

NOTICE OF MEETING

Governance & Audit Committee Wednesday 27 March 2013, 7.30 pm Council Chamber, Fourth Floor, Easthampstead House, Bracknell

To: The Governance & Audit Committee

Councillor Ward (Chairman), Councillor Wade (Vice-Chairman), Councillors Allen, Ms Brown, Heydon, McCracken, Thompson, Worrall and Mr G S Anderson

cc: Substitute Members of the Committee

Councillors Mrs Ballin, Blatchford, Mrs Hayes, Leake, Mrs McCracken and Mrs Temperton

ALISON SANDERS
Director of Corporate Services

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If you require further information, please contact: Priya Patel

Telephone: 01344 352233

Email: priya.patel@bracknell-forest.gov.uk

Published: 18 March 2013



Governance & Audit Committee Wednesday 27 March 2013, 7.30 pm Council Chamber, Fourth Floor, Easthampstead House, Bracknell

AGENDA

Page No

1. Apologies for Absence

To receive apologies for absence and to note the attendance of any substitute members.

2. Declarations of Interest

Members are requested to declare any Personal Interests. Any Member with a Disclosable Pecuniary Interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.

3. Minutes from Previous Meeting

To approve as a correct record the minutes of the meeting of the Committee held on 29 January 2013.

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4. Urgent Items of Business

Any other items which, pursuant to Section 100B(4)(b) of the Local Government Act 1972, the Chairman decides are urgent.

5. External Audit Matters

The Committee is asked to note the External Audit Plan for 2012/13 and to note the Annual Audit Fee for 2013/14.

5 - 30

6. Internal Audit Plan 2013/14

The purpose of this report is to set out the underlying principles applied in the Internal Audit planning process and seek the Governance and Audit Committee's approval of the Internal Audit Plan for 2013/14.

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7. Date of Next Meeting

2 July 2013





Bracknell Forest Borough Council:

Councillors Ward (Chairman), Allen, Ms Brown, Heydon, McCracken, Thompson and Worrall

Independent Member:

Gordon Anderson

Apologies for absence were received from:

Councillor Wade

29. Declarations of Interest

There were no declarations of interest.

30. Minutes from Previous Meeting

RESOLVED that the minutes of the meeting held on 6 November 2012 be approved as a correct record and signed by the Chairman.

31. Annual External Audit Matters

Helen Thompson, Director, Ernst and Young and Catherine Morganti, Manager, attended the meeting to present the certification of claims and returns report for 2011/12 and to advise the Committee of the Annual Audit Fee for 2012/13.

For the period 1 April 2011 to 31 March 2012 three claims and returns had been certified with a total value of £96.207million. It was reported that the certification fee of £72,209 might be reduced.

The Total Code audit fee for 2012/13 was £138,564 which represented a reduction of £92,000 on previous years and this saving had been incorporated within the Council's draft budget proposals. In response to Members' questions, Helen Thompson reported that Ernst and Young had been awarded a five year contract to audit public bodies in the South East and the fee for 2012/13 had been set by the Audit Commission. Subject to legislation, at the end of the contract period, the Council would be able to appoint its external auditors and negotiate fees.

RESOLVED that

- 1. the External Auditor's Annual Certification Report on claims and returns for 2011/12 be received: and
- 2. the Annual Audit Fee for 2012/13 be noted.

32. Treasury Management Report

The Chief Technical Accountant presented the Treasury Management Report for review before being presented to Council as part of the overall budget package and resolution on Council Tax for 2013/14.

The report was made up of four documents which together were the Treasury Management Strategy and Policies for 2013/14:

- Capital Prudential Indicators 2013/14-2015/16
- Minimum Revenue Provision (MRP) Policy
- Treasury Management Strategy
- Investment Strategy 2013/14-2015/16

RESOLVED that the Treasury Management Report to be submitted to Council be noted.

33. Recording of Officer Decisions for Executive Functions

Further to Minute 26 of the previous meeting, the Borough Solicitor submitted a report setting out proposed criteria to be applied to determine which officer decisions should be recorded and published in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 ("the Regulations").

