

**GOVERNANCE & AUDIT COMMITTEE**  
**29 SEPTEMBER 2009**  
**7.30 - 8.55 PM**



**Bracknell Forest Borough Council:**

Councillors Ward (Chairman), Thompson (Vice-Chairman), Blatchford, Edger, Leake and McCracken

**Present:**

**Independent Members:**

Gordon Anderson

**Apologies for absence were received from:**

Councillors Beadsley and Brunel-Walker

**14. Declaration of Interest**

There were no declarations of personal or prejudicial interest.

**15. Minutes of previous meeting**

The minutes of the meeting held on 29 June 2009 were approved as a correct record and signed by the Chairman.

Governance & Audit Committee Training Requirements

Members were advised that a training programme had been identified and officers were pursuing options to deliver appropriate training on the role of the Committee.

Internal Audit Annual Assurance Report 2008-09

It was reported that the Chairman of Health Overview and Scrutiny Panel was pursuing the issue of non payment by Berkshire East PCT for their contribution to the pooled budget for Intermediate Care. It had been identified that this was not ring-fenced and budget pressures had resulted in the money being spent on other priorities. Discussions were taking place to avoid this happening again.

Members were advised that the Overview and Scrutiny working group review on Fraud had been completed and housing benefit had not been included in its scope as reported.

**16. Urgent Items of Business**

There were no urgent items of business.

**17. External Audit: Annual Governance Report**

The Committee considered a report on the Audit Commission's Annual Governance Report which summarised the work carried out to discharge their statutory audit

responsibilities. Phil Sharman, District Auditor, and Catherine Morganti, Audit Manager, Audit Commission attended the meeting to present the Report and answer questions regarding the findings. The detailed audit work was substantially complete.

Financial statements - An unqualified opinion was given despite the challenging circumstances with changing senior staff members. There were no weaknesses identified in internal control. Two recommendations were made which covered the review of the closedown process to build in additional time for review and establish fixed assets accounting records.

Use of resources – All criteria had been met and an unqualified conclusion was given in relation to the Council's adequate arrangements to secure economy, efficiency and effectiveness.

Appendix 4 of the agenda papers detailed the draft letter of representation including reference to specific representations relating to individual asset valuation schedules and the closure of the Housing Revenue Account.

Members discussed references to valuations and it was explained that there was a clerical error in the date recording of asset valuations and a separate issue around depreciation of assets. Members queried the current position regarding the District Auditor's fee and it was clarified that due to the changes that had occurred the fee was still in negotiation but the District Auditor confirmed that the Borough Treasurer was robust in challenging the fee.

**RESOLVED** that the report be noted.

#### 18. **Statement of Accounts 2008/09**

The Committee considered the revised Statement of Accounts 2008/09 following changes that had been made as a result of the audit by the District Auditor. The report summarised the findings of the audit and the key changes made. It was noted that none of the changes had a detrimental impact on the Council's overall financial position but were based on record keeping relating to fixed assets and technicalities of depreciation.

The changes resulting from the audit related to the revaluation reserve, pension costs, capital receipts that do not arise from the disposal of an asset, amortisation of Deferred Government Grants and a series of presentational changes which were detailed in the report.

Members discussed how pension contributions were considered on a three year cycle and how Bracknell Forest was represented at meetings to discuss the Berkshire Pension Fund. It was noted that the annual valuation for the Statement of Accounts did not impact upon the level of future contributions but was a snap shot of the Fund's value.

Members discussed the Icelandic bank impairment and it was noted that this would be identified in the 2010-11 accounts.

It was noted that on pg.95 of the agenda papers the figure relating to March 2006 Defined Benefit Obligation should read £222,859 not as printed. The Committee agreed that any typographical errors which were identified after the meeting could be amended.

**RESOLVED** that

- i) the revised Statement of Accounts 2008/09 (attached to the report) be approved;
- ii) the Chairman of the meeting be authorised to sign and date the revised Statement of Accounts on behalf of the Committee; and
- iii) the Draft Letter of Representation set out in Appendix 4 of the District Auditor's Annual Governance Report be approved.

#### 19. **Audit and Risk Management Update**

The Committee considered the Head of Audit and Risk Management's report which updated Members on the progress on risk management in the Council and on 2009/10 audit reports that had been issued with a limited assurance conclusion.

Members were advised that further risk management training would be provided after the Risk Management Strategy and internal risk management guidance had been reviewed. Training had begun for officers on a priority group basis.

The first report on the 2009/10 Annual Internal Plan would be presented to the next meeting of the Committee however two limited assurance conclusions had been given:

- Cranbourne Primary School – the Priority 1 recommendation had been raised to address the fact that electricity had not been recharged to a pre-school since the premises' inception in 2006. In total 19 recommendations had been raised including unimplemented recommendations which had been raised as part of previous audits.
- The Pines School – the first Priority 1 recommendation was to ensure that supply teachers were subject to the same pre-employment checks as other staff including CRB and List 99 checks and the second Priority 1 recommendation was to ensure that outstanding documentation to support flood insurance claim was sent to the Insurance team at the Council. There were other recommendations raised which included partially implemented and unimplemented recommendations from the previous audit.

Members discussed the support arrangements which were in place to help schools with these issues such as training, Bursar meetings and guidance but it was noted that the recommendations ranged across the whole control environment.

**RESOLVED** that the report be noted.

#### 20. **Partnership Governance**

The Committee considered the report which explained what had been put in place to improve governance arrangements and to reduce the risks to the Council in relation to Partnerships.

These included:

- Partnership Governance Framework and Toolkit
- Register of Significant Partnerships
- Annual Self Assessment by partnerships identified on the Register
- Standard wording for terms of reference

- New working arrangements such as the newly formed Partnership Overview and Scrutiny Group and reporting links between the relevant Overview and Scrutiny Panels and the theme partnerships.

Members discussed the issue of protecting Intellectual Property Rights of potentially lucrative ideas created through partnership projects and the difficulties of the financial basis of some partnerships where collaborative working needed to be jointly funded. The financial element was noted as a key element of the auditing process for established partnerships and a key consideration when setting up new arrangements.

**RESOLVED** that the new procedures that have been put in place for improving governance within partnerships be noted.

**CHAIRMAN**