

# Notice of Meeting

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## Governance and Audit Committee

**Monday, 11th February, 2013 at 6.00 pm**  
in Council Chamber Council Offices  
Market Street Newbury

Date of despatch of Agenda: Thursday, 31 January 2013

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Andy Day / Moira Fraser on (01635) 519459 / (01635) 51904

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**Agenda - Governance and Audit Committee to be held on Monday, 11 February 2013**  
(continued)

**To:** Councillors Jeff Beck (Chairman), Paul Bryant, David Holtby, Tony Linden, Julian Swift-Hook (Vice-Chairman), Tony Vickers and Quentin Webb  
**Substitutes:** Councillors Peter Argyle, Brian Bedwell, Alan Macro and David Rendel

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# Agenda

## Part I

**Page No.**

1. **Apologies**  
To receive apologies for inability to attend the meeting (if any).
2. **Minutes** 1 - 6  
To approve as a correct record the Minutes of the meeting of this Committee held on 26 November 2012 and the Special Meeting that was held on the 08 November 2012.
3. **Declarations of Interest**  
To receive any Declarations of Interest from Members.
4. **Internal Audit - Interim Report for 2012/13 (GA2552)** 7 - 14  
*Purpose: To update the Committee on the outcomes of work performed by Internal Audit during 2012-13.*

Andy Day  
Head of Strategic Support

West Berkshire Council is committed to equality of opportunity. We will treat everyone with respect, regardless of race, disability, gender, age, religion or sexual orientation.

If you require this information in a different format or translation, please contact Moira Fraser on telephone (01635) 519045.

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, 26 NOVEMBER 2012**

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

**Also Present:** Andy Day (Head of Strategic Support),

**Apologies for inability to attend the meeting:** Councillor David Holtby

#### **PART I**

##### **23. Minutes**

The Minutes of the meeting held on 10 September 2012 and the special meeting held on 8 November 2012 were approved as a true and correct record and signed by the Chairman.

##### **24. Declarations of Interest**

There were no declarations of interest received.

##### **25. Amendments to the Constitution - Part 4 (Executive Rules of Procedure), Part 5 (Council Rules of Procedure), Part 11 (Contract Rules of Procedure) and Part 13 Appendix A (Code of Conduct for Planning) (C2551)**

The Committee considered a report (Agenda Item 4) which proposed changes to the Council, Executive and Contract Rules of Procedure in light of legislative changes following a review by the Finance and Governance Group.

The Committee was informed that a timetable had now been established for the Finance and Governance Group to review individual sections of the Constitution and a number of Officers had been involved in revising specific parts of the Constitution. This report proposed amendments to Parts 4, 5, 11 and 13 of the Constitution. The main changes proposed were:

###### **Part 4 - Council Rules of Procedure**

Andy Day reported that it was proposed that an amendment to the Council's Rules of Procedure (Paragraph 4.13.7) which dealt with substantive amendments to the Council's annual budget be made to require that any substantive amendments should be submitted to the Council's Section 151 Officer at least three clear days before the meeting.

During the course of considering this issue it was agreed to make a small number of changes to the wording. The final wording of the amendment would be as follows:

"Any amendments considered to be substantive by the Section 151 Officer in relation to in year reports or motions which have a financial implication shall be the subject of discussions with and receive the approval of the Section 151 Officer in advance of the meeting to ensure that the amendment does not compromise the Council's financial position. In relation to the budget meeting, any substantive amendments proposed to the budget shall be submitted to the Council's Section 151 Officer at least three working days before the meeting".

## **GOVERNANCE AND AUDIT COMMITTEE - 26 NOVEMBER 2012 - MINUTES**

In answer to a question from a Member, Andy Day confirmed that any substantive amendments proposed and which were subject to the three day rule would not mean that, if approved by the Section 151 Officer, that the amendment had to be released publicly. The Committee noted that it was standard practice for officers in Strategic Support to try and reach agreement between the two Groups to distribute any proposed amendments in advance of any meeting so as to assist with the overall “management” of the Council meeting. This practice would still continue.

