

GOVERNANCE & AUDIT COMMITTEE
29 JUNE 2010
7.30 - 9.45 PM



Bracknell Forest Borough Council:

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

Apologies for absence were received from:

Councillor Mrs McCracken
Gordon Anderson

3. Declarations of Interest

There were no declarations of interest.

4. Minutes - 29 March and 12 May 2010

The minutes of the meetings held on 29 March 2010 and 12 May 2010 were approved as a correct record and signed by the Chairman.

5. Comprehensive Area Assessment

Phil Sharman, District Auditor introduced the report to appraise the Committee on how work on the Comprehensive Area Assessment (CAA) will be concluded.

The Committee was advised that following the government's announcement that the CAA inspection regime would be brought to an end, the Audit Commission had sent a letter to all Councils on 28 May 2010 setting out the arrangements for bringing this work to a conclusion. The District Auditor declared that no further work was required to finalise his conclusion in relation to the Council's Use of Resources assessment which would remain.

RESOLVED that the contents of the letter from the Audit Commission at Annex A of the report be noted.

6. Review of Internal Audit

Catherine Morganti, Audit Manager from the Audit Commission introduced the report on the Review of Internal Audit and sought responses to two of the recommendations from the Committee.

Catherine Morganti highlighted the key findings of the review which included that the External Auditors had concluded that the in house team and the contractor met the required CIPFA standards and provided a good service; the Council had therefore satisfied its statutory requirement to have an adequate and effective internal audit provision. The External Auditors had also concluded that they could place reliance on internal audit's work for 2009/10.

The four recommendations which had been raised were described in more detail and included that the Head of Audit and Risk Management should include progress against the Annual Audit Plan in future reports to the Committee and review the appropriateness of performance indicators and for the contractor to ensure all audit work is fully documented and evidenced.

The Governance and Audit Committee discussed the two further recommendations which had been raised for them to consider. These related to meeting privately with the Head of Audit and Risk Management and inviting the Head of Audit and Risk Management to participate in the Committee's review of its own remit and effectiveness. The Committee were concerned about the implication of private meetings to discuss issues when the role of the Committee was to publically demonstrate transparency and accountability. It was explained that in some local authorities this was a usual device to allow members to be fully briefed in advance of a public meeting so that they could make informed enquiries about the information being presented to them. Members discussed how this would be initiated and whether a formal mechanism was required.

The Governance and Audit Committee agreed to consider meeting privately with the Head of Audit and Risk Management when it undertook a review of its terms of reference and working arrangements as part of a review of its own remit and effectiveness at a future meeting.

RESOLVED that the Review of Internal Audit appended to the report be noted.

7. **Presentation on the Fraud Statistics**

Simon Hendey, Chief Officer: Housing, Shanaz Alam, Benefit Service Manager and Graham Hyman, Fraud Officer attended the meeting to provide the Committee with a briefing on the Benefit Fraud Service.

As part of the presentation members were advised that the function was a statutory obligation which aimed to pay the right benefit to the right person at the right time. The service was high performing despite the caseload increasing by 13% since targets were set. The function attracted approximately £28k income for the council in 2009/10. Examples of fraud activity were explained to the Committee and two case studies were described in detail. It was clarified that from 919 referrals a third would require full investigation based on a risk assessment and system checks on the information received.

The Committee thanked them for their informative presentation.

8. **Internal Audit Annual Assurance Report 2009/10**

Sally Hendrick, Head of Audit and Risk Management introduced her annual assurance report.

Based on the work of Internal Audit during the year and other sources of assurance outlined, the Head of Audit and Risk Management gave the following opinion:

- there are robust systems of internal control in place in accordance with proper practices except for those reviews where limited assurance was concluded as set out in Section 4.3 of the report;
- key systems of control are operating satisfactorily except for the areas referred to above ; and
- there are adequate arrangements in place for risk management and corporate governance.

Members discussed the audits which had received a limited assurance conclusion and in particular focused upon the Corporate Wide Procurement audit which had identified that a number of contracts could not be located and that contracts had been signed by individuals who did not have formal delegated authority. In addition they discussed the absence of inspection of works which was identified by an audit of Highways. The Committee was concerned that Procurement and Highways were receiving limited assurances as they had previously been identified as areas of weakness and risk.

It was discussed that there were large number of employees within the council with delegated authority to procure goods and services and the current contract database did not include information on the location of the original document. The Committee was very concerned that action should be taken urgently to resolve these issues and were advised that the Corporate Management Team were considering the issues the following day.

Members asked for further information about the issues identified in the Corporate Wide Procurement audit and requested a report to the next meeting of the Committee giving detailed information about the largest value contract that could not be located.

