

# Notice of Meeting

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## Governance and Ethics Committee

**Monday, 17th June, 2019 at 5.00 pm**  
in Council Chamber Council Offices  
Market Street Newbury

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Date of despatch of Agenda: Tuesday, 11 June 2019

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Moira Fraser on (01635) 519045  
e-mail: [moira.fraser@westberks.gov.uk](mailto:moira.fraser@westberks.gov.uk)

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**Agenda - Governance and Ethics Committee to be held on Monday, 17 June 2019**  
(continued)

**To:** Councillors Jeff Beck (Chairman), James Cole, Jeremy Cottam (Vice-Chairman), Barry Dickens, Jane Langford, Tony Linden, Thomas Marino, David Marsh, Geoff Mayes, Andy Moore and Joanne Stewart

**Substitutes:** Councillors Adrian Abbs, Carolyne Culver, Nassar Kessell, Steve Masters, Claire Rowles and Garth Simpson, Roger Hunneman, Lourdes Cottam

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## Agenda

Part I		Page No.
1	<b>Apologies</b> To receive apologies for inability to attend the meeting (if any).	
2	<b>Minutes</b> To approve as a correct record the Minutes of the meeting of this Committee held on 15 April 2019 and 21 May 2019.	1 - 8
3	<b>Declarations of Interest</b> To remind Members of the need to record the existence and nature of any personal, disclosable pecuniary or other registrable interests in items on the agenda, in accordance with the Members' <a href="#">Code of Conduct</a> .	
4	<b>Forward Plan</b> <i>Purpose: To consider the Forward Plan for the next eight months.</i>	9 - 12

## Governance Matters

- 5 **Exclusion of Press and Public**  
***RECOMMENDATION: 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.***

## Part II

- 6 **Corporate Risk Register - Q4 Update 2018/19 (GE3639)** 13 - 52



**Agenda - Governance and Ethics Committee to be held on Monday, 17 June 2019**  
(continued)

*(Paragraph 3 – information relating to financial/business affairs of particular person*

*Paragraph 5 – information relating to legal privilege*

*Paragraph 6 – information relating to proposed action to be taken by the Local Authority)*

*Purpose: To highlight the corporate risks that need to be considered by the Governance and Ethics Committee and to outline the actions that are being taken to mitigate those risks.*

Sarah Clarke  
Head of Legal and Strategic Support

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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, 15 APRIL 2019**

**Councillors Present:** Jeff Beck (Vice-Chairman), Jeff Brooks, Paul Bryant, Keith Chopping (Chairman), Barry Dickens, Jane Langford, Geoff Mayes, Anthony Pick and Quentin Webb

**Also Present:** Sarah Clarke (Head of Legal Services), Lesley Flannigan (Finance Manager: Financial Reporting), Julie Gillhespey (Audit Manager), Andy Walker (Head of Finance and Property), Moira Fraser (Democratic and Electoral Services Manager) and Barrie Morris (Grant Thornton)

**Apology for inability to attend the meeting:** Councillor Steve Ardagh-Walter

**Councillor Absent:** Councillor Jason Collis

#### **PART I**

##### **27 Minutes**

The Minutes of the meeting held on 26 November 2018 were approved as a true and correct record and signed by the Chairman subject to the correction of a few minor typographical errors and the inclusion of Councillor Graham Bridgman on the list of attendees.

##### **28 Declarations of Interest**

There were no declarations of interest received.

##### **29 Forward Plan**

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

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

##### **30 Monitoring Officer's Annual Report to the Governance and Ethics Committee - 2018/19 Year End (C3424)**

The Committee considered a report (Agenda Item 5) which provided an update on local and national issues relating to ethical standards and any complaints or other problems within West Berkshire.

Sarah Clarke noted that the report concluded that although there was a relatively high number of complaints (22), they were limited to related matters in a very small number of parishes. Twenty of the complaints pertained to parish councillors, one to a co-optee and one to a district councillor. It was noted that only two matters were referred for investigation, no further action was taken on fourteen of the complaints, three were withdrawn, informal resolution was required in two cases and one was still being dealt with. It was the opinion of the Monitoring Officer that standards of conduct at all levels across the district remained high, which was to be commended.

As part of the learning from the complaints received the Council had amended its Social media Protocol for Members and some changes had also been made to the Member Development Programme.