### **Part 13 – Codes and Protocols**

Andy Day reported that concern had been raised at the Planning Policy Task Group about Members sitting on Area Planning Committees without having attended appropriate training. It had been suggested that an amendment to Part 13 Appendix A (Code of Conduct for Planning) be made to align the training requirements for Members sitting on Planning and Licensing Committees with those of the Licensing Committee. This would effectively mean that Members not attending appropriate training would not be able to sit on Planning Committees and make formal decisions until they had completed the training.

In relation to recommendation 3 on the front cover of the report, it was agreed to amend this to read as follows:

“That the Council’s Code of Conduct for Planning be amended to require all Members of Planning Committees (including substitutes) to receive appropriate training before being able to make formal decisions on the Committee and then to attend subsequent refresher training to remain on the Committee.”

### **Part 5 - Executive Rules of Procedure**

The Committee was informed that it was proposed to make a number of small amendments to the Executive Rules of Procedure as set out below.

- A definition of the key decisions had been inserted in Part 4 to aid decision making.
- The section on the Strong Leader had been clarified in accordance with decisions made at the Council meeting at the time the process was introduced.
- The section on petitions had been amended, as it would be for all sections relating to petitions, to signpost readers to the protocol in Part 13 to avoid duplication and in some instances disparity between the protocol and Parts 4, 5, 6 and 7 of the Constitution.
- The section on decisions not subject to call-in had been clarified following a recent query about this section of the Constitution.
- The sections pertaining to the Forward Plan and Key Decisions had been amended in light of the requirements of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

In relation to the item on call-in it was agreed that the proposed amendment to Paragraph 5.3.2 should be amended further to include the following words:

.....subject of a further call-in request “on that specific matter”.

### **Part 11 - Contract Rules of Procedure**

Andy Day reported that Part 11 - Contract Rules of Procedure had been reviewed by the Finance and Governance Group and it was proposed to make a number of changes both because of legislative changes but also to try and make Part 11 much more concise and easy to understand.

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In considering the proposed changes to Parts 5 and 11 the following typographical errors were identified:

- (i) Page 38 - Paragraph 5.8 - Change the word “recognised” for “recognises”.
- (ii) Page 51 - Paragraph 11.1.2 - Add the letter “s” to the word “contract on the first line.
- (iii) Page 51- Paragraph 11.1.6 - Delete the full stop after the word “her” on the last line.
- (iv) Page 51 - Paragraph 11.2.1 - Add the letter “s” to the word “further” on the third line.
- (v) Page 58 – Paragraph 11.14.1 – add the words ‘including electronic evidence’ to the end of the sentence.

**RESOLVED that:**

- (i) That Paragraph 4.13.7 of the Council’s Rules of Procedure be amended to read as follows:

“Any amendments considered to be substantive by the Section 151 Officer in relation to in year reports or motions which have a financial implication shall be the subject of discussions with and receive the approval of the Section 151 Officer in advance of the meeting to ensure that the amendment does not compromise the Council’s financial position. In relation to the budget meeting, any substantive amendments proposed to the budget shall be submitted to the Council’s Section 151 Officer at least three working days before the meeting”.

- (ii) That the proposed changes to Part 5 - Executive Rules of Procedure be approved and adopted subject to Paragraph 5.3.2 (paragraph 7) being amended to read as follows:

“Any matter which has been the subject of a call-in request may not be the subject of a further call-in request on that specific matter”.

- (iii) That, subject to the typographical errors identified in these minutes, the proposed changes to Part 11 - Contract Rules of Procedure be approved and adopted.
- (iv) That the Council’s Codes of Conduct for Planning and Licensing be amended to require all Members of Planning and Licensing Committees (including substitutes) to have received appropriate training before being able to make formal decisions on the Committee and then to attend subsequent refresher training to remain on the Committee.

*(Councillor Julian Swift-Hook requested that his objections to the proposals be recorded in the minutes. Councillor Tony Vickers abstained from voting on this item.)*

*(The meeting commenced at 6.00 pm and closed at 4.50 pm)*

**CHAIRMAN** .....

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

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# 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 THURSDAY, 8 NOVEMBER 2012

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

**Also Present:** David Holling (Head of Legal Services)

**Apologies for inability to attend the meeting:** Councillor David Holtby

#### PART I

##### 21. Declarations of Interest

There were no declarations of interest received.

