

Notice of Meeting



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Governance Committee

Monday 25th September 2023 at 6.30 pm

in the Council Chamber, Council Offices,
Market Street, Newbury

Note: This meeting can be streamed live here: <https://www.westberks.gov.uk/governanceethicscommitteelive>

Date of despatch of Agenda: Friday 15 September 2023

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Sadie Owen on 01635 519052
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Further information and Minutes are also available on the Council's website at www.westberks.gov.uk



WestBerkshire
C O U N C I L

Agenda - Governance Committee to be held on Monday, 25 September 2023 (continued)

- To:** Councillors Erik Pattenden (Chairman), Howard Woollaston (Vice-Chairman), Dominic Boeck, Jeremy Cottam, Iain Cottingham, Owen Jeffery, David Marsh, Christopher Read, Louise Sturgess, Simon Carey, Bill Graham and David Southgate
- Substitutes:** Councillors Anne Budd, Dennis Benneyworth, Carolyne Culver, Paul Dick, Janine Lewis and Stephanie Steevenson
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Agenda

Part I

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1	Apologies To receive apologies for inability to attend the meeting (if any).	1 - 2
2	Minutes To approve as a correct record the Minutes of the meetings of this Committee held on 26 June 2023.	3 - 10
3	Declarations of Interest 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' Code of Conduct .	11 - 12
4	Forward Plan Purpose: to consider the Forward Plan.	13 - 14
5	Monitoring Officer's Annual Report 2022/23 - Conduct and Ethics (C4412) Purpose: to provide an update on any local and national issues relating to ethical standards and to bring to the attention of Members a summary of complaints or other problems within West Berkshire.	15 - 26



Agenda - Governance Committee to be held on Monday, 25 September 2023 (continued)

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|---|--|---------|
| 6 | Annual Report - Governance and Ethics Committee (C4323)
Purpose: the report is an annual summary of the activities of the Governance & Ethics Committee for the 2022-23 municipal year. The report is intended for Full Council to provide a summary of key areas that the Committee has considered during the Municipal Year 2022-23 as well as some of the actions and changes that have occurred due to the Committee's activities. | 27 - 32 |
| 7 | Internal Audit Update Report (G4430)
Purpose: to update the Committee on the status of Internal Audit work as at the end of quarter one 2023/24. | 33 - 44 |
| 8 | External Audit Annual Audit Report - 2020/21 (G4455)
APPENDICES A & C TO FOLLOW
Purpose: the report provides members with the final annual audit report provided by Grant Thornton in respect of their external review of the 2020/21 Financial Statements. | 45 - 54 |

Sarah Clarke
Service Director: Strategy and Governance

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.
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Governance Committee – 25 September 2023

Item 1 – Apologies for absence

Verbal Item

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

GOVERNANCE COMMITTEE

MINUTES OF THE SPECIAL MEETING HELD ON MONDAY, 26 JUNE 2023

Councillors Present: Erik Pattenden (Chairman), Dominic Boeck, Owen Jeffery, David Marsh, Christopher Read and Louise Sturgess

Also Present: Simon Carey (Independent Person), and David Southgate (Parish Council Representative)

Officers Present: Catalin Bogos (Performance Research Consultation Manager), Moira Fraser (Principal Officer, Policy & Governance), Joseph Holmes (Executive Director - Resources), Sadie Owen (Principal Democratic Services Officer) and Lizzie Reeves (Project Manager)

Also in attendance: David Johnson (External Auditor- Grant Thornton)

Apologies for inability to attend the meeting: Councillor Jeremy Cottam and Councillor Iain Cottingham

Councillor Absent: Councillor Howard Woollaston

PART I

1 Apologies

Apologies were received from Councillors Jeremy Cottam and Iain Cottingham.

2 Declarations of Interest

There were no declarations of interest received.

3 Constitutional Amendments Relating to the Joint Public Protection Committee (Urgent Item)

Moira Fraser introduced the report (Agenda Item 3), which proposed amendment to the membership of the Joint Public Protection Committee (JPPC) to include three Members from each authority. Moira Fraser thanked the Chairman for taking the item as an urgent item, and extended apologies from Sean Murphy.

Councillor Erik Pattenden noted that the recommendation was relatively minor amendment to the constitution and that it had been reviewed by Sarah Clarke and Nicola Thomas.

Councillor Boeck had arrived late to the meeting and it was clarified that he would not be able to vote on the item.

It was further clarified that Councillor David Marsh who was in attendance via Zoom would also be unable to vote on the item.

Councillor Pattenden proposed, and Councillor Owen Jeffery seconded the report and referred it to Council for approval.

RESOLVED that: Governance Committee considered the report and recommended that Council:

GOVERNANCE COMMITTEE - 26 JUNE 2023 - MINUTES

- Approves the amendments to Part 6.5 (Appendix Joint Public Protection Committee) of the Constitution to reflect the revised membership of the Committee as set out in paragraph 4.7 and paragraph 4.8.
- Approves the amendments to Part 3.1 (JPPC) of the Constitution as set out in paragraph 4.6.
- Appoints a Member to the JPPC, which will be effective from the date that the amendments to the Inter Authority Agreement is completed by both authorities.
- Delegates authority to the Service Lead for Legal and Democratic Services in consultation with the Service Lead for Public Protection to amend the Inter Authority Agreement to reflect the amended Membership of the JPPC.
- Delegates authority to the Monitoring Officer to make any additional minor amendments to the Constitution arising from this decision.

(The meeting commenced at 6.00 pm and closed at 6.09 pm)

CHAIRMAN

Date of Signature

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, 26 JUNE 2023

Councillors Present: Erik Pattenden (Chairman), Howard Woollaston (Vice-Chairman), Dominic Boeck, Owen Jeffery, David Marsh, Christopher Read and Louise Sturgess

Also Present: Simon Carey (Independent Person), and David Southgate (Parish Council Representative)

Officers Present: Catalin Bogos (Performance Research Consultation Manager), Shannon Coleman-Slaughter (Chief Financial Accountant) Julie Gillhespey (Audit Manager), Joseph Holmes (Executive Director - Resources), Sadie Owen (Principal Democratic Services Officer) and Lizzie Reeves (Project Manager)

Also in attendance: David Johnson (External Auditor-Grant Thornton)

Apologies for inability to attend the meeting: Councillor Jeremy Cottam and Councillor Iain Cottingham

PART I

1 Apologies

There were apologies from Councillors Jeremy Cottam and Iain Cottingham.

2 Minutes

The Minutes of the meetings held on 20 March 2023 and 25 May 2023 were approved as true and correct records and signed by the Chairman.