## **GOVERNANCE AND ETHICS COMMITTEE - 15 APRIL 2019 - MINUTES**

Ms Clarke also noted that the Committee on Standards in Public Life had published their report on ethical standards in local government on the 30<sup>th</sup> January 2019. It was heartening to see that they were recommending that the ability to suspend councillors be reintroduced as a sanction. This would however require legislative changes. Officers were suggesting that after the May 2019 elections a small group be formed to look at the implications of the report to see what changes should be made to the Council's protocols prior to a discussion at a Governance and Ethics Committee meeting. It was however noted that some of the changes would be dependent on legislative changes.

The number of gifts and hospitality declarations by officers was broadly similar to the previous year. The number of declarations by Members had increased slightly. The Monitoring Officer was however concerned that there was still a degree of under reporting and that there was a lack of consistency in declarations across the Council.

Councillor Jeff Brooks noted that there had been an increase in the number of complaints and he queried if this was an indication of a systematic problem. Sarah Clarke stated that the complaints were limited to a very small number of matters and a few parishes. In 77% of cases the matter was either withdrawn or no further action was taken on the complaint. It should also be noted that only two complaints were investigated. She was therefore reassured that conduct at all levels across the district remained high and she commended all councillors for this.

The Committee welcomed the possibility of being able to apply a suspension as a sanction where breaches of the Code of Conduct occurred. They agreed that since the introduction of the Local Government Act in 2011 the sanctions available to them had been largely 'toothless' and that if the legislation was passed it would be useful to have this sanction available to them.

The Chairman noted that the report would be presented to full Council and that it would be circulated to all the parishes after that meeting.

The Chairman, on behalf of the Committee, requested that their thanks be conveyed to the Independent Persons and the Parish Councillors who sat on the Governance and Ethics Committee and Advisory Panel for all their hard work over the past year.

### **RESOLVED that:**

1. the content of the report be noted.
2. it be recommended to full Council that the report be circulated to all town and parish councils.
3. the thanks of the Committee be passed on to Independent Persons and the Parish Councillors who sat on the Governance and Ethics Committee and Advisory Panel for all their hard work over the past year.

### **31 Internal Audit Plan Progress Report for Quarter Three (GE3629)**

The Committee considered a report (Agenda Item 6) which set out the outcome of Internal Audit work carried out during Quarter Three of 2018/19.

Julie Gilhespey explained that the Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", required the Audit Manager to provide periodic updates to Senior Officers and Members on performance against the Audit Plan. As stated in the Council's approved Internal Audit Charter quarterly updates were required to be presented to the Governance and Ethics Committee. The periodic reports aimed to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that were of concern. Appendix C set out which audits had been completed and work in progress was included in Appendix D.

## GOVERNANCE AND ETHICS COMMITTEE - 15 APRIL 2019 - MINUTES

The report concluded that no significant/fundamental weaknesses had been identified in the Council's internal control framework through the work carried out by Internal Audit during the third quarter of 2018/19. All the follow up audits were also satisfactory.

As reported for quarters one and two progress against the plan had been slow due to a senior auditor post becoming vacant, and also because there had been a number of unplanned audits/projects that the Audit Manager had been heavily involved in.

Councillor Quentin Webb commented that the report was good news and the Committee thanked officers for their endeavours.

**RESOLVED** that the report be noted.

### 32 **External Audit Plan Provided by Grant Thornton for the Audit of Financial Year 2018/19 (GE3427)**

The Committee considered a report (Agenda Item 7) which included a copy of the External Audit Plan from Grant Thornton for the Financial Year ending 31<sup>st</sup> March 2019. The plan gave an overview of the scope and timing of the annual statutory audit of the Council's financial statements and value for money arrangements.

Lesley Flannigan explained that Grant Thornton would also be assessing the Council's arrangements to secure value for money with particular emphasis on Financial Resilience and had requested a Going Concern assessment from the Council agreed by the s151 Officer (Head of Finance and Property). The Going Concern Assessment would be produced by the Council post completion of the draft 2018/19 Financial Statements.

Barrie Morris (Grant Thornton) stated that the key issues that they would take into account were set out on page 66 of the paperwork. These included:

- Local Government funding continued to be stretched with increasing cost pressures and demand from residents.
- There continues to be increased pressure on the Council in demand led areas and specifically in adult social care.
- Implications of Brexit.
- Arrangements around the joint venture with Sovereign.
- The Court ruling on Newbury Development.
- The Council's Property Investment portfolio.

Significant risks (where there was a higher risk of material misstatement) to Councils were identified as fraudulent transactions and management over-ride of controls. Other significant risks included valuation of property, plant and equipment valuation of pension fund net liability. More detail around these risks and what Grant Thornton proposed to do when looking into them was set out on pages 67 and 68 of the paperwork.