It was proposed that officer decisions falling within any of the categories below should be recorded as set out in the Regulations:-

- (a) any decision to incur expenditure or the making of a saving of £10,000 or more
- (b) any decision taken following public consultation
- (c) any decision which would have a material impact upon ten or more persons
- (d) any decision which is taken in exercise of an express delegation made to an officer by the Executive, an Executive Committee or an individual Executive Member
- (e) a decision whether or not to list a property as an Asset of Community Value (the "Community Right to Bid" under the Localism Act)
- (f) a decision whether or not to accept an expression of interest submitted under the Community Right to Challenge

The report acknowledged that it was not possible to predict with any degree of certainty how many decisions would fall within the above categories or what the impact would be of implementing the Regulations as proposed in the report. It would therefore be appropriate for the categories to be reviewed after an appropriate period has elapsed to allow the impact to be gauged.

RESOLVED that the criteria proposed in paragraph 5.5 of the report be approved.

34. Code of Conduct for Members

The Borough Solicitor presented a report which sought the Committee's endorsement of a draft revised Code of Conduct for Members. The draft Code was the outcome of the deliberations of a Member Working Group which had been constituted to formulate a new revised Code of Conduct for Members. The draft Code had been considered by the Standards Committee which had proposed a number of minor amendments.

The Borough Solicitor highlighted three issues arising from the deliberations of the Member Working Group and the Standards Committee:

a) Membership of External Organisations

The Working Group felt that involvement in community groups or public bodies should not preclude a Member from involvement in the decision making process on a matter which affected such a group or body although, if the Member was not appointed by the Council, the Member should, in the interests of transparency, declare the interest. If the Member had been appointed by the Council there should be no requirement to declare any interest as the appointment would already be a matter of public record. Paragraph 10 of the draft Code encapsulated the views of the Working Group relating to such interests.

b) "Affected Interests"

The draft Code faithfully reflected the Act in so far as it relates to Disclosable Pecuniary Interests (paragraph 7 of the draft Code). However, under the Act, only the interest of the Member or his/her spouse or partner falls within the definition of Disclosable Pecuniary Interest. Accordingly, the interest of a child or close friend of the Member does not fall within the definition and therefore a Member would not be infringing the statutory requirements if, for example, he/she participated in a decision whether or not to approve an application for a planning permission or a grant submitted by such a person. Quite obviously, such a scenario would be repugnant to public confidence in the workings of the Council. In order to address that statutory lacuna the draft Code formulates the concept of an "Affected Interest". The consequences under the Code of having an Affected Interest would be identical to those for having a Disclosable Pecuniary Interest and therefore it would not be necessary for Members to make a judgement as to which category an interest fell within.

The Borough Solicitor advised the Committee that an amendment to Standing Orders would be required to the effect that Members declaring an "Affected Interest" must withdraw from a meeting during consideration of the matter.

c) Value of Gifts and Hospitality

The main variation to the draft Code formulated by the Member Working Group which had been proposed by the Standards Committee was that relating to the value of gifts or hospitality received by Members. The previous prescribed Code specified a threshold of £25 (below which gifts/hospitality need not be registered). The Working Group considered that the threshold should be increased to £75. The suggestion gave rise to a significant level of debate at the Standards Committee, many Members of which felt that £75 would be too high a threshold. Although not ruling out an increase the Standards Committee recommended that the threshold should remain at £25 until such time as it was able to give more detailed consideration on receiving a report specifically addressing the issue.

RECOMMENDATIONS to Council

- 1 That the draft Code of Conduct for Members, incorporating the amendments proposed by the Standards Committee, be adopted.
- 2 That Standing Orders be amended to the effect that Members declaring an "Affected Interest" must withdraw from a meeting during consideration of the matter

35. Scheme of Delegation to Officers - Certificate of Lawful Use

The Borough Solicitor presented a report which sought the approval of the Committee to an amendment to the Council's Constitution delegating the power to determine applications for Certificates of Lawful Use made under the Town and Country Planning Act 1990 to the Chief Officer: Planning and Transport.

