

DRAFT

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

GOVERNANCE AND ETHICS COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 5 FEBRUARY 2018

Councillors Present: Steve Ardagh-Walter, Jeff Beck (Vice-Chairman), Paul Bryant, Keith Chopping (Chairman), James Cole, Lee Dillon, Geoff Mayes, Anthony Pick and Quentin Webb

Also Present: Sarah Clarke (Acting Head of Legal Services), Julie Gillhespey (Audit Manager) and Ian Priestley (Chief Internal Auditor) and Moira Fraser (Democratic and Electoral Services Manager)

Apologies for inability to attend the meeting: Barry Dickens and Jane Langford

PART I

23 Minutes

The Minutes of the meeting held on 27 November 2017 were approved as a true and correct record and signed by the Chairman subject to **Item 21 Amendments to the Scheme of Delegation, Page 2, last line** replace 'he' with 'the'..

The Minutes of the special meeting held on the 07 December 2017 were approved as a true and correct record and signed by the Chairman subject to the inclusion of the following amendments: Councillors Langford and Mayes were not present nor was Councillor Graham Bridgman although Councillor Keith Chopping was. The meeting started at 7.45pm and ended at 7.49pm.

Matters Arising:

Item 21 (Amendments to the Scheme of Delegation) - the amendments were being finalised and published

Councillor Cole noted that the Committee had previously agreed that an outstanding actions log would be produced. It was noted that the log would be included in the paperwork for the 23 April 2018 meeting.

The Committee noted that this would be Ian Priestley's last Governance and Ethics Committee meeting and they wished to place on record their thanks for all the support that he had provided to it over a very long period of time.

24 Declarations of Interest

There were no declarations of interest received.

25 Forward Plan

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

All references to the Chief Auditor or the Chief Internal Auditor to be replaced with the Audit Manager.

Ian Priestley explained that in relation to item 5 (GE3324 Outcome of the External Review of Internal Audit) it had originally been envisaged that officers from Reading and Wokingham would do the audit for the Council and vice versa. However both other Councils had now brought an external organisation (CIPFA) in to do the work and

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therefore West Berkshire Council would have to do the same. This would cost the Council circa £4k and there would be a delay in bringing the report back to the Committee. Councillor Lee Dillon queried whether the authorities would be willing to do the work if a reduced cost could be negotiated. Mr Priestley explained that they did not have the resources to undertake the work.

Councillor Dillon queried whether it would be appropriate to review the General Data Protection Regulations implementation at a future meeting. It was agreed that as this was not within the remit of the Committee and that as Scrutiny was already looking into this it would not be added to the Forward Plan.

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

26 **Challenging Communication Issues - Update to the Officers Code of Conduct**

The Committee considered a report (Agenda Item 5) which explained that in view of the increased use of social media as a form of communication, a review had been undertaken of the relevant Council policies to ensure that they remained fit for purpose. The report advised of proposed updates to those policies and related procedures.

The Finance and Governance Group (FaGG) had discussed the policy and had agreed that this policy should be incorporated into the Officers Code of Conduct (Part 13 Codes and Protocols) of the Constitution. This would then ensure that the policy was refreshed annually as part of the group's cyclical review of the Constitution. Cognisance could then be taken of the changes in this ever evolving area. It would also give the Council greater powers to deal with any issues should they arise and would provide employees with greater clarity about what was and was not acceptable.

Sarah Clarke explained that Councillor Graham Bridgman had raised a few stylistic and formatting issues which would be amended prior to the item being considered at Full Council.

Councillor Jeff Beck noted that Section 3 (Gifts and Hospitality General) did not include a monetary threshold similar to the £25 threshold for gifts included in the Members' Code of Conduct. Ms Clarke noted this and explained that this was something that FaGG would consider in due course.

In response to a query as to how this would impact on Members, it was explained that Members were not employees and that they would be required to abide by the Members' Code of Conduct and the Social Media Protocol for Councillors.

Councillor Beck stated that the word 'by' should be inserted between the words 'banked' and 'them' in paragraph 18.1.

Councillor Steve Ardagh-Walter queried if other examples of good practice had been looked at during the preparation of this document. The Head of Legal Services explained that Councils differed from private organisations due to the political nature of the organisation. Some officers were employed in politically restricted posts. The document was largely prepared by HR and they had looked at other applicable organisations as well as relevant case law. It was hoped that the document explicitly set out what officers could do and how they should conduct themselves. She reminded Members that this Code was not applicable to them. Councillor Ardagh-Walter commented that it was encouraging to hear that other organisations had been consulted.

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Councillor Dillon noted the comments around employees connecting with service users in paragraph 13.5 and queried what would happen about existing relationships. Ms Clarke noted that employees in the public sector had to maintain high standards of behaviour and that as such they should review these relationships on an ongoing basis to ensure they were appropriate to ensure that their impartiality was not questioned. Where service users preferred method of communication was via social media the policy allowed for permission being sought from the employee's manager to communicate in that way.