3 Declarations of Interest

There were no declarations of interest.

4 Forward Plan

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

RESOLVED that: the Governance Committee Forward Plan was noted.

5 External Audit Findings Report for Financial Statements 2020/21 (GE4414)

Shannon Coleman-Slaughter introduced the report (Agenda Item 5), which provided members an updated draft audit findings report provided by Grant Thornton in respect of their external review of the 2020/21 Financial Statements.

David Johnson acknowledged that the report was to update the audit of the 2020/21 financial statements, which was two financial years behind. It was reported that the audit of the 2021/22 financial statements was currently underway.

Councillor Dominic Boeck queried whether the £8.5m adjustment was something that Members should be concerned about. David Johnson corrected the figure as £7.1m and

GOVERNANCE COMMITTEE - 26 JUNE 2023 - MINUTES

clarified that it was a net position and that the auditors were not concerned that the financial statement had been misstated. It did raise questions over the processes that were employed, but they were errors that were not endemic of a poor finance team. Joseph Holmes agreed and reported that a number of the errors were due to simple miscoding of the data, which did not create a distorted picture within the financial statements.

Simon Carey referred to page 47 of the Agenda Pack and queried why the Council had been unable to identify which Section 106 contributions were short-term liabilities and which were long-term. David Johnson responded there was an expectation that the Council would maintain a central record of all Section 106 developer contributions along with time limits and deadlines. It was explained that the Council did not currently have such a system in place and consequently it was a record keeping issue.

Simon Carey queried what risk impact the Section 106 issues would have. David Johnson responded that it would simply be a case of being unable to classify and assess which contributions and assets were short or long term. Joseph Holmes reported that this had since been addressed and that annual reports were now provided to the Capital Strategy Group detailing the level and term of Section 106 contributions.

Simon Carey referred to page 28 of the Agenda Pack and queried how serious the variance of £1.6m in contributions at a pension fund level was. David Johnson responded that the findings were at a pension fund level and was not reflective of the level at West Berkshire. It was clarified that there was no further information as to how that amount was split across the member bodies, but that the amount was well below the materiality threshold.

Councillor David Southgate queried whether re-evaluation of the Useful Economic Lives assumptions would impact the forward Capital Programme. Joseph Holmes responded that there would not be a significant impact on either the Revenue Budget or Capital Programme as there was a statutory override.

Councillor Christopher Read referred to Appendix A and requested further information as to how the Fixed Asset Register would be assessed and reconciled in the future. Shannon Coleman-Slaughter responded that a project was being undertaken to ensure that the processes were robust and that the records within finance corresponded to those held by Property Services.

Councillor Erik Pattenden referred to Appendix B of the report and queried what had been done by the Council to evaluate and reconcile the difference between the figures in the statement of accounts and the outturn figures reported to members. Joseph Holmes agreed to revert with a response following the meeting.

RESOLVED that Governance Committee noted the report.

6 Annual Governance Statement 2022-23 (GE4321)

Joseph Holmes introduced the report (Agenda Item 6), which set out the Annual Governance Statement (AGS) for the Council for 2022-23.

Joseph Holmes commented that the Annual Governance Statement was typically approved by the Committee along with the Financial Statements, but was this year being reviewed later due to the Government having brought forward the deadline for submission to 31 May 2023.

Joseph Holmes explained that nationally and throughout Berkshire the 2020-21 financial statements audit was still not fully complete and the 2021-22 audit was only partially complete. It was noted that West Berkshire Council would be one of the first councils in Berkshire to have completed 2020-2021 statements. Joseph Holmes acknowledged that

GOVERNANCE COMMITTEE - 26 JUNE 2023 - MINUTES

it was difficult for the Council to have to make future decisions without confirmed, signed accounts.

Joseph Holmes clarified that the Annual Governance Statement would need to be formally approved by the Governance Committee at the same time that the final, approved financial statements were approved.

Councillor Dominic Boeck referred to section 5.9 of the report and queried why the capacity to deliver projects was not being tracked in the forthcoming year. Joseph Holmes responded that it was not being tracked within the Annual Governance Statement because from a governance perspective the process was stronger and had been improved.

Councillor Boeck referred to section 5.10 of the report, and queried whether there was a timescale for the transformation programme. Joseph Holmes responded that a two year fixed term post had been approved at the last full Council meeting, and that an officer had commenced the role the previous week.

In response to a further query from Councillor Boeck, it was clarified that the report was for inclusion within the 2022/23 financial statements. Grant Thornton as external auditors would undertake a historical review, whilst the four issues highlighted within section 5.9 of the report would provide focus for Grant Thornton during the 2023/24 review.

RESOLVED that: Governance Committee noted the report.

7 **Local Code of Governance (GE4348)**

Joseph Holmes introduced the report (Agenda Item 7), which outlined a Code of Corporate Governance for approval.

Councillor Dominic Boeck proposed and Councillor Howard Woollaston seconded the report.

RESOLVED that:

- Governance Committee approved the Code of Corporate Governance.

8 **Treasury Outturn Financial Year 2022/23 (EX4385)**

Shannon Coleman-Slaughter introduced the report (Agenda Item 8), which provided an overview of the treasury management activity for 2022/23 as at 31 March 2023.

It was highlighted that the Council had not taken out any long-term borrowing in the past couple of years due to rising interest rates but had instead focused on using internal resources to fund the Capital Programme and maintain liquidity. The outcome was that the Council's cash balances had decreased.

Councillor Howard Woollaston referred to section 5.9(b) of the report and queried why the buildings noted were not included within the investment property portfolio. Joseph Holmes clarified that the properties were operational assets rather than investment properties.

Councillor Owen Jeffery commented that the loss of £6.6m on the commercial property portfolio seemed a particularly large sum. Joseph Holmes explained that the loss would only materialise if the entire portfolio was sold at once.

Councillor Woollaston agreed that the reduction seemed high and queried whether the valuations had been challenged. Shannon Coleman-Slaughter responded that the valuations had been undertaken in December 2022, and a valuation had since taken place in March 2023, which would be reviewed shortly.

Councillor Christopher Read queried whether the Grazeley Farm value had dropped now that the development was not going ahead and commented that it appeared to be an overvaluation. Joseph Holmes agreed to review and respond following the meeting.

RESOLVED that: Governance Committee noted the report.

9 Financial Statements 2022/23 Highlight Report and Going Concern Assessment (GE4386)

Shannon Coleman-Slaughter introduced the report (Agenda Item 9), which informed members of the key highlights from the draft 2022/23 financial statements and summarised management's assessment of the Council's ability to function as a going concern.

