

# GOVERNANCE AND AUDIT COMMITTEE

## MINUTES OF THE MEETING HELD ON 25 MARCH 2008

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

**Officers present:** David Holling (Head of Legal and Electoral Services), Ian Priestley (Assurance Manager), Charles Morris (Risk Manager), Julie Gillhespey (Group Auditor), Carly Humphreys (Policy and Research Officer) and Vicky Wheatley (Policy and Research Officer).

### PART I

#### 46. APOLOGIES.

No apologies for absence were received.

#### 47. MINUTES.

The Minutes of the meeting held on 4 February 2008 were approved as a true and correct record and signed by the Chairman.

**RESOLVED** that the Risk Manager update the Committee on Terrorism Insurance at the next meeting, following consultation with other unitary authorities.

#### 48. DECLARATIONS OF INTEREST.

There were no declarations of interest received.

#### 49. RISK MANAGEMENT STRATEGY.

The Committee received a report outlining the Risk Management Strategy for 2008/2009 (agenda item 4). The Risk Manager reported that:

- The Executive approved the Risk Management Strategy and Risk Management Policy Statement on 18 December 2003. A review of the Strategy was produced each year,
- The Risk Strategy Group (RSG) had been formed, with the role of co-ordinating a broad range of risk related activities including Business Risk, Health and Safety, Security Management (physical and information), Business Continuity Management and Civil Contingencies,
- Risk Management training sessions had been held for Officers, Members and the Governance and Audit Committee,
- The Strategic Risk Register and Action Plan were reviewed in detail with Corporate Board / Management Board and Governance and Audit Committee on a quarterly basis. Responsible Officers provided an update on the Risk Action Plan on a quarterly basis,
- Service Risk Registers and Action Plans were aligned to service objectives and were reviewed on a quarterly basis by Heads of Service and their management teams,

- Risk Registers were linked to the budget, the Strategic Risk Register was linked to the Medium Term Financial Strategy (MTFS) and Service Risk Registers were linked to service budgets,
- Proposed changes to the Use of Resources for 2008 - 2009 and revised key lines of enquiry (KLOE's) were set out in Appendix A. A new key area for Risk Management was Partnership Risks,
- The Risk Management Strategy for 2008-2009 included:
  - Risk Management Policy Statement, which was approved in December 2003 and modified in 2007. The Risk Management Strategy flowed from this statement,
  - Annual Governance Statement. This replaced the Statement of Internal Control from 2007 / 2008 and ensured that an effective Internal Control Framework (ICF) was in place. The ICF had been reviewed in the preceding year and any weaknesses identified in the ICF were being dealt with through an appropriate action plan,
  - The Strategic Risk Register, which formed part of the Corporate Plan and was monitored and reviewed on a quarterly basis by Corporate Board, Management Board and the Governance and Audit Committee,
  - All major projects were included in the Strategic Risk Register and regular reports on risks associated with these projects were made to Corporate Board,
  - Partnership Risks. The Council would have to demonstrate that partnerships embed risk management, as part of setting priorities, policy making, financial planning and performance management and considered risks in relation to significant partnerships, including the risks of fraud and corruption,
  - Service Risk Registers, were a key mechanism for delivering the assurance that underpinned the Annual Governance Statement. They were also the key evidence that demonstrated that Risk Management was embedded in the management of the Council,
  - Project Risk. Workshops continued to run for large projects and projects were reviewed on a three monthly basis,
  - The Governance and Audit Committee, which received Quarterly Risk Management reports, revised Strategic Risk Registers and action plans for all risk registers,
  - Training continued to take place in the form of workshops with Heads of Service and Managers. Members also received Risk Management training.

Some Members of the Committee were concerned that some of the Council's Partners might struggle to comply with the required governance and audit regulations, including the need for Risk Registers. However, the Committee were reassured that most organisations were already required to have a Risk Register.

The Group Auditor informed the Committee that Risk Management for Partnerships referred to a partnership as a whole, for example a partnership not achieving its aims or objectives. It did not refer to the Council being involved with Risk Registers for the individual organisations within a partnership.

**RESOLVED that**

1. The Risk Management Strategy for 2008/2009 be noted and approved,

2. The Risk Manager to update the Committee at a future meeting on Risk Register arrangements for partnerships,
3. Officers to put forward proposals for review by the Committee of Service Risk Registers over an agreed time frame,
4. The Risk Manager to brief the Committee on how Project Risk Registers link / dovetail with the Council's Project Management Methodology (PMM).

## **50. STRATEGIC RISK REGISTER.**

The Committee received a report outlining the revised Strategic Risk Register for 2008/2009 (agenda item 5). The Risk Manager reported that:

- As part of the Statement of Internal Control the Council was required to identify and set out how it intended to deal with significant control issues,
- The Council adopted a Risk Management Strategy in December 2004,
- Risk Management was the process by which organisations methodically addressed the risks associated with the delivery of their objectives. The focus of good Risk Management was the identification and handling of those risks,
- Corporate Board and Management Boards reviewed the Quarter 3 Risk Register in January 2008. The Strategic Risk Register for 2008 / 2009 had been modified to reflect the new Risk Appetite adopted by the Council and the revised 4\*4 matrix.