Councillor Dillon noted that social media was not defined and queried whether that would be helpful. For example, many chat forums were not regarded as social media and it would assist to clarify if these types of web based discussion forums were covered by the policy. It was agreed that it would help to provide some examples but that the document should make it clear that the social media applications listed were examples by including the statement that it was 'including....but not limited to' to future proof the document.

Councillor James Cole stated that he favoured the approach that had been taken in section 13 in that it warned employees rather than prohibited them from these interactions. He noted that there had been a request to extend the definition of harassment in section 16 of the report. Sarah Clarke confirmed that this would be picked up as part of the pre Council 'tidying up' process.

Councillor Geoff Mayes commented that the wording in the third to last bullet point of paragraph 19.3 was awkward and needed to be reworded.

Councillor Anthony Pick stated that this was a well thought out and presented document. In his view commenting on social media was similar to publishing albeit in a 'private newspaper'.

It was agreed that paragraph 13.7 should be reworded to state that 'personal social media sites must not be used by employees during their working hours for non-work related reasons'.

RESOLVED that the Officers Code of Conduct, subject to the inclusion of the agreed amendments, be recommend to full Council for approval at the 01 March 2018 meeting.

27 **Internal Audit - Interim Report 2017-18 (GE3258)**

Julie Gillhespey introduced the Internal Audit – Interim Report 2017-18, which provided the annual half yearly update to the Committee on the outcome of internal audit work carried out during the first half of 2017-18.

She noted that two of the eight or nine audits that had completed had been rated as very weak and a third audit was rated as weak. This was an unusually high proportion and was probably due to the fact that the audits had been conducted on areas where weaknesses had already been identified.

Property Database (Very Weak)

The audit had highlighted that there was a difference between how the system was being used and how it was intended to be used. The audit had highlighted that the service continued to rely on spreadsheets to hold their key information.

The project was implemented using the Council's Project Management Methodology and the project had been broken down into two phases. Phase one had been signed off as having been completed despite the fact that it had not been fully implemented across the

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whole Property Service. Concerns were raised about the level of challenge by the project sponsor and the I.T. Programme Board.

There was no closure report prepared for Phase two of the project. The system was not being used to record the data it was supposed to capture. Ms Gillhespey drew the Committee's attention to the Head of Finance and Property's comments as set out on page 37 of the paperwork. It was noted that a dedicated resource had been allocated to progress the recommended actions of the audit. Unfortunately the post was currently vacant and was in the process of being recruited to.

Audit was comfortable with the progress update that was provided but if the follow up was rated as unsatisfactory the Head of Finance and Property would be invited to attend a future Governance and Ethics meeting to provide Members with an explanation as to why that was the case and what was being done to remedy the situation.

Asset Management Strategy (Very Weak)

The Chief Executive had asked audit to look into this issue as some concerns had been raised. While a Strategy was compiled annually it was very brief and did not comply with Royal Institute of Chartered Surveyors' standards. The document therefore did not comply with professional requirements, there was no performance framework in place and the asset reviews did not set out utilisation/ running and maintenance costs of the Council's building assets.

The revised Asset Management Strategy would be included in the paperwork for the March Council meeting. Audit were satisfied with the progress update provided but if the follow up was rated as unsatisfactory the Head of Finance and Property would be invited to attend a future Governance and Ethics meeting to provide Members with an explanation as to why that was the case and what was being done to remedy the situation.

Home to School Transport. (Weak) The key issue that had been identified was that although there were a lot of contracts in place these contracts were not being reviewed and market tested regularly. The management of these contracts was not as robust as it should be. The Head of Transport and Countryside had commented that a Transport Quality Officer had been appointed in late 2016 which would help to address this situation. In addition the corporate Dynamic Purchasing System should be in place for early 2018/19 which should also assist matters. If the follow up audit was rated as unsatisfactory the Head of Transport and Countryside would be invited to attend a future Governance and Ethics meeting to provide Members with an explanation as to why that was the case and what was being done to remedy the situation.

Councillor Quentin Webb noted that the high proportion of weak audits was disturbing but he hoped that the follow up audits would be undertaken as soon as possible to ensure that corrective action had been taken. He queried how the Council's Property Investment activity would impact on the Asset Management Strategy. Sarah Clarke stated that the Property Investment activity was subject to separate governance arrangements, reporting frameworks and was governed by its own strategy (Property Investment Strategy). The Council's property portfolio would be managed by external consultants, with specialist expertise, that had been procured to undertake this work on the Council's behalf. It would be referenced in the Asset Management Strategy. Julie Gillhespey mentioned that the Property Investment Strategy was included in the Audit Plan as an audit in its own right.