He reported that all applications for Certificates of Lawful Use must only be determined by reference to determined facts and the application of the law to those facts. Considerations as to the planning merits of the development in respect of which such an application was made were entirely irrelevant. There was no discretion upon which Members could bring to bear their planning judgement. Not infrequently such applications involved consideration of extensive amounts of evidence and/or legal issues of considerable complexity so that it was unrealistic to anticipate that all of the relevant material could be placed before the Planning Committee

RECOMMENDED to Council that the Scheme of Delegation to Officers set out in Table 1 Part 2 of the Council's Constitution be amended such that all applications for a Certificate of Lawful Use be determined by the Chief Officer: Planning and Transport (or such other officer within the Planning section as he may in writing delegate such function to).

36. Annual Governance Statement Preparation

The Borough Solicitor advised the Committee that the Council was required to produce an Annual Governance Statement to review annual governance processes and an accompanying Action Plan.

He invited the Committee to consider nominating one of its Members to join the Annual Governance Working Group as it had been helpful to have Member input into the process.

RESOLVED that Councillor Cliff Thompson be appointed to the Annual Governance Working Group.

37. Date of Next Meeting

26 March 2013.

It was agreed to reschedule the 1st October 2013 meeting to 6.30pm on Monday 30 September in order for the accounts to be approved and published by the statutory deadline.

CHAIRMAN

TO: GOVERNANCE AND AUDIT COMMITTEE 27 MARCH 2013

EXTERNAL AUDIT MATTERS Borough Treasurer

1 PURPOSE OF REPORT

- 1.1 To note the External Audit Plan for 2012/13.
- 1.2 To note the Annual Audit Fee for 2013/14.

2 RECOMMENDATIONS

That the Governance and Audit Committee:

- 2.1 Note the External Audit Plan for 2012/13, and
- 2.2 Note the Annual Audit Fee for 2013/14.

3 REASONS FOR RECOMMENDATIONS

- 3.1 To advise the Governance and Audit Committee of the external auditor's audit plan for 2012/13.
- 3.2 To advise the Governance and Audit Committee of the Annual Audit Fee for 2013/14.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 None

5 SUPPORTING INFORMATION

External Audit Plan

5.1 The External Audit Plan for 2012/13 is attached at Annex A and Catherine Morganti, Manager, Ernst and Young will attend the meeting to present the report and answer questions.

Annual Audit Fee 2013/14

- 5.2 Ernst and Young have been awarded a five year contract to audit public bodies in the South East and are now the Council's external auditors. The fee for 2013/14 has been set by the Audit Commission as part of that procurement exercise and will not increase unless there is a change in the scope of the external auditor's work.
- 5.3 The letter attached at Annex B sets out the scope of the external auditor's work and the assumptions underpinning their fee. The Total Code audit fee for 2013/14 is £138,564, which is the same as 2012/13. Whilst the fee for the certification of claims and returns (£45,420) is over £3,000 less than the indicative fee for 2012/13 this is a

Unrestricted

volatile figure which is dependent upon the level of audit testing required. However, the improvements that have been made in the Council's approach to compiling grant claims and returns should ensure a saving is achievable.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 Nothing to add to the report.

Borough Treasurer

6.2 The budget for external audit fees was reduced by £92,000 as one of the Council's savings proposals for 2013/14. The costs associated with the annual external audit and the certification of claims and returns can be met from this reduced budget.

Equalities Impact Assessment

6.3 Not applicable

Strategic Risk Management Issues

6.4 The change of external auditor represents a potential risk as the Council will need to adapt to the requirements of Ernst and Young. This risk is being mitigated by effective communication between the Council, Ernst and Young and Deloitte (the Council's internal audit provider), whose work Ernst and Young will place reliance upon.