It was reported that of 60 audits completed only 4 quality questionnaires indicated that the auditees was dissatisfied. 65% of draft reports are produced within 15 days of holding the exit meeting.

It was reported that a training company was paid £2,300 in advance of providing training and subsequently failed to turn up to run the course. Schools have been reminded that payments should not be made in advance .

The report provided more detailed information about the cases of benefit fraud which had been investigated.

The Committee was advised that as at 31 March 2010 all schools except 1 primary school had met the Financial Management Standards in Schools (FMiSS). The final school was working towards meeting the Standards by 31 March 2011.

It was reported that the Strategic Risk Register had been reviewed in March 2010 to identify the key risks facing the Council from first principles. The Register had been re-formulated and the format changed for greater transparency on actions based on a new numeric scoring basis for risks. Once approved the risk owners would be assisted to develop action plans.

RESOLVED that the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit Opinion for 2009/10 be noted.

9. **Petition Scheme**

Alex Jack, the Borough Solicitor introduced the report which sought the Committee's endorsement of the Committee to a draft Petition Scheme for adoption by the Council, together with other related decisions required to implement the legislation.

The members discussed the draft Petition Scheme which was a variation on the Model Scheme appended to the CLG Statutory Guidance. Members noted that the on-line petition facility would not be operative until 15 December 2010 and the Head of Democratic and Registration Services was working on the practical implementation of this element of the scheme.

Members discussed the concerns they had in relation to the scheme being abused but it was acknowledged that undertaking significant work to verify signatures would be counter productive. It was also noted that the Council already had a Scheme for Public Participation at Meetings of the Council which allowed members of the public to make a submission by way of a petition. Previous experience had been that this facility had not been abused.

RECOMMENDED to Council that

- i) the threshold for a petition to constitute an “active petition” be set at 20;
- ii) the threshold number for Petitions for Debate be set at 1,500;
- iii) the threshold number for Petitions Calling Officers to Account be set at 750;
- iv) the Chief Executive, Directors and Chief Officers be those designated as those to whom a Petition Calling Officers to Account may be directed;
- v) the period for acknowledgement of a petition be specified as (a maximum of) ten working days;
- vi) the Council’s current Scheme of Public Participation at Council meetings be amended to delete references to petitions; and
- vii) the draft Petition Scheme shown at Annexe A be approved, subject to the provisions regarding web petitions not coming into effect until 15 December 2010.

10. **Annual Governance Statement**

Alex Jack, the Borough Solicitor introduced the report which sought the Committee’s approval of the Annual Governance Statement (AGS) 2009/10 and the Action Plan 2010/11 to address weaknesses identified in the AGS.

It was explained that the CIPFA/SOLACE publication “Delivering Good Governance in Local Government: Framework” identified six core principles of good governance. The publication also recommended that authorities produce an Annual Governance Statement (AGS) to report publicly on the extent to which the Authority complies with its own Local Code of Governance including how it has monitored the effectiveness of its governance arrangements in the year and any planned changes in the coming period.

The process for drafting the AGS was explained to the Committee including the review by the officer Governance Working Group on 24 May 2010 which was attended by Councillor Thompson.

RESOLVED that

- i) the draft Annual Governance Statement shown as Appendix 1 of the report be approved; and
- ii) the Action Plan shown as Appendix 2 of the report be approved.

11. **Statement of Accounts 2009/10**

Alan Nash, Chief Officer: Financial Services introduced the report which summarised the key elements within the accounts for 2009/10 and highlighted key changes to the presentation and contents of the accounts.

The Council had managed to spend within its budget for the twelfth consecutive year and the actual outturn for the General Fund was an underspend of £0.712m. An in year savings package of £1.639m was implemented and reduced the amount withdrawn from reserves to £1.530m.

It was explained that due to changes in VAT legislation the Council was able to reclaim overpaid tax back to 1973 when VAT was introduced. The Council received the sum of £2.583m in 2009/10 which has been used to set up an earmarked reserve for the worse case scenario based on the risks associated with the Council's investments in Icelandic Banks. Advice has been received that the Council should receive 90% of the funds invested.

Members asked for clarification on some of the technical aspects of the Statement. It was noted that the Statement of Accounts 2009/10 was a technical and complex document which would be summarised once audited.

RESOLVED that

- i) the Draft Statement of Accounts 2009/10 be approved;
- ii) the out-turn expenditure for the year be noted;
- iii) the provisions (£0.197m per section 4.2) and earmarked reserves (£9.247m per section 4.3) be approved; and
- iv) the Chairman of the meeting be authorised to sign and date the Statement of Accounts on behalf of the Committee.

CHAIRMAN