

# DRAFT

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

## GOVERNANCE AND AUDIT COMMITTEE

### MINUTES OF THE MEETING HELD ON MONDAY, 5 SEPTEMBER 2011

**Councillors Present:** Jeff Beck (Chairman), Brian Bedwell (Substitute) (In place of David Holtby), Tony Linden, David Rendel (Substitute) (In place of Tony Vickers), Julian Swift-Hook (Vice-Chairman) and Quentin Webb

**Also Present:** Andy Day (Head of Policy and Communication), Jan Evans (Head of Adult Social Care), Lesley Flannigan (Finance Manager: Technical and Control), Joseph Holmes (Chief Accountant), Ian Priestley (Chief Internal Auditor), Andy Walker (Head of Finance), Joanna Lees (KPMG) and Greg McIntosh (KPMG)

**Apologies for inability to attend the meeting:** Councillor Paul Bryant, Councillor David Holtby and Councillor Tony Vickers

#### PART I

#### 4. Minutes

The Minutes of the meetings held on 18 April 2011 and 17 May 2011 were approved as true and correct records and signed by the Chairman.

#### 5. Declarations of Interest

Councillors Jeff Beck and Julian Swift-Hook declared an interest in Agenda Item 5, but reported that, as their interest was personal and not prejudicial, they determined to remain to take part in the debate and vote on the matter.

#### 6. KPMG's External Audit Governance Report (GA2363)

The Committee considered a report (Agenda Item 4) concerning the outcome of the audit of the financial statements for 2010/2011. The Council had published its draft financial statements in late June 2011 following sign off from the Council's Head of Finance and Section 151 Officer. The financial statements were then required to be audited by the Council's external auditor, KPMG.

Greg McIntosh reported that KPMG had audited the Council's accounts during July and August 2011 as well as completing interim work during the spring. A full copy of KPMG's report would be circulated to all Governance and Audit Members.

Greg McIntosh reported that KPMG would be issuing an unqualified opinion by 30 September 2011, that the adjustments identified during the audit had been amended in the financial statements and that the quality of the accounts and audit working papers had improved on the previous year.

**RESOLVED:** That the report be noted and KPMG be thanked for their work in auditing the Council's accounts.

#### 7. Financial Statements 2010-11 (GA2218)

*(Councillor Jeff Beck declared a personal interest in this item by virtue of the fact that he was a Member of Newbury Town Council, he was a Trustee of the Corn Exchange and a*

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*Director of Readibus. As his interest was personal and not prejudicial he remained in the meeting, took part in the debate and voted on the matter).*

*(Councillor Julian Swift–Hook declared a personal interest in this item by virtue of the fact that he was a Member of Newbury Town Council and Greenham Parish Council, and was Chairman of West Berkshire Mencap. As his interest was personal and not prejudicial he remained in the meeting, took part in the debate and voted on the matter).*

The Committee considered a report (Agenda Item 5) in relation to the Council's Financial Statements for 2010/11. The Council's draft financial statements were published in late June 2011 following sign off from the Head of Finance and Section 151 Officer. The financial statements were then required to be audited by the Council's independent external auditor (KPMG) (Minute 6 refers).

The Council had made a number of amendments based on recommendations from KPMG. KPMG had therefore provided an unqualified opinion on the financial statements as well as concluding that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

**RESOLVED:** That the report be noted and the Council's finance officers thanked for all their hard work in drafting the financial statements.

### 8. Internal Audit Annual Report 2010/11 (GA2056)

The Committee considered a report (Agenda Item 6) setting out the annual report on the work of Internal Audit as required by the CIPFA Code of Practice for Internal Audit in Local Government.

Ian Priestley reported that the report was intended to provide evidence to support the Council's Annual Governance Statement by setting out the results of the work Internal Audit had done over the past year.

