTEREST.

Councillor Julian Swift Hook declared an interest in Agenda Item 11, but reported that, as his interest was personal and not prejudicial, he was permitted to take part in the debate and vote on the matter.

During discussion of Item 4 Councillor David Rendel declared an interest but reported that, as his interest was personal and not prejudicial, he was permitted to take part in the debate.

#### 7. ANNUAL INTERNAL AUDIT REPORT.

Ian Priestley outlined the outcomes of Internal Audit work for 2007-08 and stated that in his opinion the control framework was robust. Ian noted that the format of the document was set by CIPFA and that 82% of the agreed Action Plan for 2007/08 had been undertaken. It was anticipated that this would be improved upon in 2008/09 as the Internal Audit Team was now fully staffed. The Heads of Service that had audits shown as 'red' during the second half of 2007/08 had been invited to attend this meeting to discuss the issues and reasons with Members.

Andy Walker provided Members with a briefing note on behalf of the Head of Property setting out an update on the Asset Management Review. Members noted that assets were valued using the balance sheet categories and cognisance of 'hope value' was not taken into account. Councillor Webb queried whether when the audit had been undertaken the assets had been clearly defined or whether there were errors on the database. Julie Gilhespey explained that the issues identified by Internal Audit related to the strategy and processes that were in place and not the database itself. Members were also informed that a data conversion exercise would be undertaken when the new database management system was put into place. This issue would be considered as part of the Post Implementation Review of the system.

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It was agreed that the Head of Property would provide written responses to the following queries:

1. How much was the web-based corporate asset database estimated to cost and when was it expected to go live?
2. How much was spent on the previous versions of the database?
3. Has the business case for the system been approved by ICT Strategy Board?
4. Was the Information Officer in the Property team and was this a new post?

Andy Best, on behalf of the Head of ICT explained that there had been a number of achievements in respect of Business Continuity including getting a Business Continuity Plan in place in a relatively small timescale, a manual had been produced, liaison officers had been appointed, critical servers had been identified, key employees had been trained and silver bags had been procured. The outstanding issues were largely due to the fact that it had been very difficult to recruit an Information Security Officer. The recent media interest had exacerbated the shortage of skilled people. Officers had however identified a potential solution.

Jan Evans explained that the delayed phased implementation of the RAISE system had a negative impact on the Service's ability to extract financial performance information. The financial module had now been installed and this system would be run in parallel with the existing system for a limited time period (until the autumn) to ensure that there were no unexpected problems with it given the key information it contained.

Jan Evans explained that the agreement relating to pooled budgets had not been signed as yet. This was due to a restructuring taking place within the Primary Care Trust. It was hoped that the agreement would be signed in July by which time it was hoped a new Board would be in place.

*(Councillor David Rendel declared a personal interest in this discussion by virtue of the fact that his wife was a GP. As his interest was personal and not prejudicial he was permitted to take part in the debate on the matter).*

Councillor Vickers raised the issue of the apparent lack of compliance with procedures by Officers making use of consultants. Julie Gilhespey noted that there were procedures in place but Internal Audit had raised some concern about these procedures being used and the recording of use and the lack of consistency across the Council.

**RESOLVED** that the annual report be approved.

### **8. AMENDMENT TO THE SCHEME OF DELEGATION AND PROPOSED CHANGES TO THE CONSTITUTION**

Gary Lugg requested that Members approve changes and updates to the Scheme of Delegation. Gary explained that the changes were required following the restructuring of the Public Protection Service. In addition Officers had taken the opportunity to make any changes resulting from additions to the legislative framework.

**RESOLVED** that the Committee would recommend the approved changes to Full Council.

Moira Fraser proposed a number of changes to the Council's Constitution in order to streamline the Council's processes and make them more effective and efficient. Moira explained that currently the Council's Constitution allowed Local Education Authority School Governors to be appointed either by the Area Forums or via the

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Individual Decision route. At the Newbury Area Forum meeting on the 11 July 2007 Members agreed that LEA School Governor nominations for that Forum should be dealt with exclusively by ID. The other Area Forums were asked to consider this too and they agreed that the status quo should be retained but that Officers should seek a way of simplifying the system. Officers had considered the Education Legislation and the working practices of other authorities and agreed that the appointment of LEA Governors could usefully be delegated to the Head of Education.

Councillor Swift-Hook stated that he was not comfortable making a decision relating to Area Forums while they were suspended. Councillor Beck felt that the suspension of Area forums did not impact on this decision.