##### 22. Approval of Councillor Absence (C2574)

*(Councillor Tony Linden arrived at 5.35pm)*

The Committee considered a report (Agenda Item 3) concerning delegation to the Monitoring Officer, the ability to approve absences from attendance at meetings in certain circumstances of Members of the Council, by amending the Scheme of Delegation.

The Monitoring Officer reported that under section 85 of the Local Government Act 1972, if a Member was unable to attend meetings for a period of six consecutive months they would cease to be a Member. The Act did however make provision for the Council to authorise absence in certain circumstances. While the issue was covered in general, there was no process to address it in the Council's Constitution and therefore approval of absences would have to be agreed by Full Council.

Such an arrangement would be unwieldy and it was therefore proposed that the Council's Constitution be amended to delegate authority to the Monitoring Officer, in consultation with the Group Leaders, to approve absences in certain circumstances such as illness or extended periods of work abroad.

Due to a recent issue that had arisen, it was requested that urgent approval of the delegation be given by the Governance and Audit Committee, that the delegation be ratified by Full Council in December 2012 and that the Scheme of Delegation be amended accordingly.

In considering the item, Members were concerned that there was no 'end date' to the approval and considered that any approval for extended absence beyond the six month period specified in the Act should be limited to three months, with the ability of the Member to reapply in writing to the Monitoring Officer for a further three month period. No additional extensions should be allowed, as this would deprive the Community of representation.

Councillor Swift-Hook suggested that the criteria under which absence could be allowed should be limited to exceptional circumstances such as serious chronic or critical illness, or extended working commitments abroad or service in the Forces. Members agreed that

**GOVERNANCE AND AUDIT COMMITTEE - 8 NOVEMBER 2012 - MINUTES**

any illness ought to be regarded as serious and would depend on the evidence available at the time. Any application should be in writing, addressed to the Monitoring Officer.

Members also considered that in a situation where the Group Leaders disagreed after being consulted, and in order to assist the Monitoring Officer the matter be brought before a Special meeting of the Governance and Audit Committee to determine.

With the matters referred to above, Members supported the recommendation as set out in the report.

**RESOLVED:**

- 1. To agree the amendment to the Scheme of Delegation to allow the Monitoring Officer to approve applications in writing from absent Councillors in exceptional circumstances (such as serious illness, extended work commitments abroad or extended service in the Forces) subject to consultation with Group Leaders. Any applications for extended absence would be limited to two three month periods only and in the event of disagreement between the Group Leaders, the application would be determined by a Special Meeting of the Governance and Audit Committee.**
- 2. To recommend that Council ratifies and approves this arrangement, and the amendment to the Scheme of Delegation.**

*(The meeting commenced at 5.30 pm and closed at 5.56 pm)*

**CHAIRMAN** .....

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



# Agenda Item 4.

<b>Title of Report:</b>	<b>Internal Audit - Interim Report for 2012-13</b>
<b>Report to be considered by:</b>	Governance and Audit Committee
<b>Date of Meeting:</b>	11 February 2013
<b>Forward Plan Ref:</b>	GA2552

**Purpose of Report:** To update the Committee on the outcomes of work performed by Internal Audit during 2012-13.

**Recommended Action:** Note the contents of the report.

**Reason for decision to be taken:** Support the annual review of the Council's system of internal control

**Other options considered:** None

**Key background documentation:** Internal Audit reports

The proposals will also help achieve the following Council Strategy principles:

- CSP5 - Putting people first**
- CSP6 - Living within our means**
- CSP8 - Transforming our services to remain affordable and effective**
- CSP9 - Doing what's important well**

The proposals contained in this report will help to achieve the above Council Strategy principles by:  
helping to improve the Council's system of internal control

Portfolio Member Details	
<b>Name &amp; Telephone No.:</b>	Councillor Alan Law - Tel (01491) 873614
<b>E-mail Address:</b>	alaw@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	21.11.12