Shannon Coleman-Slaughter highlighted that the Council remained a going concern, and that the assessment had been signed off by the Section 151 Officer. It was noted that the Council had made changes to its accruals practices to acknowledge the changes in inflation,

Councillor Howard Woollaston referred to section 4.4 of the report and queried why the pension liability reduction of £123m was so high. Shannon Coleman-Slaughter responded that the reduction was due to a change in assumptions and decisions made by the Royal Berkshire Pension Fund.

Councillor Christopher Read referred to section 4.5 of the report and commented that it was worrying to see that nine primary schools had reported deficit positions at the end of the year. Joseph Holmes reported that generally school balances had been increasing over past years but acknowledged that the number of schools in deficit had increased in the past year. Joseph Holmes commented that some of the schools were reporting only very low levels of deficit, however those with larger sums had recovery plans and were receiving additional assistance to bring them out of deficit.

Councillor Owen Jeffery asked whether all of the schools in deficit were primary schools. Joseph Holmes responded that he would follow up but was confident that the majority were primary schools.

RESOLVED that: Governance Committee noted the report.

10 Internal Audit Plan 2023-2026 (GE4347)

Julie Gillhespey introduced the annual report (Agenda Item 10), which set out the proposed plan of Internal Audit for the forthcoming three years.

Councillor Christopher Read referred to Appendix C and queried how the Council was ensuring that it was not exposed to IR35. Julie Gillhespey commented that it was an external risk of non-compliance, but that work was being undertaken to provide training.

In response to a query from Councillor Read it was explained that there was Portfolio Holder involvement in the management of projects, however there was a governance review that was currently underway which would be implemented in September 2023, which revised the current practice and provided for Portfolio Holder input at key stages of the process.

Simon Carey referred to section 4.5 of the report and queried whether the number of planned audit days would increase following the successful recruitment of a new Audit Officer. Julie Gillhespey explained that recruitment had been successful and a new officer would commence in post the following week. It was reported that the figures had been a reasonable estimate and would be unlikely to change.

GOVERNANCE COMMITTEE - 26 JUNE 2023 - MINUTES

Simon Carey queried whether the 80% completion target could be extended to 100% following the recruitment. Julie Gillhespey explained that 80% was a reasonable target, and that 100% would not be achievable given the impact of external factors.

Councillor Dominic Boeck proposed and Councillor Read seconded the report.

RESOLVED that:

- Governance Committee approved the Proposed Audit Plan and Audit Charter.

11 Review/Update to the Anti-Fraud Policy and Related Policies (GE4410)

Julie Gillhespey introduced the report (Agenda Item 11), which provided updates and amendments to the Anti-Fraud and Corruption Policy and Procedure, Anti-Money Laundering Policy and Procedure and the Bribery Act policy and Procedure.

It was explained that the policies were reviewed and assessed every three years in line with the changes in legislation, and that there were only minor changes to each.

Councillor Owen Jeffery proposed and Councillor Howard Woollaston seconded the reports.

RESOLVED that:

- Governance Committee approved the content of the revised policies.

12 Exclusion of Press and Public

RESOLVED that: members of the press and public be excluded from the meeting for the under-mentioned item of business on the grounds that it involves the likely disclosure of exempt information as contained in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) Order 2006. Rule 8.10.4 of the Constitution also refers.

13 Risk Management Q4 2022/23 Report (GE4394)

(Paragraph 3 - information relating to financial business affairs of a particular person)

(Paragraph 5 - information relating to legal privilege)

(Paragraph 6 - information relating to proposed action to be taken to the Local Authority)

Catalin Bogos introduced an exempt report (Agenda Item 13), concerning the corporate risks as at the end of September 2023, and actions taken to mitigate those risks.

RESOLVED that:

- Governance Committee noted the report, including the actions taken to manage the existing 14 risks on the Corporate Risk Register, as a result of no new risks being escalated and three being de-escalated from the Corporate Register during the reporting period.

(The meeting commenced at 6.30 pm and closed at 7.40 pm)

CHAIRMAN

Date of Signature

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Governance Committee –25 September 2023

Item 3 – Declarations of Interest

Verbal Item

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Provisional Governance and Ethics Committee Forward Plan 25 September 2023 – 18 March 2024

20 November 2023						
1.		Strategic Risk Register Update Q2 2023/24		Catalin Bogos		
2.		External Auditor's ISA 260 report		Joseph Holmes		
3.		2022-2023 External Auditors Planning Report		Joseph Holmes		
29 January 2024						
4.		Internal Audit Update Report Quarter 2 2023/24		Julie Gillhespey		
5.		2022/23 Year End Preparation		Shannon Coleman-Slaughter		
6.		2022-2023 External Auditors Report		Joseph Holmes		
18 March 2024						
7.		Review of CIPFA's guidance for Audit Committees		Joseph Holmes		
8.		Internal Audit Update Report Quarter 3 2023/24		Julie Gillhespey		
9.		Constitutional Update		Sarah Clarke		
10.		Internal Audit Plan 2024-25		Julie Gillhespey		
11.		2021-22 External Auditors Report		Joseph Holmes		

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Monitoring Officer's Annual Report 2022/23 – Conduct and Ethics

Committee considering report:	Council
Date of Committee:	5 October 2023
Portfolio Member:	Councillor Jeff Brooks
Date Portfolio Member agreed report:	13 September 2023
Report Author:	Sarah Clarke
Forward Plan Ref:	C4412

1 Purpose of the Report

- 1.1 To provide an update on any local and national issues relating to ethical standards and to bring to the attention of Members a summary of complaints or other problems within West Berkshire.

2 Recommendations

- 2.1 Members are requested to note the content of the report.
- 2.2 It is proposed that the report be circulated to all Parish/Town Councils in the District for information.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	There are no financial issues arising from this report. However the costs associated with external investigations may lead to a budget pressure.
Human Resource:	None
Legal:	There are no legal issues arising from this report. The matters covered by this report are generally requirements of the Local Government Act 2000 in so far as appropriate and the Localism Act 2011 and its supporting regulations.

Risk Management:	The benefits of this process are the maintenance of the Council’s credibility and good governance by a high standard of ethical behaviour. The threats are the loss of credibility of the Council if standards fall. Adherence to the requirements of the Code of Conduct also reduce the risk of the Council’s decisions being subject to legal challenge.			
Property:	None			
Policy:	None			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
Environmental Impact:		X		
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		

Council Strategy Priorities:		X		
Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	Finance & Governance Group			

4 Executive Summary

- 4.1 This report is the Monitoring Officer's annual report for the Governance Committee, which will be presented to Full Council on 5 October. The report will also be circulated to all Town and Parish Councils.
- 4.2 The key findings identified in the report are:
- (a) Standards of ethical conduct across the district remain good.
 - (b) The number of gifts and hospitality declared remains lower than pre-Covid.