Other Officers

6.5 Not applicable

7 CONSULTATION

Principal Groups Consulted

7.1 Not applicable

Method of Consultation

7.2 Not applicable

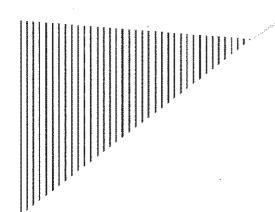
Representations Received

7.3 Not applicable

Background Papers

None

Contact for further information
Alan Nash, Corporate Services - 01344 352180
Alan.nash@bracknell-forest.gov.uk



Bracknell Forest Borough Council

Year ending 31 March 2013

Audit Plan

27 March 2013

Governance and Audit Committee Bracknell Forest Borough Council Easthampstead House Town Square Bracknell RG12 1AQ

27 March 2013

Dear Members

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. The purpose of this report is to provide the Governance and Audit Committee with a basis to review our proposed audit approach and scope for the 2012/2013 audit in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements, and also to ensure that our audit is in line with the Committee's expectations.

This report summarises our assessment of the key risks driving the development of an effective audit for Bracknell Forest Council, and outlines our planned audit strategy in response.

We welcome the opportunity to discuss this report with you on 27 March 2013 and understand any other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson

For and behalf of Ernst & Young LLP

Helen Com

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1. Overview

Context for the audit

This audit plan covers the work we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Bracknell Forest Council give a true and fair view of the financial position as at 31 March 2013 and of the income and expenditure for the year then ended; and
- A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on your Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements.
- Developments in financial reporting and auditing standards.
- ▶ The quality of systems and processes.
- Changes in the business and regulatory environment.
- Management's views on all of the above.

By considering these inputs, our audit is focussed on the areas that matter. By focusing on these, our feedback is more likely to be relevant to the Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

In part 2 and 3 of this report we provide more detail on the areas which we believe present significant risk to the audit of financial statements, and outline our plans to address them.

We will provide an update to the Governance and Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2013.

Our process and strategy

- Financial Statement Audit
 - We will apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. We set our materiality based on the Council's level of gross expenditure. We also consider qualitative issues, such as the impact on the public's and other stakeholder understanding of your accounts and the information contained. Our audit is designed to identify errors above materiality.
 - We aim to rely on the Councils' internal controls in the key financial systems. We identify those controls we consider important and seek to place reliance on internal audit's testing of those controls. Where control failures are indentified we consider the most appropriate steps to take.
 - ➤ To the fullest extent permissible by auditing standards, we will seek to rely on the work of internal audit wherever possible. We have liaised with Internal Audit over their coverage of controls. We will review their work in March and April 2013 and assess where further work is required.
- Arrangements for securing Economy, Efficiency and Effectiveness
 - ▶ We adopt an integrated audit approach. Our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

2. Financial Statement Risks

We outline below our assessment of the key strategic or operational risks and the financial statement risks facing Bracknell Forest Council identified through our knowledge of your operations and discussion with members and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)

Our audit approach

Valuation of Other Land and Buildings and investment properties

In previous audits the valuation of other land and buildings and investment properties has been classified as a significant risk. The Council improved its arrangements in 2011/12 and is planning further development for 2012/13. In addition to revaluing properties on the Council's cyclical programme, a desk top review of remaining properties is planned. However, we will need to assess whether these improvements have addressed the risk identified.

Our approach will focus on:

- Assessing the controls management has in place and the outcome of planned improvements.
- Testing the controls in place during the year.
- Substantively testing the valuations of other land buildings and investment properties.

Other financial statement risks

Our audit approach

The following risk is generic to all financial statements audits and is brought to your attention as those charged with governance.

Risk of misstatement due to fraud and error

Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such a risk.

Based on the requirements of auditing standards our approach will focus on:

- ldentifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks.

We will consider the results of the National Fraud Initiative and may refer to it in our reporting to you.

Economy, Efficiency & Effectiveness 3.

Our work will focus on:

- Whether there are proper arrangements for securing financial resilience at Bracknell Forest Council; and
- Whether there are proper arrangements at Bracknell Forest Council to secure economy, efficiency and effectiveness in the use of resources.

