

DRAFT

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

GOVERNANCE COMMITTEE

MINUTES OF THE MEETING HELD ON TUESDAY 1 OCTOBER 2024

Councillors Present: Erik Pattenden (Chairman), Laura Coyle, Paul Dick (Substitute), Billy Drummond, Owen Jeffery, David Marsh, Christopher Read, and Stephanie Steevenson (Substitute)

Also Present: Jonathan Brown (KPMG), Simon Carey (Independent Member (Audit)), Shannon Coleman-Slaughter (Service Director – Finance, Property & Procurement), Joseph Holmes (Executive Director - Resources), Edward Mills (KPMG), David Southgate (Parish Council Representative), and Darius Zarazel (Principal Democratic Services Officer)

Apologies for inability to attend the meeting: Councillor Howard Woollaston (Vice-Chairman), Councillor Jeremy Cottam, and Councillor Dominic Boeck

PART I

1 Minutes

RESOLVED that the Minutes of the meeting held on 16 July 2024 were approved as a true and correct record and signed by the Chairman.

2 Declarations of Interest

There were no declarations of interest received.

3 Forward Plan

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

The Executive Director - Resources noted that the Committee was expecting an External Auditor's Report from Grant Thornton which would likely provide a disclaimer on the Council's financial statements given the new backstop timetable provided by Government. This report was scheduled to come to the next meeting of the Committee on 19 November 2024. He also mentioned that the Council did not know what the detail of the disclaimer would look like.

Satisfied with the Forward Plan, and the amendments to lead officer details, the Committee agreed that it could be noted.

4 KPMG Draft Audit Plan: 2023-24

The Committee considered a report (Agenda Item 5) concerning the Draft Audit Plan for 2023-24 from the Council's new external auditors, KPMG.

The Executive Director – Resources introduced the report and highlighted that the Draft Audit Plan set out the work being proposed to be completed on the 2023/24 accounts, as well as outlining some of the unknowns around possible disclaimed audits from previous years. He noted that KPMG were trying to get back to process whereby the Audit Plan would be presented before the external auditors began their work. The Executive Director – Resources also indicated that KPMG would be the Council's external auditors for at least five years and were procured on the Council's behalf by the Public Sector Audit Appointments (PSAA), and that almost every other local authority did the same.

GOVERNANCE COMMITTEE - 1 OCTOBER 2024 - MINUTES

Representatives from KPMG, Edward Mills and Jonathan Brown, introduced the report and highlighted that they had completed the interim and risk assessment work for 2023/24, and that it was summarised in their report. They outlined their responsibilities as external auditors and explained what they expected to be in the disclaimer about unaudited balances, predicting that this disclaimer would be in the next two years of accounts. The representatives then discussed the level of materiality for their audits, noting that any misstatements over £585,000 would be brought to the attention of the Governance Committee. Finally, they outlined the significant risks expected. The primary of these risks being over areas which required a value judgment, such as on land, buildings, investment properties, and pension obligations. Those risk areas would be key areas of focus for KPMG.

On a question about the state of the opening balances and the risks they could pose to the 2023/24 audits, the KPMG representatives emphasised that they were waiting for the detail about where the regulator would land on the issue. However, they clarified that a disclaimer had been agreed due to the delayed audits being a sector wide issue so this would not be unique to West Berkshire Council's accounts.

Members asked about if KPMG had sufficient resources to bring to work on the Council's audits as this was believed to be an issue with the previous external auditors. In response, the representatives indicated that KPMG had over 200 members of staff to cover all the Council audits in the region, plus offshore capacity and the ability to borrow staff from other areas should the need arise. They also informed the Committee that they had personal experience in dealing with local authority audits. For these reasons, KPMG assured the Committee that they had sufficient resources to conduct their audits in an effective and timely manner. In addition, if unforeseen and extra work was needed, they outlined the process whereby it would be discussed with the Council and the PSAA before a decision about extra costs would be decided.

The Committee then discussed value for money in the external audits and noted that the external auditors operated differently from the Council in that respect, as they would be focused on exposing areas of vulnerability rather than delivering cost effective services. The representatives from KPMG highlighted that their reporting areas would be similar to previous external audits due to those being the main areas of interest for external auditors.

On the expected timetable for the completion of their work, the KPMG representatives confirmed to the Committee that they planned for the underlying tests to be completed and reported to the Committee by January 2025 and that the plan for 2024/25 would be presented to the Committee before the end of March 2025. The Executive Director – Resources agreed that these dates would be added to the Committee's Forward Plan.

Members discussed the benchmarks that could be used, and where they would be taken from, and were satisfied that there where was public benchmarking available.

Overall, as the Committee were satisfied with the report, they agreed to note the KPMG Draft audit plan: 2023-24 and thanked KPMG for their introduction.

(The meeting commenced at 6.30 pm and closed at 7.00 pm)

CHAIRMAN

Date of Signature