5 Supporting Information

Introduction

- 5.1 The Localism Act 2011 was enacted on 15th November 2011 and it made fundamental changes to the system of regulation of the standards of conduct for elected and co-opted members of Councils and Parish Councils.
- 5.2 In order to ensure that the process was working effectively locally it was agreed that the Monitoring Officer would produce an annual report which would be presented to the Governance Committee. The report would set out the number and nature of complaints received and inform Members of any other activity that was taking place around the Code of Conduct regime. It would also provide a means of updating the Committee on the progress of investigations.
- 5.3 It was also agreed that the report would be presented to Full Council and that it would be circulated to all Town and Parish Councils.

Background

- 5.4 During the Municipal Year 2022/23 the Governance Committee was comprised of eleven members (nine District Councillors appointed on a proportional basis and two co-opted non-voting Parish/Town Councillors). The membership for 2022/23 was agreed at the Annual Council meeting.

- 5.5 The Advisory Panel comprised ten Members: two from the Liberal Democrat party, two from the Conservative Party, two from the Green Party, two parish/town councillors and two Independent Persons.
- 5.6 A revised Code of Conduct was adopted in September 2016. The Code and Governance arrangements are supported by a number of documents including:
- Terms of Reference for the Governance Committee and Advisory Panel;
 - Gifts and Hospitality Protocol;
 - Complaints procedures for breaches of the Code of Conduct;
 - Dispensations procedure;
 - Social Media Protocol.

Independent Persons

- 5.7 Under Section 28 of the Localism Act 2011 the Council has a duty to ensure that it has appointed at least one Independent Person who is consulted before it makes a decision on an allegation it has determined to investigate. It was agreed by Council that the Independent Person may be consulted directly either by the person who has made the complaint or the person the complaint has been made about. Three Independent Persons have therefore been appointed in order to ensure that a conflict situation does not arise.
- 5.8 A person is not considered to be "independent" if:-
- They are or have been, within the last five years, an elected or co-opted Member or officer of the Council or of any Parish Councils within this area. This also applies to committees or sub-committees of the various Councils.
 - They are a relative or close friend of a current elected, or co-opted, Member or officer of the Council or any Parish Council within its area, or any elected or co-opted member of any committee or sub-committee.
 - The definition of relative includes the candidate's spouse, civil partner, grandparent, child etc.
- 5.9 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 require provisions to be made relating to the potential dismissal or disciplining of the Head of Paid Service, Monitoring Officer or Section 151 Officer. At least two Independent Persons who have been appointed under section 28 of the Localism Act 2011 to be appointed to the panel. The role of the Independent Persons therefore includes the requirement of this legislation.
- 5.10 Council appointed Mike Wall MBE, Alan Penrith and Lindsey Appleton as the Council's Independent Persons for the 2022/23 Municipal Year. All three Independent Persons have agreed to remain as Independent Persons for the 2023/24 Municipal Year.
- 5.11 The Council is asked to recognise the significant contribution of the Independent Persons and thank them for their ongoing contributions.

Governance Committee

5.12 The overall purpose of the Governance Committee is to provide effective challenge across the Council and independent assurance on the risk management and governance framework and associated internal control environment to members and the public, independently of the Executive. The Governance Committee is also responsible for receiving the annual Audit Letter and for signing off the Council's final accounts.

5.13 The Committee is also charged with promoting and maintaining high standards of conduct throughout the Council. They promote, educate and support Councillors (both District and Parish) in following the highest standards of conduct and ensuring that those standards are fully owned locally. The roles and functions of the Governance Committee are set out in the Constitution (Part 2 Articles of the Constitution).

5.14 At the conclusion of 2022/23 the Governance Committee comprised the following Members:

Conservative Group (5 Members)	Jeff Beck, Jeff Cant, Rick Jones(Chairman), Tony Linden, Biyi Oloko
Conservative Substitutes (2 Members)	Graham Pask, Claire Rowles (part year), Alan Law (remaining year)
Liberal Democrat Group (3 Members)	Jeremy Cottam (Vice-Chairman), Geoff Mayes, Andy Moore
Liberal Democrat Substitutes (2 Members)	Adrian Abbs, Owen Jeffery
Green Party Group (1 Member)	David Marsh
Green Party Substitutes (1 Member)	Steve Masters

5.15 The Governance Committee has a special responsibility regarding the 56 Town and Parish Councils within the District. It is responsible for ensuring that high standards of conduct are met within the parishes and that all Parish and Town Councillors are aware of their responsibilities under their Codes of Conduct.

5.16 The District Councillors are therefore supported on the Governance Committee by two co-opted Parish Councillors who are appointed in a non-voting capacity. Two substitute non-voting parish councillors are also appointed to this Committee. During 2022/23 the Governance Committee included the following Parish Councillors:

- Bill Graham (co-opted non-voting Parish Councillor)
- David Southgate (co-opted non-voting Parish Councillor)
- Anne Budd (substitute co-opted non-voting Parish Councillor)
- John Downe (substitute co-opted non-voting Parish Councillor)

5.17 The Council is asked to recognise the contribution of the Parish Councillors and thank them for their contributions.

Advisory Panel

5.18 The Advisory Panel is responsible for dealing with complaints where evidence of a breach of the Code has been investigated by an independent investigator. The Advisory Panel considers the investigators report. The views of the Advisory Panel are reported to the Governance Committee, which makes the formal decision in respect of any allegations which have been investigated where it is considered that a breach of the relevant code of conduct has occurred.

5.19 The District Councillors on the Advisory Panel were representatives of all three political groups within the Council and are not appointed in accordance with the proportionality rules. During 2022/23 the Advisory Panel comprised the following District Councillors:

Conservative Group (2 Members)	Dennis Benneyworth, Alan Law
Liberal Democrats (2 Members)	Phil Barnett, Lee Dillon
Green Party Group (2 Members)	Carolyn Culver, Steve Masters

5.20 During the 2022/23 Municipal Year the following Parish Councillors were appointed to the Advisory Panel:

- Bill Graham
- David Southgate
- Anne Budd
- John Downe

5.21 The Council is asked to thank the Parish Councillors for agreeing to be members of the Panel and their contribution for the one occasion it met.

