

DRAFT

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

GOVERNANCE COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 20 MARCH 2023

Councillors Present: Jeff Cant (Chairman), Jeremy Cottam (Vice-Chairman), Jeff Beck, Rick Jones, Tony Linden, Andy Moore, Biyi Oloko, Simon Carey and Bill Graham

Also Present: Sarah Clarke (Service Director (Strategy and Governance)), Shannon Coleman-Slaughter (Chief Financial Accountant), Julie Gillhespey (Audit Manager), Joseph Holmes (Executive Director - Resources) and Lizzie Reeves (Business Analyst (Digital Services)), Sadie Owen (Principal Democratic Services Officer) and David Johnson (Grant Thornton)

Apologies for inability to attend the meeting: Councillor David Marsh, Councillor Geoff Mayes and David Southgate

1 Minutes

The Chairman noted that it was the last Governance and Ethics Committee before the election.

The Chairman paid tribute and thanks to Councillor Jeff Beck, who had served on the Committee since 2007.

The Minutes of the meeting held on 20 October 2022 were approved as a true and correct record and signed by the Chairman, subject to the following amendment:

- Councillor Andy Moore's declaration of interest regarding Item 26 was amended to note that he was a member of the West Berkshire and Newbury Liberal Democrats, and to remove the text stating that he did not sit on the Local Party Executive.

The Minutes of the meeting held on 16 January 2023 were approved as a true and correct record and signed by the Chairman.

2 Declarations of Interest

Councillor Tony Linden declared an interest in Agenda Items 5 and 6, but reported that, as his interest was a personal or an other registrable interest, but not a disclosable pecuniary interest, he determined to remain to take part in the debate and vote on the matter.

3 Forward Plan

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

RESOLVED that: Governance and Ethics Committee noted the Forward Plan.

4 Internal Audit Update Report (GE4322)

(Councillor Tony Linden declared a personal interest in Agenda Item 5 by virtue of the fact that that he was on the Local Government Pension Scheme. As his interest was personal or an other registrable interest, but not a disclosable pecuniary interest, he determined to remain to take part in the debate and vote on the matter.)

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Julie Gillhespey presented the report (Agenda Item 5), which updated the Committee on the status of Internal Audit work as at the end of quarter three of 2022/23. It was reported that there had been no significant issues of concern identified through audit work, and no corporate reviews completed which were given a less than satisfactory opinion during the quarter.

Julie Gillhespey noted that an establishment visit to Hungerford Resource Centre had received a weak opinion, which was explained in point 5.2 of the report as being due to the management of the imprest account and petty cash fund, as well as the Amenities Fund.

Julie Gillhespey noted that Councillor David Southgate had raised a query at the previous meeting regarding the timeframe for internal audit work, and highlighted that Appendix D of the report provided explanations for those 2021/22 audits which were still in progress, and provided further context regarding internal timeframes. Julie Gillhespey suggested that in future the issues could be highlighted by an annual exception report.

The Chairman queried whether the finding in relation to the Hungerford Resource Centre suggested any indication of fraud. Julie Gillhespey responded that there were no concerns raised, and that the review was for assurance.

Councillor Tony Linden asked whether a further report relating to the Hungerford Resource Centre would return to the Committee. Julie Gillhespey responded that it would be reviewed within the forthcoming six months.

In response to a query from Councillor Linden as to whether a fifth member of the Audit team was being recruited, Julie Gillhespey responded that she was in discussions with Human Resources regarding a job advert.

Councillor Rick Jones asked at what point the Committee should become concerned about escalating timescales becoming a governance risk. Julie Gillhespey responded that she would raise it as an issue with Committee if it became a risk, but she was aware of issues across other local authorities. The Covid-19 pandemic, as well as resourcing, were common issues which caused timescale concerns.

Simon Carey queried why managers were not giving enough credence to the Audit process, and asked whether the Committee could support the Audit team to assist them in achieving their targets. Julie Gillhespey responded that she would escalate to the Committee if she felt that managers were not taking the process seriously.

RESOLVED that:

- Governance and Ethics Committee noted the content of the report.
- Governance and Ethics Committee determined that there was no requirement for further data on audit completion timeframes, as set out in points 5.5 to 5.7.

5 External Audit Plan and Fee Financial Year 2021/22 (GE4310)

(Councillor Tony Linden declared a personal interest in Agenda Item 6 by virtue of the fact that that he was on the Local Government Pension Scheme. As his interest was personal or an other registrable interest, but not a disclosable pecuniary interest, he determined to remain to take part in the debate and vote on the matter.)