In terms of materiality, the changes that would be deemed to be significant to stakeholders, Grant Thornton would set the figure at £5m which equated to 1.5% of the Council's prior year gross expenditure for the year. This was higher than the figure used by the previous auditors KPMG who used a figure of £3.6m. This was a reflection of the fact that the Council's finances were well controlled and previous concerns had not materialised. Errors below £250k would be deemed to be trivial. Any errors over £250k would be reported to Members. Grant Thornton designed its procedures to detect errors in specific accounts at a lower level of precision which they determined to be £20,000 for Senior officer remuneration. These standards were industry wide and in line with their competitors.

## GOVERNANCE AND ETHICS COMMITTEE - 15 APRIL 2019 - MINUTES

Councillor Anthony Pick noted that in terms of assets on the balance sheet these figures were based on a judgement on future events and he queried if this was based on cautious or optimistic forecasting. Mr Morris explained that a range of data was used, including disposal data, to ensure that net book value was as accurate as it could be,

The chairman thanked Mr Morris for taking the time to come along to the meeting and present his report. Andy walker stated that to date he was very pleased with the working relationship with the new auditors.

**RESOLVED** that the report be noted.

### 33 Internal Audit Plan 2019-2022 (GE3426)

The Committee considered a report (Agenda Item 8) which set out the proposed Internal Audit work for the three year period covering 2019/20 to 2021/22.

The report set out the proposed work programme for Internal Audit over the next three years. In order for an informed decision to be made regarding the work programme this report set out the role of Internal Audit together with supporting information as to how the plan was compiled.

Julie Gilhespey explained that she was required to review the Internal Audit Charter annually. She had drawn on some of the recommendations from the external review of internal audit during this process. The most significant change was clarifying that the Audit Manager should have direct access to both the Chair of the Governance and Ethics Committee as well as the Chief Executive. This was standard practice which needed to be adopted.

The Audit Manager had also made some changes to the Reporting Protocol. Firstly she had removed the requirement for consultation with the Portfolio Holder, this stage never resulted in any changes to the draft report and extended the consultation period by a month. The second change was the removal of the requirement to include Head of Service comments/progress update in the Audit Plan update reports. It was felt that including comments at this stage was not adding anything to the update report. She reassured the Committee that the Portfolio Holder would still receive the final report as per current practice.

Councillor Jeff Brooks noted that the programme was very long. He drew attention to the audit of IR35 (Audit No. 5) which was listed as high risk and stated that unless the Council was utilising a large number of limited company contractors he was not sure why this was the case. Julie Gilhespey accepted Councillor Brooks's comments but stated that this was a new process which had recently been introduced and it had been agreed that the area should be audited once the process had been imbedded. She stated that as this included schools the number affected might be higher than expected by Members. Councillor Brooks felt that there were other areas that should be deemed more important.

He asked if the Audit Manager was confident that there were sufficient resources available to cover all the audits. Ms Gilhespey stated that Appendix E highlighted that in 2019/20 there were 693 planned audit days and only 672 staff days available. Councillor Brooks stated that the programme should be looked at carefully to ensure that all the audits were necessary. The Audit Manager explained that the audits were programmed on a cyclical basis and high risk areas were scheduled to be audited every five years. This could be extended but would increase this risk level in these areas. The Chairman suggested that if members had concerns about specific audits they should send these to the Audit Manager outside of the meeting.

Councillor Keith Chopping noted that the audit team had been reduced from nine to four employees over the years. They had also been carting a vacancy. He asked the



**GOVERNANCE AND ETHICS COMMITTEE - 15 APRIL 2019 - MINUTES**

Committee for their comments on the level of resourcing for this important area. Councillor Paul Bryant asked if there was any evidence to support the contention that the team was too small given the high costs of staffing. Julie Gilhespy explained that the external audit of internal audit undertaken by CIPFA had indicated that the team was on the small side for a unitary authority. This was also reflected in benchmarking data.

Andy Walker explained that the service was about to be the subject of a New Ways of Working Review where data, including benchmarking, would be looked at in detail. It would therefore be better to await the outcome of that process. The Committee agreed to this approach.

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

**34 Report from the Deputy Monitoring Officer in Respect of NPC15/18 (GE3706)**

Moirra Fraser presented a report (Agenda Item 9) which drew attention to the Governance and Ethics Committee of a failure by a Parish Councillor to adhere to the agreed outcome of an assessment of a complaint.

After a lengthy discussion the Committee **RESOLVED that** the content of the report be noted and that no further action be taken on the complaint NPC15/18.