The Monitoring Officer

5.22 The Monitoring Officer is a statutory post and in West Berkshire rests with the Service Director Strategy & Governance. The Monitoring Officer (Sarah Clarke) in 2022/23 was supported by three deputies (Leigh Hogan, Shiraz Sheikh (part year) and Nicola Thomas (part year)). The Monitoring Officer has a key role in promoting and maintaining standards of conduct. The Monitoring Officer also has a statutory responsibility to establish and maintain a register of interests for members and co-opted members of the authority. The Monitoring Officer acts as legal adviser to the Governance Committee and Advisory Panel.

5.23 The Committee for Standards in Public Life wrote, via the LGA, to local authorities requesting a progress report against the 15 best practice recommendations regarding local government Ethical Standards, which highlighted that West Berkshire Council already complies with most of the recommendations.

5.24 There were some areas where the Council will need to review existing processes and procedures, which will be considered by the Constitution Review Task Group at the relevant time. The areas for review include matters such as the recommendation that Members be required to comply with formal standards investigations, and a recommendation that the Code of Conduct be reviewed on an annual basis.

The Work of the Committee 2022-2023

5.25 During the 2022/23 Municipal Year the work undertaken by the Committee has to date included:

- Consideration of the monitoring cycle for both internal and external audit.
- The Committee Considered Reports from Internal Audit on the work being undertaken by the Team.
- The Committee considered a report into the findings of a review of the effectiveness of the Governance Committee and an action plan was developed to meet the recommendations of the review. An updated Terms of Reference for the Committee was agreed, which will be considered by Council.
- The Constitution Review Task Group has met and phases one and two of the Constitution review have been completed and approved by Council following consideration by the Governance Committee. The last phase of this complete review of the Constitution will be progressed in 2023/24.

5.26 The Monitoring Officer, under delegated authority, granted a dispensation to all West Berkshire Councillors in 2022/23 to speak and vote on any items pertaining to Council Tax.

Register of Interests

5.27 Following the election in May 2023 all elected Members of West Berkshire Council completed and submitted their Register of Interest forms. These forms have been published on the Council's website. A number of interests that have been declared by Members have been withheld from publication where the Monitoring Officer has been satisfied that the interest is a sensitive interest in accordance with the provisions of section 32 of the Localism Act 2011.

5.28 District Councillors are reminded to review their interests on a regular basis and to notify the Democratic Services Manager of any amendments.

5.29 Parish Councils are reminded via their Clerks to complete and return Declarations of Interest forms to the Monitoring Officer in order that compliance with the Localism Act 2011 is maintained.

Local Assessment of Complaints

5.30 Quarter 1 – 2022/23

During this period six complaints were received and processed by the Monitoring Officer. Three of these complaints (NDC08/22, NDC10/22, and NDC13/22) pertained to District Councillors, of which one was withdrawn. Following the initial assessment, it was agreed that no further action should be taken on any of the complaints. There were three complaints (NPC09/22, NPC11/22, and NPC12/22) submitted about parish councillors. Following the initial assessment, it was agreed that no further action should be taken on any of the complaints.

5.31 Quarter 2 – 2022/23

During this period four complaints were received and processed by the Monitoring Officer. All four of these complaints (NPC14/22, NPC15/22, NPC16/22, and NPC17/22) pertained to District Councillors, of which one was withdrawn. Following the initial assessment, it was agreed that no further action should be taken on two of the complaints, and one complaint was referred for informal resolution. There were no complaints submitted about parish councillors.

5.32 Quarter 3 - 2022/23

During this period three complaints were received and processed by the Monitoring Officer. Two of these complaints (NDC19/22 and NDC20/22) pertained to District Councillors. Following the initial assessment, it was agreed that no further action should be taken on one of the complaints, and one complaint was referred for informal resolution. There was one complaint (NPC18/22) submitted about parish councillors. Following the initial assessment, it was agreed that no further action should be taken on the complaint.

5.33 Quarter 4 - 2022/23

During this period nine complaints were received and processed by the Monitoring Officer. Seven of these complaints (NDC01/23, NDC04/23, NDC05/23, NDC06/23, NDC07/23, NDC08/23, and NDC09/23) pertained to District Councillors. Following the initial assessment, it was agreed that no further action should be taken on five of the complaints, one complaint was referred for informal resolution, and one complaint was referred to independent investigation. There were two complaints (NPC02/23 and NPC03/23) submitted about parish councillors. Following the initial assessment, it was agreed that no further action should be taken on any of the complaints.

Year on Year Comparison of Complaints

Table 1 – The Number of District and Parish Council Complaints received 2018/19 – 2022/23

Table 1	18/19	19/20	20/21	21/22	22/23
District Councillors	1	9	12	20	16
Parish Councillors	20	5	21	12	6
Co-Optees	1	0	0	0	0
Total	22	14	33	32	22

Table 2 - Action Taken on Complaints received 2018/19 to 2022/23.

	18/19	19/20	20/21	21/22	22/23
Withdrawn/not progressed	4	2	7	0	2
No Further Action	14	7	21	28	16
Other Action	2	2	2	1	3
Investigation	2	0	0	3	1
Outcome Awaited	0	3	3	0	0
Total	22	14	33	32	22

5.34 Table 2 shows that, in respect of the complaints received to date during 2022/23, in the majority of cases no further action was taken on the complaint.

Learning Points Arising from Complaints

5.35 The number of complaints have reduced overall in the past year. In addition, it is significant to note that the large majority of these result in no further action. However, 3 have resulted in other action and 1 has been referred for an independent investigation.

5.36 It was noted that a number of the complaints referred for independent investigation took a considerable length of time to complete, and although there were reasons for those delays, procedures have been reviewed to reduce the likelihood of similar delays occurring in future cases.

5.37 A further point of learning was the need for officers ensure better communication with the parties involved in a complaint once a matter was referred for investigation, to ensure that they are kept informed of progress.

Gifts and Hospitality

5.38 The Gifts and Hospitality Protocol is incorporated into the Members Code of Conduct and is set out in Appendix H to Part 13 of the Constitution (Codes and Protocols).

5.39 Officers are also subject to restrictions on those Gifts and Hospitality that are deemed to be acceptable under the Officers' Code of Conduct, which is set out in Part 13 of the Constitution. Like Members, Officers are required to declare gifts or hospitality received.

5.40 The intention of the rules governing Gifts and Hospitality is to ensure that the Council can demonstrate that no undue influence has been applied or could be said to have been applied by any service user, supplier or anyone else dealing with the Council and its stewardship of public funds. The rules therefore set out the obligations imposed on Members and Officers to declare relevant gifts and hospitality which have been offered to or received by them.

5.41 It should be noted that in addition to the risk that there could be a perception of impropriety, the acceptance of a gift or hospitality could amount to an offence under the Bribery Act 2010.

