

GOVERNANCE & AUDIT COMMITTEE
28 JUNE 2011
7.30 - 8.33 PM



Present:

Councillors Wade (Vice-Chairman), Allen, Ms Brown, Thompson and Worrall

Apologies for absence were received from:

Councillors Ward, Heydon and McCracken
Mr Gordon Anderson

VICE CHAIRMAN, COUNCILLOR WADE, IN THE CHAIR

44. Declarations of Interest

There were no declarations of interest.

45. Minutes - 22 March 2011 and 25 May 2011

RESOLVED that the minutes of the meetings held on 22 March 2011 and 25 May 2011 be approved as a correct record and signed by the Chairman.

46. Update on progress - Certification of Claims and Returns

The Chief Officer: Housing, presented the report which provided an update on progress made against actions agreed in response to the Certification of Claims and Returns Annual Report and Internal Audit Report on Housing Benefit and Council Tax Subsidy.

It was explained that progress against the recommendations made on the Certification of Claims and Returns Annual Report for 2009/10 began in the last quarter of 2010/11. Therefore, the impact of the action plan in response to recommendations would be limited in respect of the 2010/11 audit but it was expected that the full impact would be seen in the 2011/12 audit.

Nine recommendations had been made in total with an action plan developed by officers to resolve the issues. Action taken to date included staff training, parameters being checked by management, spot checks of expenditure classification and earnings calculations, a review of all existing Non-Housing Revenue Account Expenditure on rent rebates and all high payments checked before released. The Committee noted that actions to address recommendations seven, eight and nine had been completed.

Catherine Morganti, Audit Manager reported that audit of the 2010/11 claim had begun but would not be completed until Autumn 2011. To date, a number of queries had been identified however, full testing had not yet been undertaken. Progress had been seen against some of the recommendations made in the 2009/10 claim however, it was likely that greater progress would be seen in the 2011/12 claim.

The Committee noted that all managers had been trained in the use of the new Northgate System and that the Chief Officer was confident that the section had sufficient staff expertise to manage the new system.

Internally progress against the action plan was monitored through the use of monthly spot checks, performance data and reports to the Department Director and Chief Executive. It was reported that internal audit would begin a follow up audit on the service from 18 July 2011.

RESOLVED that:

- a) the progress in relation to the action plan in response to the findings of the certification of the Housing and Council Tax Subsidy Claim be noted;
- b) the progress in response to the internal audit report of the Housing Benefit Service post implementation of the new Northgate system be noted;
- c) an update on progress made against actions agreed in response to the Certification of Claims and Returns Annual Report and Internal Audit Report on Housing and Council Tax Subsidy be brought to the next meeting of the Governance and Audit Committee.

47. **Future of Local Public Audit**

The Borough Treasurer Designate, introduced the report which sought the Committee's agreement of the Council's response to the Government consultation paper 'Future of local public audit'. The proposed response took in to account the views expressed by the Governance and Audit Committee during previous meetings and broadly reflected audit used in the private sector.

The Committee received a letter presented by Phil Sharman, District Auditor which was from the Department for Communities and Local Government. The letter gave an update of work undertaken to date, on the future of local audit. There were two options available to address the transfer of audit work from the Audit Commission's in-house audit practice to the private sector.

The options were to either outsource all the audit work, (30% of which was already undertaken by the private sector) or to create an independent company which could be sold as a going concern. It was anticipated that ministers would decide that the first option was the best route. The Committee noted that further details regarding the future of local audit would be available in autumn 2011 and that the new arrangements would need to be in place for the 2012/13 audit.

Arising from Member's questions and comments regarding the proposed consultation response the following points were noted:

- Difficulties could be experienced when recruiting independent members with appropriate financial expertise however, training would be provided by the Council.
- A balance would need to be struck between the frequency with which the Council changed auditors and the need for a consistent audit approach.
- It was felt that there should not be a mandatory requirement to publish an annual report. The decision to publish an annual report should be a matter of local choice however, the Council would continue to produce an Annual Statement of Accounts which would be available to the public.

RESOLVED that the response to the consultation questions set out in Annex B of the report be agreed.

48. **Internal Audit Annual Assurance Report 2010/11**

The Head of Audit and Risk Management presented the Internal Audit Annual Assurance Report 2010/11 which was timed to support the Annual Governance Statement.

The Report set out the Head of Internal Audit's Opinion for 2010/11, provided a summary of the results and conclusions of the work undertaken by internal audit in 2010/11 and took assurance from independent sources such as the Council's external auditors and review agencies.

Based on the work of Internal Audit during the year and other sources of assurance, the Head of Audit and Risk Management had given a significant or satisfactory assurance opinion in 70 out of 74 audits undertaken. The Head of Audit and Risk Management was able to provide reasonable assurance that most areas of the Authority had sound systems of internal control in place in accordance with proper practices.

Four areas of limited assurance had been identified:

- Compliance with new PCI Data Security Standards within Corporate Services. - issues found had been fully addressed since the audit.
- Wildmoor Heath School - the issues were being addressed by the school in coordination with the Chief Officer: Performance and Resources.
- Off Site Activity processes - a review of the service was being undertaken by the Children, Young People & Learning Department.
- Housing and Council Tax Benefits – a follow up audit would commence on 18 July.

RESOLVED that the Head of Audit and Risk Management's Annual Assurance Report setting out the Head of Internal Audit's Opinion for 2010/11 be noted.

49. **Annual Governance Statement**

The Borough Solicitor presented the report which sought the Committee's approval of the Annual Governance Statement (AGS) 2010/11 and the Action Plan 2011/12 to address weaknesses identified in the AGS.

The Committee noted that this was the third Annual Governance Statement which reviewed the local authorities compliance against six core principles of good governance identified in the CIPFA/SOLACE publication "Delivering Good Governance in Local Government: Framework".

The publication also recommended that authorities produced 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 had monitored the effectiveness of its governance arrangements in the year and any planned changes in the coming period.

The Committee noted a number of minor typographical errors in the AGS and the Action Plan.

The Committee commended the thoroughness of the work and consideration undertaken during the production of the AGS for 2010/11.

The Borough Treasurer Designate indicated that the AGS would be incorporated within the Council's draft Statement of Accounts, a copy of which would be circulated to Members in July. The audited accounts would be presented to the Committee for approval at its September meeting.

RESOLVED that:

- a) the draft Annual Governance Statement shown as Appendix 1 to the report be approved subject to the minor typographical alterations as proposed by the Borough Solicitor.
- b) the Action Plan shown as Appendix 2 to the report be approved.

50. Town Centre Land Disposals

The Borough Solicitor presented the report which sought the Committee's approval of a proposed amendment to the Council's Constitution to permit the Bracknell Town Centre Regeneration Committee to approve the disposal of land required in connection with the re-development of Bracknell Town Centre.

At present land disposals in excess of 0.5 hectares or £500,000 required the approval of the full Executive, which led to duplication of work as reports were seen by the BTCR Committee before they went to Executive.

The amendment would allow a swifter process for securing land disposals or acquisitions required to facilitate Town Centre re-development, without undermining either transparency of decision making or the capacity for such decisions to be "called in" for consideration by the Overview and Scrutiny Commission.

RESOLVED that the Constitution be amended to provide that:

- a) the Town Centre Regeneration Committee be delegated authority to approve the acquisition or disposal of all land required in connection with the re-development of Bracknell Town Centre, and
- b) the Chief Officer: Property be delegated authority to authorise all land disposals which the Council was contractually required to make.

CHAIRMAN