Contact Officer Details	
<b>Name:</b>	Ian Priestley
<b>Job Title:</b>	Chief Internal Auditor
<b>Tel. No.:</b>	01635 519253
<b>E-mail Address:</b>	awalker@westberks.gov.uk

## Implications

**Policy:** none  
**Financial:** none  
**Personnel:** none

**Legal/Procurement:** none  
**Property:** none  
**Risk Management:** none  
**Equalities Impact Assessment:** not required

<b>Is this item subject to call-in?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
<p>If not subject to call-in please put a cross in the appropriate box:</p> <p>The item is due to be referred to Council for final approval <input type="checkbox"/></p> <p>Delays in implementation could have serious financial implications for the Council <input type="checkbox"/></p> <p>Delays in implementation could compromise the Council's position <input type="checkbox"/></p> <p>Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months <input type="checkbox"/></p> <p>Item is Urgent Key Decision <input type="checkbox"/></p> <p>Report is to note only <input checked="" type="checkbox"/></p>		

## **Executive Summary**

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### **1. Introduction**

- 1.1 The purpose of this report is to provide an interim report to the Governance and Audit Committee as required by the Code of Practice for Internal Audit in Local Government.
- 1.2 The report highlights the results of internal audit work on the Council's systems and procedures and provides assurance on the Council's internal control framework.

### **2. Proposals**

- 2.1 The work carried out by internal audit demonstrates that the Council's main financial systems are very sound.

### **3. EIA**

- 3.1 There is no decision to be made and therefore no Equality Impact Assessment has been undertaken.

### **4. Conclusion**

- 4.1 The Council's overall internal control framework remains robust.

# Executive Report

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## 1. Introduction

- 1.1 The CIPFA Code of Practice for Internal Audit in Local Government requires the “Head of Internal Audit” to make a formal report annually to the Council. The report should:
- (1) include an opinion on the overall adequacy and effectiveness of the organisation’s risk management systems and internal control environment
  - (2) disclose any qualifications to that opinion, together with the reasons for the qualification
  - (3) present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies
  - (4) draw attention to any issues the “Head of Internal Audit” judges particularly relevant to the preparation of the statement on internal control
  - (5) compare the work actually undertaken with the work that was planned and summarise the performance of the Internal Audit function against its performance measures.
- 1.2 In addition to the formal annual report, the Head of Internal Audit should make arrangements for interim reporting to the organisation in the course of the year. Such interim reports should address emerging issues in respect of the whole range of areas to be covered in the formal annual report. This report provides an interim view looking at the first 6 months of the year.

## 2. Opinion on the “Internal Control Framework”

- 2.1 No fundamental weaknesses were identified in Council’s internal control framework through the work carried out by Internal Audit. Where audit work identified weaknesses then management action has been taken to resolve issues identified. Overall the internal control framework remains robust.
- 2.2 The following table summarises the results of the audit work where an opinion was given, and this demonstrates that the key financial systems are very robust. Two audits were given "weak" opinions. It should be noted that the identification of weaknesses is an inevitable part of the auditing process. What is then key is that Management responds positively by implementing agreed recommendations.

Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial System	0	0	0	2	1
Other systems	0	2	2	4	1

2.3 There were two audits where a "weak" opinion was given. Details of these are set out below:

- (1) Parking, (Highways and Transport) - Weaknesses were identified in the overall reconciliation of cash sales (revenue) recorded by each machine with the actual income collected and banked. However, an upgrade to the computer system (in June 2011), provided additional reporting functionality, so that there is better assurance that unauthorised transactions have not been made. Also regular independent reconciliations of manual ledgers of issued permits and season tickets, completed application forms with the main database are not undertaken. The Parking Team needs to document detailed procedures and processes covering all areas of the Parking Team's operations, i.e. covering car park machine income collection and recording processes, the issuing and recording of resident permits, season tickets and penalty charge notices, etc.