5.42 The Bribery Act 2010 creates a number of offences where a gift or other benefit is given or offered, which may amount to an offence of bribing another person, and/or of being bribed. Therefore, if Members or Officers are offered a 'gift' or other benefit by a third party, this could amount to an offence not just by the person offering the gift, but also by the Member or Officer concerned and by the Council. It is important to note that offences under this legislation can be committed by a person offering a gift or reward, even if the gift is not accepted.

5.43 In view of the above, it is very important that both Officers and Members understand the potentially serious implications of accepting gifts when it is not appropriate to do so.

5.44 There were 41 declarations of hospitality received by Members during the year 2022/23. This represents an increase on the previous year, reflecting that Covid

restrictions on socialising are no longer in place. This information is published on the Council website.

5.45 There was also an increase in the number of gifts / hospitality declared by officers with 45 declarations made during 2022/23, which is an increase in the previous year. This number remains lower than pre-Covid figures.

5.46 The number of gifts or hospitality received by each directorate, and the number refused can be summarised as follows:

Directorate	Number of Declarations	Number refused
People	4	0
Place	35	0
Resources	6	0

Proposals

5.47 Members are asked to note the content of the report.

5.48 It is proposed that this report also be circulated to all Town and Parish Councils for information.

6 Other options considered

6.1 Not to produce the report. There is no legal obligation to produce this report, so not doing so would be an option. However, it is considered that an annual report provides a good overview of work being undertaken and may assist in identifying any significant problems or developing trends. This overview is also helpful in ensuring full transparency regarding complaints. Not producing this report is therefore not recommended as an option.

7 Conclusion

7.1 Despite the number of complaints over the past year, it is considered that Members in West Berkshire continue to maintain high standards of ethical conduct, which is to be applauded.

7.2 The number of Declarations of Gifts and Hospitality has increased, reflective of the restrictions around COVID 19 being lifted. The levels remain lower than prior to the pandemic. The recommendation that the register of Gifts and Hospitality be published on a quarterly basis will no doubt assist to highlight the need to declare such matters on a regular and consistent manner.

8 Appendices

None

Subject to Call-In:

Yes: No:

- The item is due to be referred to Council for final approval
- Delays in implementation could have serious financial implications for the Council
- Delays in implementation could compromise the Council's position
- Considered or reviewed by Scrutiny Commission or associated Committees, Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

Officer details:

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Annual Report – Governance and Ethics Committee

Committee considering report:	Council
Date of Committee:	5 October 2023
Portfolio Member:	Councillor Jeff Brooks
Report Author:	Joseph Holmes
Forward Plan Ref:	C4323

1 Purpose of the Report

This report is an annual summary of the activities of the Governance & Ethics Committee for the 2022-23 municipal year. The report is intended for Full Council to provide a summary of key areas that the Committee has considered during the Municipal Year 2022-23 as well as some of the actions and changes that have occurred due to the Committee's activities.

2 Recommendation

To note the contents of the report.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None
Human Resource:	None
Legal:	None
Risk Management:	Included within the activity of the Governance Committee
Property:	None

Policy:	This report supports the overall CIPFA/SOLACE governance framework			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		None required – this is a summary report of other reports which will have had EIAs considered as part of their reports to the Committee.
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		See above
Environmental Impact:		X		None
Health Impact:		X		None
ICT Impact:		X		None
Digital Services Impact:		X		None
Council Strategy Priorities:		X		None
Core Business:	X			Report highlighting the work of the committee and its contribution to good governance.

Data Impact:		x		
Consultation and Engagement:	Officers of the Finance Governance Group Corporate Board			

4 Executive Summary

- 4.1 This report is an annual summary of the activities of the Governance Committee for 2022-23. The report is for Full Council to provide a summary of key areas that the Committee has considered during the Municipal Year 2022-23 as well as some of the actions and changes that have occurred due to the Committee’s activities.
- 4.2 As well as the summary included in the supporting information below, the Committee also has oversight of Standards issues and this report needs to be read in conjunction with the Monitoring Officer’s report for 2022-23.
- 4.3 The Committee also approved that an independent person becomes a member of the committee (with no voting rights) to support and advise the committee as a non-Council member, and he has started during 2022-23, making a contribution to the work of the Governance Committee
- 4.4 Members also had training on key areas of the remit of the Committee during the Municipal Year.

5 Supporting Information

Introduction

The summary below highlights the key items that have come to the Committee over the previous year and what action was taken as a result of these. The summary is of the themes and individual reports highlighted alongside commentary on the action taken.

Summary table

Theme	Summary of reports	Actions
Internal Audit	Regular update reports provided for the committee to highlight progress during the 2022-23 financial year. The overall internal audit opinion is expected to be satisfactory for 2022-23 as well as 2021-22. The committee commented upon the summary reports, especially those individual	The committee commented upon and noted the reports.

Theme	Summary of reports	Actions
	reports that were not highlighted as satisfactory or well-controlled.	
Financial statements and External Audit	<p>Draft financial statements highlight report, going concern and Annual Governance Statement all presented for approval in line with statutory deadlines. The external audit of the financial statements going back to 2020-21 remain outstanding. The Committee raised this with the external auditors at committee meetings, but the delays continue with both 2020-21 and 2021-22 audits not being completed. The start of the external audit of the 2022-23 financial statements is unlikely to commence until late in 2023-24.</p> <p>The committee did not received the External audit plan for 2021-22 until the March 2022 meeting, 11 months after the year end to which that external audit relates.</p> <p>The committee received a report in January 2023 on preparations by the Council for the 2022-23 year end and production of draft financial statements.</p> <p>This delay has been highlighted in the Annual Governance Statement, and though not an issue for the Council (as WBC has provided draft financial statements in line with Government deadlines) to control, it is becoming an increasing governance concern.</p>	<p>Approved for external audit review.</p> <p>The committee raised their concerns with the Council's external auditors.</p>
Treasury Management	Mid-year report taken to Jan. 23 meeting; the committee received more information during the year on treasury management now that it is included within the remit of the committee.	Report noted

Theme	Summary of reports	Actions
Constitution Review	A variety of updates to the constitution were considered by the Committee with the majority of the Constitution reviewed.	Approved and recommended to Full Council (where decision was approved)
Risk Management	Q2 Risk management report considered (in part II) by the committee where a number of questions were posed to officers.	Report noted by the committee.
CIPFA Audit Committee guidance	A report was provided to the committee on CIPFA's latest view on the functions of an audit committee. Subsequent to the meeting, an informal workshop was undertaken whereby current members of the committee considered the WBC position against CIPFA's view on their self-assessments.	Informal workshop completed The self-assessment will be used with new Governance Committee members to discuss arrangements for the committee's remit.
Community Governance Review	The committee received a report on a Community Governance Review of parish wards to the south of Newbury	Report was approved to Full Council

6 Other options considered

There is the option to have no annual report of the work of the Governance and Ethics Committee though this has been rejected on the basis that it is important there is a summary of the Committee's work during the year.