In relation to the review of the Carers Grant in Adult Social Care, the Head of Adult Social care (Jan Evans) reported that an allocation to a Carer was paid directly to them for an agreed item following a decision made at the Resources Panel by the Head of Service or Service Manager. The Team then followed up this payment with a letter asking for receipts. Carers were carers of service users with long term care support services. The service would either have ongoing case work involvement with the service user or they would be on review. The value and benefit of the carers grant purchase was discussed either at review or as received if a care manager had ongoing contact. To date there had been no abuse of the allocation. Any abuse of the grant would disqualify the Carer from a further grant. Carers were very positive and valued the benefit they gained from the grant.

The Committee noted the explanation provided by the Head of Adult Social Care and requested that the word "appropriateness" in Paragraph 3.5 (1), line 5 be amended to read "appropriate".

**RESOLVED:** That the opinion of the Chief Internal Auditor on the Council's Internal Control Framework be noted.

### 9. Heads of Service Assurance Statements (GA2344)

The Committee considered a report (Agenda Item 7) which outlined the process by which Heads of Service supported the Council's Annual Governance Statement through the production of their Annual Assurance Statements.

The Committee noted that Corporate Directors ensured that action plans associated with the respective Assurance Statements were reviewed with their Heads of Service on a quarterly basis.

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**RESOLVED:** That the report be noted.

### **10. Annual Governance Statement - Statement in Support by the Monitoring Officer (GA2342)**

The Committee considered a report (Agenda Item 8) concerning evidence and independent verification of governance matters which might impact on the Annual Governance Statement from the viewpoint of the Monitoring Officer. The Head of Policy and Communication, in introducing the report, noted that the report related to the processes and procedures used in decision making by the Council and also related to the ethics and probity of decision making within the Council.

The Head of Policy and Communication, on behalf of the Monitoring officer, was pleased to note that no investigations were required under Section 5 of the Local Government and Housing Act 1989 (the 1989 Act).

**RESOLVED:** That the report be noted.

### **11. Annual Governance Statement - Statement in Support by the S151 Officer (GA2343)**

The Committee considered a report (Agenda Item 9) concerning evidence and independent verification of governance matters which might impact on the Annual Governance Statement from the viewpoint of the Section 151 Officer. The Head of Finance in introducing the report noted that this statement would form the basis of the statement set out in the Statement of Accounts.

The report articulated the role of the Section 151 Officer and Finance within the Council to ensure the delivery of adequate budget and policy requirements in managing the financial affairs of the Council and ensuring that legislative requirements were met.

The Head of Finance reported that all parts of the Council were acting in accordance with the budgetary and policy requirements in setting the budget and meeting the financial standards set in the relevant legislation.

**RESOLVED:** That the report be noted.

### **12. Risk Management Annual Report (GA2118)**

The Committee considered a report (Agenda Item 10) which provided a review of the Council's Risk Management work carried out in 2010/11 and outlined proposals for 2011/12.

The Committee noted that a key area for development during 2010/11 involved revisions to the format and function of the Council's Strategic Risk Register. The aim of the changes had been to provide more focus on the action planning to mitigate key risks that the Council was facing. Further work needed to be done on refining the process by bringing the owners of the actions into the process of preparing the Action Plan for review.

In relation to Appendix A, the Committee requested that the first line of the penultimate paragraph should read "The Council tries to....."

**RESOLVED:** That, subject to the above amendment being made to Appendix A, the report be noted.

### **13. Annual Governance Statement (GA2341)**

The Committee considered a report (Agenda Item 11) which presented the Annual Governance Statement for the year 2010/11. The Committee noted that new issues which had arisen included service resilience and judicial review legal challenges.

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**RESOLVED:** That the Annual Governance Statement for 2010/11 be noted.

### 14. Amendments to the Constitution - Parts 4, 5 & 6 (C2303)

The Committee considered a report (Agenda Item 12) which proposed various changes to Parts 4 (Council Rules of Procedure), 5 (Executive Rules of Procedure) and 6 (Overview and Scrutiny Rules of Procedure) of the Council's Constitution.