**RESOLVED** that the Committee would recommend the approved changes to Full Council.

### 9. PLANNING GOVERNANCE

Gary Lugg presented a Report to review the current governance arrangements for planning including the committee structure, referencing up and policy formulation and monitoring. Gary explained that when the current system was put in place in 2005 it was agreed that the operation should be reviewed in due course.

Councillor Beck requested that paragraph 2.1 (d) of the Summary be amended as follows:

“The majority of the committee and/ or Development Control Manager be authorised to refer planning applications to the new District Planning Committee.”

Members noted that the District Planning Committee (DPC) would meet on an ad hoc basis. The Committee discussed the chairmanship of the DPC and suggested that the chair should not be a Member of the Area Planning Committee from which the application had been referenced up to ensure that they were perceived as being independent.

In respect of Members being fettered by the decision they made at Area Committees, Officers explained that they would need to consider each application afresh based on the evidence presented at that meeting. If however they had made personal statements either in support of or objecting to an application they would not be able to vote on the matter at the DPC.

Councillor Swift-Hook queried why no mention was made about the use of IT equipment at Committee by Parish Councillors, objectors, supporters or the applicant or their agent. Gary explained that this was an operational issue and therefore no amendments were required to the Constitution. Gary explained that, coincidentally, all letters sent out by the Planning Team from today, in relation to planning meetings would explain to consultees that they would have the opportunity to make use of the IT equipment provided that the five day rule was adhered to. The Committee agreed that a note explaining this should be included in the Members' Bulletin to raise Members' awareness.

During discussions relating to Planning Committee Briefings (paragraph 5.1) the following amendments to the report were agreed:

Bullet point four 'briefings should avoid debate about the planning merits of the application';

Bullet point three 'to avoid any perception of influence briefings should take place at least 5 working days before the planning committee that will hear the application'

First paragraph should read 'part 14 and Appendix A of the constitution (the West Berkshire Protocol for Planning) allows briefings at any point in the process and is silent on how requests are considered and meetings conducted.'

**RESOLVED that**, subject to amendments set out above, the Committee would recommend the new planning governance arrangements to Full Council.

## **10. HEADS OF SERVICE ASSURANCE STATEMENTS**

Ian Priestley provided Members with a summary of the issues raised by Heads of Service in their Assurance Statements that supported the Council's Annual Governance Statement. Ian explained that all Heads of Service were required to complete the pro forma set out in Appendix A of the report. These forms were then signed off by the relevant Corporate Directors and were also reviewed by the Portfolio Holder. The Committee were informed that it would not be appropriate for the Shadow Portfolio Holder to sign off the document. The Risk Management Team then compiled all the 'red risks' into a single document and tried to bring consistency across the Council. The Committee agreed that it would be useful to invite a Head of Service to discuss the process at the next meeting.

Councillor Swift-Hook queried whether the framework was robust. He noted that the Heads of Service were asked to identify mitigating measures but queried the extent to which these measures were being implemented. Officers explained that these measures were supposed to be discussed with Heads of Service as part of the appraisal system on a quarterly basis.

The Committee noted that there was an error on the table highlighting areas of concern by Heads of Service in respect of the IT Service.

**RESOLVED that:**

1. the report be noted;
2. a relevant Head of Service be invited to attend the next meeting to discuss the process of producing and monitoring Assurance Statements.

## **11. ANNUAL GOVERNANCE STATEMENT – STATEMENT IN SUPPORT BY THE MONITORING OFFICER**

David Holling provided evidence and independent verification of governance matters which might impact on the Annual Governance Statement from the viewpoint of the Monitoring Officer. David noted that this was the third annual statement that he had produced as part of the new regime. David noted that there were still a number of outstanding cases covering judicial reviews which would continue to be monitored. It was the Monitoring Officer's view that the Council's governance arrangements were robust and effective. There have been no formal reports required by the Monitoring Officer.

**RESOLVED that** the report be noted.

## **12. ANNUAL GOVERNANCE STATEMENT – STATEMENT IN SUPPORT BY THE SECTION 151 OFFICER**

Andy Walker provided evidence and independent verification of governance matters which might impact on the Annual Governance Statement from the viewpoint of the Section 151 Officer. Andy noted that CIPFA guidance suggested that the S151 Officer provide a 'key source of assurance that the Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with.' It was the s151 Officer's view that all parts of the Council were

acting in accordance with budgetary and policy requirements. There had been no formal reports required by the s151 Officer to Council under the relevant legislation.