7 Conclusion

The Committee have considered a variety of reports as well as approving reports for Full Council to consider. There has been significant input from members of the committee and the new independent member to question officers and external auditors on the reports that have been presented, with a number of reports then being provided to Full Council to support the Council's governance framework.

8 Appendices

None.

Subject to Call-In:

Yes: No:

- | | |
|--|-------------------------------------|
| The item is due to be referred to Council for final approval | <input checked="" type="checkbox"/> |
| Delays in implementation could have serious financial implications for the Council | <input type="checkbox"/> |
| Delays in implementation could compromise the Council's position | <input type="checkbox"/> |
| Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months | <input type="checkbox"/> |
| Item is Urgent Key Decision | <input type="checkbox"/> |
| Report is to note only | <input type="checkbox"/> |

Wards affected: All

Officer details:

Name: Joseph Holmes
Job Title: Executive Director (Resources)
Tel No: 01635 503540
E-mail: Joseph.holmes1@westberks.gov.uk

Internal Audit Update Report

Committee considering report:	Governance Committee
Date of Committee:	25 September 2023
Portfolio Member:	Councillor Jeff Brooks
Date Portfolio Member agreed report:	13 September 2023
Report Author:	Julie Gillhespey (Audit Manager)
Forward Plan Ref:	G4430

1 Purpose of the Report

- 1.1 To update the Committee on the status of Internal Audit work as at the end of quarter one 2023/24.
- 1.2 The Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", require 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 are required to be presented to the Committee.
- 1.3 The periodic reports aim to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that are of concern.

2 Recommendation

- 2.1 No decision is needed, Committee only required to note content of the report.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None
Human Resource:	None
Legal:	None

Risk Management:	Internal Audit work helps to improve risk management processes by identifying weaknesses in systems and procedures and making recommendations to provide mitigation. The aim of which is to help ensure that services and functions across the Council achieve their goals and targets, and the organisation as a whole meets its plans and objectives.			
Property:	None			
Policy:	None			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		

Environmental Impact:		X		
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:		X		
Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	None			

4 Executive Summary

- 4.1 To update the Committee on the status of Internal Audit work as at the end of quarter one of 2023/24.
- 4.2 The Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", require 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 are required to be presented to Committee.
- 4.3 The periodic reports aim to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that are of concern.
- 4.4 There were no audit reviews completed during the period which were given a less than satisfactory opinion.
- 4.5 There are no significant issues of concern identified through audit work during the period that need to be highlighted to senior officers/members.

5 Supporting Information

Introduction/Background

- 5.1 A list of audit work completed is set out in Appendix A. The following table summarises the results of the audit work where an opinion was given.

Audit Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial Systems					
Other Systems			2	2	
Schools					
Other Establishment					

- 5.2 For this reporting period there were no completed audits given a less than satisfactory opinion.
- 5.3 Details of the audit work in progress and the stage reached is set out at Appendix B, this includes audits still in progress from last financial year, most are at the stage of the draft report having been issued and are therefore almost complete. For context, audit work may take longer than planned for a number of reasons, we are very reliant on services providing us with the required information/ managers responding to draft audit reports in a timely manner. Also, as a small team, we need to react to emerging changes in risk during the year, for example suspected fraud, requests for unplanned work as well as audit advice, this reprioritisation of work therefore results in delays in the planned work that has already commenced.

5.4 Progress made against the Anti-Fraud Work Plan is set out at Appendix C.

Proposals

Members note the outcome of audit work.

6 Other options considered

Not applicable, the report is for information only.

7 Conclusion

There were no audits completed for the period which had a less than satisfactory opinion. There are no areas of concern which need to be highlighted to Committee.

8 Appendices

- 8.1 Appendix A - Completed Audit Work.
- 8.2 Appendix B - Current Audit Work.
- 8.3 Appendix C - Anti-Fraud Work Plan Update.

Background Papers:

Subject to Call-In:

Yes: No:

- The item is due to be referred to Council for final approval
- Delays in implementation could have serious financial implications for the Council
- Delays in implementation could compromise the Council's position
- Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

Officer details:

Name: Julie Gillhespey
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E-mail: julie.gillhespey@westberks.gov.uk

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1) COMPLETED AUDITS

Directorate/Dept/Service	Audit Title	Overall Opinion
Corporate		
Resources		
Finance and Property	Capital Programme	Satisfactory
People		
Adult Social Care	Personal Budgets/Direct Payments	Satisfactory
Adult Social Care	Deputyship/Appointeeship Arrangements	Well Controlled
Education Services	Special Educational Needs and Disabilities (SEND) Assessments	Well Controlled
Place		

NOTE

The overall opinion is derived from the number/significance of recommendations together with using professional judgement. The auditor's judgement takes into account the depth of coverage of the review (which could result in more issues being identified) together with the size/complexity of the system being reviewed).

2) COMPLETED FOLLOW UPS

None during the period.

3) COMPLETED ADVISORY REVIEWS/OTHER WORK

None during the period.

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1) CURRENT AUDITS

Corporate/Directorate/ Service	Audit Title	Current Position of Work	Audit Plan Year *
Corporate			
Resources Directorate	Community Municipal Investment Bond	Background	2023/24
Resources			
Finance and Property	National Non-Domestic Rates	Testing	2023/24
Finance and Property	Insurance	Background	2023/24
Strategy and Governance	Use of Social Media	Background	2023/24
Finance and Property	Medium Term Financial Strategy (MTFS)	Draft Report Issued	2022/23
Strategy and Governance	Workforce Strategy	Draft Report Issued	2022/23
Finance and Property	Commercial Rents	Testing	2022/23
ICT	I.T. Asset Security	Testing	2022/23
Commissioning	Contract Letting	Testing	2022/23
People			
Adult Social Care	Assessment of Need/Purchase of Care (MH/LD Clients)	Background	2023/24
Communities and Wellbeing	Libraries Purchasing/Stock Control	Ready for Review	2023/24
Communities and Wellbeing	Public Health Commissioning/Contract Management	Testing	2023/24
Adult Social Care	Purchase of Care – Homecare	Draft Report Issued	2022/23
Education	Brimpton Primary School	Draft Report Issued	2022/23
Education	The Castle School	Draft Report Issued	2022/23
Education	Woolhampton Primary School	Draft Report Issued	2022/23

Corporate/Directorate/ Service	Audit Title	Current Position of Work	Audit Plan Year *
Place			
Environment	Civil Contingencies	Background	2023/24
Environment	Environment Strategy/Delivery Plan	Draft report Issued	2022/23
Environment	Street Works/Traffic Regulation Orders/Section 38 Charges	Testing	2022/23
Environment	Home to School Transport (Service Provision)	Draft Report Issued	2022/23

* Work relating to last year – in most cases the draft report has been issued and we are waiting for responses from the service. Most of these audits will have been completed by the end of the next quarter.