The Head of Highways and Transport has commented that this is the first audit to be carried out of parking systems since 2005 when the internal audit was rated as satisfactory. This 2011/12 audit placed significant emphasis on the shortcomings of the three computer systems in place. Whilst these are fit for purpose for the day to day operation of running a parking service, they will not provide the depth of reporting that the audit seems to be seeking. The Parking Manager has developed an Action Plan for his team which addresses all of the audit recommendations, many of which have been implemented. The remaining recommendations will be acted upon within the agreed timescales.

Internal Audit will increase the frequency of the audit of parking to every alternate year.

- (2) Homelessness, (Care Commissioning, Housing and Safeguarding) - The key areas noted where improvement is required cover the need to tailor the central government guidance to local needs and processes. The financial records used to monitor the various elements of the budget need to be reconciled to the client data on Locata (client database) as well as Agresso. We also consider that there needs to be improvement in the timeliness of raising invoices requesting repayment of Threshold loans and deposits.

The Head of Care Commissioning, Housing and Safeguarding has commented that the agreed actions are almost completed.

2.4 The following summarises the results of follow up work. This table demonstrates that the Council has responded effectively where weaknesses have been identified.

Type	Unsatisfactory	Satisfactory
Key Financial System	0	3
Other systems	1	2

2.5 One follow up was considered "Unsatisfactory". The Head of Planning and Countryside will attend the Governance and Audit Committee to provide an update on this audit.

- (1) Enforcement, (Planning and Countryside) – From the total of 19 agreed recommendations, we found that 2 had become redundant, 3 had been fully implemented, 4 partially implemented and 2 recommendations were in the process of being implemented. The remaining 8 recommendations had not been implemented.

The Head of Planning and Countryside has commented that the delays relating to the implementation of previously identified recommendations resulted from the following:

- The identified actions were to be implemented by the Planning Enforcement Team Leader. Unfortunately these were not completed in the agreed time frames. This post was part of our savings programme and was deleted with the post holder being made redundant in March 2012.
- The Planning Enforcement team has had a long term vacant / frozen post. This increased the workload of the other team members so reducing the team's capacity to implement the recommendations.
- Significant performance difficulties in Development Control (DC) resulting from the highest ever number of planning applications and a high number of vacant posts resulted in management capacity being focused / prioritised on performance improvement in DC.
- We are now working on the actions and should have most, if not all of them complete by the time the report progresses.

### **3. Performance of Internal Audit**

3.1 Delivery of the audit plan is within target in the current year. The team has a vacancy at Auditor level and recruitment is underway for this post. In addition, one of the Senior Auditors is on maternity leave.

## **Appendices**

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Appendix A – Equality Impact Assessment – Stage 1

## Consultees

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**Local Stakeholders:** N/a  
**Officers Consulted:** Corporate Board  
**Trade Union:** N/a

# APPENDIX A

## Equality Impact Assessment – Stage One

<b>Name of item being assessed:</b>	Interim Internal Audit Report
<b>Version and release date of item (if applicable):</b>	
<b>Owner of item being assessed:</b>	Ian Priestley
<b>Name of assessor:</b>	Ian Priestley
<b>Date of assessment:</b>	15.10.12

<b>1. What are the main aims of the item?</b>
Provide an update on the outcomes of internal audit work for 12-13

<b>2. Note which groups may be affected by the item, consider how they may be affected and what sources of information have been used to determine this.</b> (Please demonstrate consideration of all strands – age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation)		
<b>Group Affected</b>	<b>What might be the effect?</b>	<b>Information to support this.</b>
none		
<b>Further comments relating to the item: N/a</b>		

<b>3. Result</b> (please tick by clicking on relevant box)	
<input type="checkbox"/>	<b>High Relevance</b> - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/>	<b>Medium Relevance</b> - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/>	<b>Low Relevance</b> - This needs to undergo a Stage 2 Equality Impact Assessment
<input checked="" type="checkbox"/>	<b>No Relevance</b> - This <b>does not</b> need to undergo a Stage 2 Equality Impact Assessment

For items requiring a Stage 2 equality impact assessment, begin the planning of this now, referring to the equality impact assessment guidance and Stage 2 template.

<b>4. Identify next steps as appropriate:</b>	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	
Stage Two not required:	

**Name:** Ian Priestley

**Date:** 15.10.12