In relation to the Part 6, the Head of Policy and Communication reported that he wished to add a further recommendation (4) to the report by the inclusion of a generic statement covering Sub-Committees and or Panels/Working Groups etc of the Overview and Scrutiny Management Commission. At the present time any minor changes to the structure supporting the Overview and Scrutiny Management Commission would require extensive alterations to Part 6. It was proposed to include a generic statement which referred to the terms of reference of any Sub Committees etc which would be included, in the future, as an Appendix to Part 6.

In considering the report the Committee made the following additional amendments:

Part 5 - Paragraph 5.8.1	Scope of Petitions - First line - Delete "recognised" and insert "recognises".
Part 5 - Paragraph 5.8.3	Notice of Petitions - Insert the words "in writing" after the word "given" on the first line.
Part 6 – Paragraph 6.1.1	General – Insert the following words at the end of the first paragraph: "The Terms of Reference of these bodies will be attached as an Appendix to Part 6.
Part 6 - Paragraph 6.1.2	Overview and Scrutiny Management Commission Terms of Reference – Add the word "its" to (g) after the word "all" on the first line.
Part 6 - Paragraph 6.1.2	Overview and Scrutiny Management Commission Terms of Reference – Add the word "its" to (h) after the word "of" on the first line.
Part 6 - Paragraph 6.4.4	Review of Decision – Delete the word "states" on the 7 <sup>th</sup> line and insert the word "state".

**RESOLVED:** That the proposed changes to Parts 4 (Council Rules of Procedure), 5 (Executive Rules of Procedure) and 6 (Overview and Scrutiny Rules of Procedure) as detailed in the report and set out above be approved and forwarded to Council for adoption.

### 15. Recognition of Former Councillors (C2326)

The Committee considered a report (Agenda Item 13) in relation to the proposed introduction of a scheme aimed at recognising former Councillors who had provided eminent service to this Council over a long period of time.

The Head of Policy and Communication reported that Section 249 of the Local Government Act 1972 allowed a Principal Council to confer the title of Honorary Aldermen on persons who had, in the opinion of the Council, rendered eminent service to the Council as past Members of that Council, but who were not then Members of the Council.

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The Committee noted that it was proposed that a small Panel comprising the Leaders of the two Political Groups and the Chairman of Council should be established and made responsible for considering all applications to the scheme and making appropriate recommendations to Council.

In relation to Appendix 1 it was agreed that point 4 should be amended by the deletion of the word "kept" and replaced with the word "maintained".

### **RESOLVED:**

- (i) That it be a recommendation to Council that, in accordance with Section 249 of the Local Government Act 1972, this Council introduce a scheme which recognises eminent service provided by former Councillors by the conferring of the title of Honorary Alderman on them.
- (ii) That Councillors (not subject to (i) above) who decide not to stand for re-election or are not re-elected be presented, at the Annual Meeting following the election, with a suitable certificate to recognise the service provided to the Council.

### **16. Amendment to the Constitution - List of Exemptions to "Key Decisions" (C2338)**

The Committee considered a report (Agenda Item 14) which proposed an extension to the criteria for decisions which could be made under the Individual Decision Scheme.

The Committee noted that it was proposed to extend the scheme to include the following:

- (i) Annual Reports/Statement of Purpose
- (ii) Permission to go out to consultation
- (iii) Responses to Petitions

In relation to Petitions, the Committee did not support this area of activity being included in the Individual Decision Making Scheme given the need to respond publicly to members of the public who had submitted petitions.

**RESOLVED:** That it be a recommendation to Council that the Individual Decision making Scheme be extended by the inclusion of the following:

- (i) Annual Reports/Statement of Purpose
- (ii) Permission to go out to consultation

*(The meeting commenced at 6.00pm and closed at 8.40pm)*

**CHAIRMAN** .....

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