2) CURRENT ADVISORY REVIEWS/OTHER WORK

Audit/Review Title	Current position of work
Supporting Families Programme Grant Claims	Ongoing

3) CURRENT FOLLOW-UPS

Directorate/Service	Audit title
Resources	
People	Hungerford Resource Centre
Place	

Anti-Fraud Work Plan

(Drawn together from entries in the Audit Plan for 2023/24

<u>Audit Name</u>	<u>Work Focus</u>	<u>Update Position (End of June 2023)</u>
National Fraud Initiative (NFI) Investigation Work	Review of data matches to assess whether fraudulent.	New exercise commenced in October. Matched data received January which is now being reviewed.
Mileage/Expenses Claims	Assess compliance with Council Policy/Procedures, and to identify any issues with erroneous or fraudulent claims.	Planned for Quarter 4
The People's Lottery	Check that the scheme is effectively managed in accordance with the contractual arrangements, in order to reduce risk of reputational damage and funds being misappropriated.	Planned for Quarter 2
Contract letting - Other than Care Packages	Check for compliance with Contract Rules of Procedure/legislation. Check for risk of contracts being awarded inappropriately/potential for conflict of interest/personal gain.	Testing
Personal Budgets (Direct Payments/Use of payment cards) (Education Service)	Personal Budgets may be used inappropriately/fraudulent documentation could be provided for expenditure incurred.	Planned for Quarter 4
Council Tax Hardship Fund	Check that grant applications have been appropriately checked/vetted and that grants have been awarded accurately/appropriately.	Background
Development Control (Planning Applications)	Check that internal procedures meet key elements of Planning Application Legislation, and are sufficiently robust to reduce the risk of corruption/fraud in the planning application process. We will also carry out compliance checks to ensure applications are processed in accordance with the defined procedures.	Planned for Quarter 3

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External Audit Annual Audit Report - 2020/21

Committee considering report:	Governance Committee
Date of Committee:	25 September 2023
Portfolio Member:	Councillor Iain Cottingham
Date Portfolio Member agreed/sent report:	12 September 2023
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	G4455

1 Purpose of the Report

This report provides members with the final annual audit report provided by Grant Thornton in respect of their external review of the 2020/21 Financial Statements.

2 Recommendation

- 2.1 That authority to approve the 2020/21 Financial Statements is delegated to the Council’s Executive Director for Resources (S151 Officer) in consultation with the Chair of the Governance Committee, adjusting the financial statements for the changes included within the Grant Thornton reports and updated for revised signatures of the new political administration.
- 2.2 That the Committee approves the letter of representation included in appendix B.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	Not applicable
Human Resource:	Not applicable
Legal:	Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditors are required to report whether, in their opinion, the Council's financial statements:

	<ul style="list-style-type: none"> • give a true and fair view of the financial position of the Council and Council's income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. 			
Risk Management:	Not applicable			
Property:	Not applicable			
Policy:	Not applicable			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		

ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:		X		
Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	Joseph Holmes (Executive Director for Resources)			

4 Executive Summary

- 4.1 This report provides members with the Annual Audit Report (AAR) provided by Grant Thornton in respect of their external review of the 2020/21 Financial Statements and is in conjunction with the draft audit findings report presented to the governance committee in June 2023.
- 4.2 The Council’s appointed external auditors are required under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (‘the Code’), to report on, in their opinion, if the Council’s financial statements:
- (a) Give a true and fair view of the financial position of the Council and Council’s income and expenditure for the year; and
 - (b) have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
- 4.3 The external auditors are also required to report on whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is not materially inconsistent with the financial statements or knowledge obtained in the process of the audit, or otherwise appears to be materially misstated.
- 4.4 The external audit of the 2020/21 Financial Statements was commenced in November 2021. The final report, as at September 2023, produced by Grant Thornton is included in appendix A and incorporates their work on Value For Money.
- 4.5 The external auditor’s findings in summary in respect of financial sustainability, governance and improving efficiency, economy and effectiveness is:

“No risk of significant weakness identified”

- 4.6 The report on the financial statements was included in the June 2023 Governance Committee.
- 4.7 Following this meeting, the Council should expect to receive the 2020-21 audit opinion and closure of the financial statements having adjusted these for the latest updates from GT and for the respective officer and member’s signatures. Included in appendix B is the management letter of representation back to GT that forms part of GT’s assurance work on the annual audit for 2020-21.

5 Supporting Information

The external auditors Annual Audit report (AAR) is detailed in appendix A.

Proposals

No proposals are made within this report.

6 Other options considered

Not applicable, this report is statutory in nature.

7 Conclusion

The revised audit findings report from the Council’s external auditors highlights the adjustments that has been made to the 2020/21 Financial Statements and were reported to the June 2023 Governance Committee. This AAR supplements the work of GT with their Value For Money work, and together should enable the closure of the 2020-21 financial statements audit work.

8 Appendices

- 8.1 Appendix A – The Annual Audit Report for West Berkshire Council Year Ended 31 March 2021 (Issued by Grant Thornton September 2023).
- 8.2 Appendix B – Letter of representation
- 8.3 Appendix C - Updated 2020/21 accounts

Subject to Call-In:

Yes: No: X

The item is due to be referred to Council for final approval

Delays in implementation could have serious financial implications for the Council

Delays in implementation could compromise the Council’s position

Considered or reviewed by Scrutiny Commission or associated Committees,
Task Groups within preceding six months

Item is Urgent Key Decision

Report is to note only

Officer details:

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26 September 2023

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Executive Director (Resources)
West Berkshire District Council
Council Offices
Market Street
Newbury
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Our Ref: jh/rae
Your Ref:

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Dear Sirs

**West Berkshire Council
Financial Statements for the year ended 31 March 2021**

This representation letter is provided in connection with the audit of the financial statements of West Berkshire Council for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include property, plant and equipment valuations, pension liability valuation and significant provisions and accruals. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Governance Committee at its meeting on 26 September 2023

Yours faithfully



Joseph Holmes
Executive Director (Resources)/S151 Officer