In discussing the Strategic Risk Register, Members made the following comments:

- In 1.2 – Inability to Recruit, it was felt that house price inflation was a cause and not a consequence,
- Some risks had not reduced despite having comprehensive controls in place. However, Members noted that in some instances the financial impact of a risk meant that the score could not be reduced,
- It was felt that scores in the Register were subjective, and Members asked if they could have details of the analysis that lies behind the judgements made on risks and scores,
- Corporate Board had requested that demand management / demography (on p20 of the agenda) be added to the risk register,
- It was suggested that the Risk Manager consider adding the risk of demographic pressures from young people,
- Further information was required for some risks in the register, such as 1.5.2 Flooding/Storm (on p29 of the agenda),
- Officers should ensure that all columns within the Register be fully completed in order to give Members as full a picture as possible of requirements and outcomes.

**RESOLVED** that the Strategic Risk Register for 2008/2009 be noted and approved.

## **51. INTERNAL AUDIT STRATEGY AND PLAN.**

The Committee considered the Internal Audit Strategy and Plan for 2008 – 2011 (agenda item 6). The Assurance Manager reported that:

- The report outlined the Audit Strategy for the Council and programme of work for Internal Audit that would provide assurance to the Governance and Audit

Committee on the operation of the Council's Internal Control Framework and support the Committee's review of the Annual Governance Statement,

- The report included:
  - Audit objectives and outcomes, How Audit work was planned to ensure significant local and national issues were addressed,
  - Basis for the opinion of the Head of Audit on the Internal Control Framework,
  - Methods of providing and resourcing of the service,
- The main outcomes from the work of Internal Audit were:
  - Audit reports produced at the conclusion of each audit, for the relevant Head of Service and Director,
  - Monitoring reports on progress with implementation of agreed audit recommendations,
  - An interim report for Governance and Audit Committee on the outcomes of Internal Audit work,
  - An annual assurance report for the Governance and Audit Committee,
- The work programme for Internal Audit for the period 2008-11 was attached at Appendix B. The plan analysed the different areas of Council activity that Internal Audit felt required auditing,
- The Government required schools to be audited every 3 years.

**RESOLVED that** the Internal Audit Strategy and Plan for 2008 – 2011 be noted and approved.

*(Councillor Irene Neill left the meeting at 7.47pm).*

## **52. ANNUAL REVIEW OF THE SYSTEM OF INTERNAL AUDIT.**

The Committee considered a report detailing the Annual Review of the System of Internal Audit (Agenda item 7). The Assurance Manager reported that the review of Internal Audit was based on an assessment of the extent to which Internal Audit complied with:

- The CIPFA Code of Practice for Internal Audit in Local Government (at Appendix A of the report)
- The CIPFA checklist for effectiveness measures for Internal Audit (at Appendix B of the report).

**RESOLVED that**

1. The Annual Review of the System of Internal Audit be noted and approved,
2. Officers be requested to complete the self-assessment form at Appendix C and circulate to Committee Members for comments. The completed self-assessment form be brought to the next meeting of the Committee for approval.

## **53. LOCAL CODE OF CORPORATE GOVERNANCE.**

The Committee received a report setting out a new Local Code of Corporate Governance for West Berkshire Council (agenda item 8). The Assurance Manager reported that the drafting of the Local Code was a new requirement and would demonstrate the Council's continuing commitment to effective Corporate Governance and support the Annual Governance Statement.

**RESOLVED that**

1. The Local Code of Corporate Governance be approved, subject to:
  - a. The Head of Policy and Communication being consulted,
  - b. Consultation with the Finance and Governance Group,
2. The Code being reviewed annually by the Governance and Audit Committee,
3. The Local Code of Corporate Governance be considered by full Council.

**54. EXCLUSION OF THE PRESS AND PUBLIC.**

**RESOLVED that** members of the press and public be excluded from the meeting during consideration of the following items as it is likely that there would be disclosure of exempt information of the description contained in the paragraphs of Schedule 12A of the Local Government Act 1972 specified in brackets in the heading of each item. Rule 9.10.4 of the Constitution also refers.

**PART II**

**55. TRANSPORT INVESTIGATION REPORT.**

*(Paragraph 1 – information relating to an individual)*

*(Paragraph 2 – information identifying an individual)*

The Committee considered an exempt report detailing the outcome of an investigation into a financial irregularity.

**RESOLVED that** the report be noted.

*(The meeting commenced at 6.30pm and closed at 8.18pm)*

**CHAIRMAN** .....

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

**GOVERNANCE AND AUDIT COMMITTEE  
MINUTES OF THE MEETING HELD ON  
THURSDAY 8 MAY 2008**

**Councillors:** Jeff Beck, Paul Bryant, Tony Linden, Irene Neill, Julian Swift-Hook,  
Tony Vickers (AP), Quentin Webb

**PART I**

**1. ELECTION OF CHAIRMAN.**

**RESOLVED that** Councillor Jeff Beck be elected Chairman of the Governance and Audit Committee for the 2008/09 Municipal Year.

**Jeff Beck in the Chair.**

**2. APOLOGIES.**

An apology for inability to attend the meeting was received on behalf of Councillor Vickers.

**3. APPOINTMENT OF VICE-CHAIRMAN.**

**RESOLVED that** Councillor Tony Vickers be appointed Vice-Chairman of the Governance and Audit Committee for the 2008/09 Municipal Year.

**CHAIRMAN** .....

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