

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, 27 SEPTEMBER 2010

Councillors Present: Jeff Beck (Chairman), David Holtby, Tony Linden, Julian Swift-Hook and Quentin Webb

Also Present: Greg McIntosh (KPMG), Andy Walker, Steve Duffin, Joseph Holmes, Lesley Flannigan and Moira Fraser

Apologies for inability to attend the meeting: Councillor Paul Bryant and Councillor Tony Vickers

PART I

21. Minutes

The Minutes of the meeting held on 6th September 2010 were approved as a true and correct record and signed by the Chairman subject to the inclusion of a minor amendment. Councillor David Holtby was listed as being absent at the meeting but he had in fact sent his apologies.

The Minutes of the Special Meeting held on the 14th September 2010 were approved as a true and correct record and signed by the Chairman.

Councillor Jeff Beck noted that following the resignation of Councillor Tony Vickers as Vice-Chairman of the Committee a new Vice-Chairman would need to be elected. All Members present voted in favour of electing Councillor Julian Swift-Hook as the new Vice-Chairman for the remainder of the Municipal Year.

Councillor Julian Swift-hook announced that while he was content to accept the position he supported Councillor Vickers' resignation on a point of principle. He shared Councillor Vickers' concern that despite agreement at Governance and Audit on the amendment to the Constitution Report relating to Urgent Council Meetings 9Item 12 on the 23 September 2010 Council agenda) this support was not followed through at Council when the amendment to the proposition was put forward.

22. Declarations of Interest

Councillors Keith Lock and Julian Swift-Hook declared an interest in Agenda Item 4, 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.

23. KPMG Governance Report: Financial Statements 2009-10

(Councillor Keith Lock declared a personal interest in Agenda item 4 by virtue of the fact that a member of his family was employed by KPMG. As his interest was personal and not prejudicial he determined to take part in the debate and vote on the matter).

(Councillor Julian Swift-Hook declared a personal interest in Agenda item 4 by virtue of the fact that he was Chairman of West Berkshire Mencap who were in receipt of funding from West Berkshire Council. As his interest was personal and not prejudicial he determined to take part in the debate and vote on the matter).

The Committee considered a report (Agenda Item 4) concerning the findings from KPMG's external audit of the Council's financial statements.

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Joseph Holmes noted that the draft financial statements had been considered at the Governance and Audit meeting on the 28 June 2010. KPMG had been appointed by the Audit Commission to review the Council's financial statements and the outcome of that audit had to be reported back to the Governance and Audit Committee.

Joseph reported that the quality of the financial statements had been high and that the auditors had not found any fundamental errors in them. They had requested that a number of non-material changes be made to the documentation and these would be reflected in the published statements. The auditors had issued an unqualified statement and had also included nine recommendations (as set out in Appendix C) which were designed to strengthen the Council's systems of internal control.

Greg McIntosh reiterated that KPMG were required by the Code of Audit Practice to issue a report to the Governance and Audit Committee which summarised the findings of the external audit of the Council's financial statements. The external auditors had two key responsibilities. The first was to provide an opinion on the Council's financial statements and the second was to provide a conclusion on the adequacy of the Council's arrangements in respect of its Use of Resources i.e. was the council securing value for money in its use of resources. The auditors had also considered whether or not the Council's Annual Governance Statement accorded with relevant legislation and whether the statement was an accurate reflection of the way the Council operated.

Greg confirmed that KPMG would be issuing an unqualified opinion. He thanked officers for the quality of the working papers which he felt had improved year on year. He reported that the audit process had gone well and that no major adjustments to the accounts were required.

The Use of Resources conclusion had been impacted on by the abolition of the Audit Committee and the Comprehensive Area Assessment (CAA) regime. Previously the Use of Resources had fed into the CAA. Due to the timing of the abolition a lot of the work on the Use of Resources had already been undertaken. Although the Council would not receive score for the year (but as the work had already been carried out) the auditors had still been able to conclude that the Council had maintained the level of performance from the previous year when it had been judged to be performing well. It was not yet clear what would happen in respect of the Use of Resources in future years but as this assessment was still required as part of the existing legislation it had been included in this report.

Councillor Julian Swift-Hook noted that on page 3 of the appendix two Acts were referred to namely the 'Audit Commission Act 1998' and the '1988 Act'. He queried whether this was a typographical error or whether a fuller title of the 1988 Act should be included on the report.

Greg McIntosh noted that no objections had been received in respect of the accounts and an opinion would therefore be issued on the 30 September 2010. No further objections or questions could be raised after this date.

Greg concluded that the results of the audit had been very positive and he thanked Officers again for their co-operation in respect of the audit process. Members also commended the work of the Officers.

Members asked the external auditor if there were any areas where difficulties were being experienced. Greg referred them to the recommendations in Appendix C which were designed to strengthen the existing internal control systems. Officers had responded to these minor recommendations as set out in the appendix. Discussions had taken place with Officers and the issues had been reviewed. Recommendations which were felt to be

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invalid had therefore been removed as part of this process. The auditors would then check that the recommendations had been followed up during the next financial year.

Members noted that following the abolition of the Audit Commission it was likely that the Governance and Audit Committee would be charged with appointing the Council's external auditor from 2012/13 onwards.

RESOLVED that the report be noted.

24. Date of the Next Meeting

Officers noted that the next Governance and Audit meeting would be held on the 15 November 2010. It had been agreed at Council on the 23 September 2010 that the two motions relating to the Committee Systems would be referred to the Governance and Audit Committee for consideration. A small working group would be set up to consider issues (positive and negative) surrounding both systems including a thorough cost analysis of both. It had been agreed that the working group would report back to Council in May 2012 and amendments would be introduced following the introduction of the necessary legislation should they be required. The terms of reference, make up of the working group and a timescales for undertaking the review would be considered at the next Governance and Audit meeting.

(The meeting commenced at 5.00 pm and closed at 5.45 pm)

CHAIRMAN

Date of Signature