**RESOLVED that** the report be noted.

### 13. ANNUAL GOVERNANCE STATEMENT

Ian Priestley delivered a Report to set out the Annual Governance Statement for the Council. Ian explained that the purpose of the AGS was to provide stakeholders of the Council with assurance that the Council has operated within the law and that the Council has met the Accounts and Audit Regulations 2003. The AGS had replaced the Statement of Internal Control.

The document was prepared by the Governance Group and had been reviewed by Corporate Board. Partnership working as one of the key risks that the Council would need to minimise. Corporate board had also requested that Health and Safety be added to the list of significant governance issues.

Councillor Webb queried whether reciprocal arrangements could be put in place to allow other authorities to undertake specific audits. Andy Walker explained that the costs and benefits of shared service arrangements were being discussed with other Berkshire colleagues and Internal Audit was one of the key areas being discussed.

**RESOLVED that** the Annual Governance Statement be approved and the supporting evidence incorporated..

Councillors Swift-Hook and Vickers were concerned about the robustness of the internal control framework and therefore requested (in accordance with paragraph 7.11.2 of the Constitution) that their abstention be recorded immediately after the vote had been taken.

*The meeting was adjourned at 8.15pm and recommenced at 8.22pm.*

### 14. STATEMENT OF ACCOUNTS

Joseph Holmes provided Members with the financial statements for approval in line with the delegated powers of the Council. Joseph provided Members with a PowerPoint presentation which has been attached to the minutes for information. Councillor Zverko (Portfolio Holder for Finance) thanked Officers for the work that they had put into producing the Statement of Accounts given the tight deadlines. Councillor Zverko explained that the Council had achieved an underspend of £435k on the general fund.

In response to a query from Councillor Webb, Ian Priestley explained that external brokers had recently assessed the level of the self assurance fund and they were comfortable with the balance held in the account.

Councillor Vickers was concerned that the report did not show any trends or comparisons with other authorities. Andy Walker acknowledged that there were no long term trends in the document but there were comparator figures for 2006-07. Joseph Holmes explained that it was very difficult to obtain comparator data as the data for other authorities would not be in the public domain until the accounts had been approved by their respective audit committee. This information could be brought to a future meeting, and the Audit Commission had a good website which allowed comparison of Council performance. Councillor Rendel felt that it would be useful to include a table setting out the final outturn for the past five years and to present this as a percentage of the turnover. Joseph Holmes explained that due to changes to accounting practice required by the SORP direct comparisons over a number of years would be difficult and potentially misleading to a user of the

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accounts. Members requested that in future the Statement of Accounts be attached as an appendix to an Executive style report.

Councillor Rendel noted that there was an error in the first paragraph of the section headed Review of 2007/08 and that the recycling figure should be 49% and not 50% as stated in the report.

Officers explained that although the Council had received £539k of funding from the Bellwin scheme the Council had to pay an excess of £367k before receiving the funds from central government. In addition the Council had to pay a £250k insurance policy excess for damage to Council property and there had been a loss of approximately £400k in respect of exemptions relating to Council Tax.

Councillor Rendel noted that the comment that the underspend of £435 'has been achieved against a background of decreased funding from central government' was misleading. Andy Walker responded that the RSG (Revenue Support Grant) decreased from £4.2m in 2006-07 to £3.7m in 07-08, but agreed to amend the wording to note that funding was decreasing in real terms.

Councillor Beck thanked Officers for attending the meeting and for the effort that they had put into producing the report and presentation.

**RESOLVED to** approve the Statement of Accounts and that they should be subject to scrutiny by the external auditors and published on the website.

**15. DATE OF NEXT MEETING**

*Members agreed that the next meeting would take place on the 09<sup>th</sup> September 2008 at 6.30pm. Agenda Items for next meeting to include:*

- Terrorism Insurance
- Risk Register for Partnerships
- Service Risk Register
- Project Risk Register and relationship with Project Management Methodology
- Basis for risks and scores contained on the Strategic Risk Register
- Self Assessment Form - Annual Review of Internal Audit
- Head of Service - Discussion on Risk Register Process

*(The meeting commenced at 6.30pm and closed at 9.05pm)*

**CHAIRMAN** .....

**Date of Signature:** .....