*(The meeting commenced at 5.00 pm and closed at 6.19 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 ETHICS COMMITTEE

### MINUTES OF THE MEETING HELD ON TUESDAY, 21 MAY 2019

**Councillors Present:** Jeff Beck, James Cole, Nassar Kessell (In place of Jeremy Cottam), Tony Linden, Thomas Marino, David Marsh, Geoff Mayes, Andy Moore and Joanne Stewart

**Also Present:** Sarah Clarke (Head of Legal and Strategic Support),

**Apologies for inability to attend the meeting:** Councillor Jeremy Cottam, Barry Dickens and Jane Langford

#### PART I

##### 1 Election of Chairman

**RESOLVED that** Councillor Jeff Beck be elected Chairman of the Governance and Ethics Committee for the 2019/20 Municipal Year.

##### 2 Appointment of Vice-Chairman

**RESOLVED that** Councillor Jeremy Cottam be appointed Vice-Chairman of the Governance and Ethics Committee for the 2019/20 Municipal Year.

*(The meeting commenced at 8.53 pm and closed at 8.54 pm)*

**CHAIRMAN** .....

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

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## Governance and Ethics Committee Forward Plan July 2019 – April 2020

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/Audit/Ethics
<b>29 July 2019</b>						
1.	GE3624	West Berkshire Council Financial Statements 2018/19 including external auditor's Opinion.	To provide Members with the final copy of the Council's Financial Statements	Andy Walker	Councillor Jeff Cant Finance	Audit
2.	GE3781	Financial Year 2018/19 Going Concern Assessment	As a result of the significant reduction in funding for local government in recent years and the potential threat this poses to the ongoing viability of one or more councils as a consequence, External Auditors are placing a greater emphasis on local authorities undertaking an assessment of the 'going concern' basis on which they prepare their financial statements. This report summarises the management assessment of the Council continuing to operate as a going concern for the purposes of producing the Statement of Accounts for 2018/19.	Shannon Coleman-Slaughter	Councillor Jeff cant Finance	Audit
3.	GE3625	Internal Audit Annual Assurance Report 2018/19	The Public Sector Internal Audit Standards (PSIAS) require the Audit Manager to make a formal annual report to those charged with governance within the Council.	Julie Gilhespey	Councillor Howard Woollaston Internal Governance	Audit

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/Audit/Ethics
4.	GE3626	Planned Audit Fee for 2019/20	To note the contents of the audit fee letter.	Lesley Flannigan	Chairman of Governance and Ethics Committee	Audit
5.	GE3627	Annual Governance Statement	To allow the committee to review the Annual Governance Statement before it is signed by the Leader and Chief Executive	Andy Walker	Councillor Howard Woollaston Internal Governance	Governance
<b>02 September 2019</b>						
6.		No items to date				
<b>25 November 2019</b>						
7.	GE3637	Financial Statements 2018/19 - Annual Audit Letter	To provide Members with the Final Annual Audit Letter 2018/19 from <i>external auditor. The audit letter summarises the</i> outcome from their audit work at West Berkshire Council in relation to the 2018/19 audit year.	Lesley Flannigan	Councillor Howard Woollaston Internal Governance	Audit
8.	GE3638	Internal Audit – Interim Report 2019-20	To update the Committee on the outcome of internal audit work.	Julie Gilhespey	Councillor Howard Woollaston Internal Governance	Audit
<b>03 February 2020</b>						
9.	GE3691	Risk Management Update Report Q2 2019/20	To update the Committee on Council risks.	Catalin Bogos	Councillor Howard Woollaston Internal Governance	Audit
<b>20 April 2020</b>						

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No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/Audit/Ethics
10.	C3686	Amendments to the Constitution – Scheme of Delegation	To review and amend sections of the Scheme of Delegation in light of legislative changes and current practice.	Sarah Clarke	Councillor Howard Woollaston Internal Governance	Governance
11.	GE3687	Monitoring Officer's Annual Report to the Governance and Ethics Committee –2019/20 Year End	To provide an update on local and national issues relating to ethical standards and to bring to the attention of the Committee any complaints or other problems within West Berkshire.	Sarah Clarke	Councillor Howard Woollaston Internal Governance	Ethics
12.	GE3688	Internal Audit Plan 2020/21	To outline the proposed internal audit work programme for the next three years	Julie Gilhespey	Councillor Howard Woollaston Internal Governance	Audit
13.	GE3689	External Audit Plan 2020-21	To provide Members with a copy of the External Audit Plan for 2020-21	Julie Gilhespey	Councillor Howard Woollaston Internal Governance	Audit
14.	GE3690	Internal Audit – Interim Report 2019-20	To update the Committee on the outcome of internal audit work.	Julie Gilhespey	Councillor Howard Woollaston Internal Governance	Audit

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# Agenda Item 6

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