Councillor James Cole was concerned about the length of time it took between the start of an audit and it being reported to the Committee especially given the levels of concern that had been identified. Julie Gillhespey explained that there could be a number of reasons for the delay. She noted that audits were often postponed if there was a valid request from the service but that the original date was still included on the programme.

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Perhaps it would be more beneficial to amend the date to the actual start date. Ian Priestley explained that the audit work was undertaken by a small team and that there was an issue with resourcing but this needed to be considered in the context of a shrinking workforce. Ms Gillhespey noted that if a significant issue was identified then the audits would be reprioritised.

Councillor Lee Dillon stated that he shared Councillor Cole's concerns and he wondered if it would be beneficial to insert a reason for the delay on the table where appropriate. Members queried whether the audit team was sufficiently resourced. Mr Priestley explained that resourcing was one of the things that CIPFA would consider as part of the external review of Audit.

Councillor Dillon commented that as the Council was identifying new ways of working a number of new systems would be introduced. He was, therefore, concerned that there would be insufficient resources to adequately audit their implementation.

Councillors Jeff Beck and Paul Bryant stated that they too were concerned about the delays and resourcing. Councillor Geoff Mayes noted that the Property Database implementation had been an issue for a number of years now.

Councillor Anthony Pick stated that the weak audits were an indication of some sort of systematic failure. He felt that it would be beneficial to include target dates for resolving issues as these were at times serious failings. Julie Gillhespey explained that the relevant Heads of Service and Service Managers were ultimately responsible for putting together an action plan to resolve the identified issues. The Action Plan at the back of the audit report identified the officer responsible and a suggested timeframe for implementation. The timeframe took into account the seriousness of the failing and what was reasonable to achieve in the 6 months prior to a follow-up, as it was important to give sufficient time for progress to be made. She reminded Members that where the follow up audit was deemed unsatisfactory the relevant Head of Service would be instructed to attend a Governance and Ethics meeting to explain to Members how they intended to resolve the issues. It was important that time be allowed for these follow up audits to take place so that Members could be provided with a professional opinion in order to properly scrutinise the explanation provided by the Head of Service.

Members commented that they would like a presentation from the Head of Finance and Property at the next meeting which set out the audit reporting process and also how the service would be resourced going forward.

Councillor Steve Ardagh Walter commented that unlike other Members he welcomed the report and stated that he would be concerned if no weak audits were identified. This was a complex organisation and because of its nature there would always be a risk of failings. As long as once the problems were identified they could be addressed in a timely manner he was not concerned. Ian Priestley stated that he concurred with Councillor Ardagh Walter. He noted that a lot of work went on in the background once issues were identified and that Corporate Board played an active role in dealing with issues especially if they were of a corporate nature. Sarah Clarke commented that the important thing was that the agreed process was being followed and that the Audit Team were following due process.

RESOLVED that:

1. the report be noted.
2. A discussion on the timeframes for Audit reporting and Resourcing of the Audit Team be included on the agenda for the 23 April meeting.

28 Discussion on Response to Consultations

Councillor Lee Dillon stated that the Council was regularly consulted by a number of organisations including government departments. The process for responding to these consultations varied depending on the type of consultation and the service area responding. Members, especially backbenchers and the opposition, had limited visibility of these responses and he felt that it would be useful for the responses to be collated and stored in a central location.

Councillor James Cole stated that he would support the introduction of a central database provided that individual services were responsible for inputting their own data as there were not sufficient resources in Strategic Support to support this work.

A discussion took place on where the authority to respond on the Council's behalf derived from. Sarah Clarke noted that the revised Scheme of Delegation included a general delegation to each customer facing service area to undertake all the day to day functions necessary for that service area to fulfil its statutory duties and obligations. This would include responding to consultations. In practice it was suggested that these responses were often agreed in consultation with the Portfolio Holder or by a relevant task group or meeting.

Councillor Dillon stated that he was concerned that there was no agreed process in place for dealing with consultations, that a corporate view was given potentially without Member involvement and there was no visibility and therefore no associated right to challenge or ability to influence.

Councillor Steve Ardagh Walter commented that many consultation responses required a degree of professional or technical knowledge which Members might not have. Councillor Anthony Pick commented that as the Portfolio Holder was responsible for policy it was appropriate for them to be consulted in drafting a response.

RESOLVED that:

1. The issue would be discussed at the next Finance and Governance Group meeting;
2. The proposal would be to set up a centrally held database which services would populate themselves;
3. The discussion to include the process for agreeing consultation responses and any issues associated with how long the information would be retained and who would be responsible for managing it.

(The meeting commenced at 5.00 pm and closed at 6.27 pm)

CHAIRMAN

Date of Signature