Sophia Brown and David Johnson, external auditors from Grant Thornton, presented the plan (Agenda Item 6). David Johnson noted that the 2020/21 finances were still outstanding, and work was ongoing. The issue with infrastructure assets had now been resolved, but a significant amount of work was still being undertaken.

Councillor Adrian Abbs noted that the frequent re-evaluation of land was considered to be a risk and queried whether it would generate a liability in the accounts. David Johnson

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responded that the property valuation did not impact the accounts, in terms of the income and expenditure impact, but were more administrative risks rather than financial.

Councillor Linden noted that the planning process was regularly raised as a risk. David Johnson agreed, but commented that the external auditors were unlikely to focus on it as an issue. It was suggested that it would be an issue for internal auditors to review.

Councillor Jeff Cant noted the 20% increase in fees and asked the external auditors for an explanation for the increase. Sophia Brown responded that the £80,000 fee was the scale fee, with the additional work undertaken by the auditors covered by the separate fee.

Councillor Rick Jones queried whether a significant delay to the 2022/23 process was likely. Sophia Brown responded that most samples had been taken and reviewed. There were issues with some property valuations, and work was ongoing until the end of April. Councillor Jones asked whether the Committee should be concerned with any governance issue in relation to the delay. David Johnson responded that findings had been presented to an independent panel for review which had concluded that the issue was not endemic.

Councillor Linden suggested that the widespread delay in audits should be raised with the Department for Levelling Up, Housing and Communities (DLUHC). Joseph Holmes responded that it was an issue that central government were aware of.

Councillor Abbs queried the size of the portfolio of assets that was being re-assessed, and what portion of it was under investigation. Sophia Brown responded that the value of fixed assets that had been re-assessed for 2021-22 was 20%, and that approximately 100 assets had been identified as not having been captured for valuation when expected. Joseph Holmes agreed to clarify the total number of assets held in order to put the figures into some context.

Councillor Cant queried whether Simon Carey, as the Independent Person, had any observations on the external audit plan. Simon Carey responded that he did not, and that the plan was a comprehensive document.

In response to a query from Councillor Biyi Oloko, Sophia Brown explained that the auditor's fee was determined on a broader workforce than just herself and David Johnson, including five junior trainees, staff undertaking field work and extra work undertaken in relation to ISAs.

RESOLVED that: Governance and Ethics Committee noted the External Audit Plan and Fee for the Financial Year 2021/22.

6 **Informing the audit risk assessment for West Berkshire Council 2021/22**

Sophia Brown introduced the report (Agenda Item 7), which detailed questions posed by the internal auditors with the responses received from West Berkshire Council management. The Committee was asked to consider whether the responses were consistent with their understanding.

Councillor Andy Moore referred to Question 10, and queried which advisors were consulted in relation to the London Road Industrial Estate. Joseph Holmes commented that he did not think that the London Road Industrial Estate would have been consulted on during 2021/22 but agreed to follow up the query.

RESOLVED that: Governance and Ethics Committee noted the Risk Assessment.

7 **Audit Committee Guidance (GE4285)**

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Joseph Holmes introduced the report (Agenda Item 8), concerning recent guidance issued by CIPFA (Chartered Institute of Public Finance & Accountancy) on the role of audit committees. The Committee was asked to consider and reflect upon the latest guidance and to assess whether it complied or not, and to propose any amendments. The Committee was additionally asked to consider completing a self-assessment.

Joseph Holmes noted that the CIPFA guidance was in the Part II section of the agenda as it was not yet a public document. Joseph Holmes highlighted suggestions that financial statements be approved by full Council, and that there be additional Independent Persons on the Committee.

In relation to the suggestion that full Council approve financial statements, Councillor Tony Linden commented that the Governance and Ethics Committee allowed members a greater ability to scrutinise in detail and review reports free from party political discipline.

Councillor Jeremy Cottam disagreed with having financial statements approved by full Council suggesting that a number of Members would be unable to thoroughly assess and scrutinise the reports due to the time constraints imposed by Council meetings.

It was agreed that a meeting would be scheduled within the forthcoming fortnight to discuss the self-assessment.

Councillor Biyi Oloko noted that the report suggested a dedicated Audit Committee. Joseph Holmes and Councillor Rick Jones clarified that the Audit Committee role was integrated within the Governance and Ethics Committee, and that the report provided guidance rather than required actions.

RESOLVED that:

- Governance and Ethics Committee noted the report and committed to completing the self-assessment, with a summary to be scheduled for a future Committee to consider any amendments or revisions, where required.
- Governance and Ethics Committee approved that Members of the existing Committee would individually respond to the self-assessment and circulate to Democratic Services.

(The meeting commenced at 6:30 pm and closed at 7:46 pm)

CHAIRMAN

Date of Signature