The table below provides a high-level summary of our risk assessment and our proposed response to those risks. At this stage of our audit we have not identified any significant audit risks.

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Our audit approach

Financial standing

The main risk to financial resilience is the challenge to achieve a balance budget with reduced funding.

You need to maintain an emphasis on strategic policy changes and longer term savings programmes to shift the balance away from and annual round of targets to balance the revenue budget.

Financial resilience

Economy, efficiency and effectiveness

- We will review the Council's medium term financial strategy and the 2013/14 budget and evaluate the reasonableness of key assumptions.
- ➤ We will evaluate the Council's progress in achieving savings planned in the short term.
- ➤ We will assess the Council's arrangements for ensuring financial resilience in the medium to long term, including establishing long term savings programmes

Town centre development

The Council is a strategic partner in the Economy, efficiency and proposed town centre development.

effectiveness

Financial resilience

Our approach will focus on:

- Reviewing the Council's arrangements for managing its risks.
- Assessing the financial implications of the development for the Council

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice ('the Code'), dated March 2010, our principal objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code, the Council's:

- i) financial statements; and
- ii) arrangements for securing economy, efficiency and effectiveness in your use of resources.

We issue a two-part audit report covering both of these objectives.

i) Financial Statement Audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on your Whole of Government Accounts return

ii) Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, to the fullest extent possible we will place reliance on the reported results of the work of other statutory inspectorates in relation to corporate or service performance. In examining the Council's corporate performance management and financial management arrangements we have regard to the following criteria and areas of focus specified by the Audit Commission:

- Arrangements for securing financial resilience whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- Arrangements for securing economy, efficiency and effectiveness whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

4.2 Audit process overview

As part of our audit planning procedures we have assessed the design of your internal controls determining that an effective audit strategy will be to take a controls reliance approach. Therefore we will test the controls we determine as key to preventing and detecting material misstatement in the processes we list below.

In implementing this strategy, we intend to place reliance on the work of internal audit as much as possible, while complying with the requirements of auditing standards. We will review their files and reperform a sample of their work to assess if we can do this.

Processes

Our initial assessment of the key processes across the entity has identified the following key processes where we will seek to test key controls, both manual and IT:

- Accounts receivable
- Accounts payable
- Business rates
- Council tax
- Cash processing
- · Housing Benefits
- Payroll

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular in respect of payroll, outstanding invoices due to and payable by the Council at year end, and journal entries. These tools:

- help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Governance and Audit Committee.

Internal audit

We will review internal audit plans and the results of its work. We will reflect the findings from these, together with reports from other work completed in the year, where issues are raised that could have an impact on the year-end financial statements.

Use of experts

We will use specialist Ernst & Young resource as necessary to help us to form a view on judgments made in the financial statements. Our plan currently includes the involvement of specialists in pensions and property valuations.

Other procedures

We have to perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Mandatory procedures required by auditing standards on:

- Addressing the risk of fraud and error.
- Significant disclosures included in the financial statements.
- Entity-wide controls.
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements.
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting as appropriate, other information published with the financial statements, including the Annual Governance Statement.
- Reviewing and reporting on the Whole of Government accounts return, in line with NAO instructions.
- Reviewing, and where appropriate, examining evidence relevant to your corporate performance management and financial management arrangements and reporting on these arrangements.

4.3 Materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

ISA (UK & Ireland) 450 (revised) requires us to record all misstatements identified except those that are "clearly trivial". We intend to treat misstatements less than £262,125 as clearly trivial. All uncorrected misstatements found above this amount will be presented to you in our year-end report.

4.4 Fees

The Audit Commission has published a scale fee for all authorities. The scale fee is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for your audit is £138,564.

4.5 Your audit team

The engagement team is led by Helen Thompson, who has significant experience on Bracknell Forest Council. Helen Thompson is supported by Catherine Morganti who is responsible for the day-to-day direction of audit work, and who is the key point of contact for the chief accountant.

4.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts; and the deliverables we have agreed to provide to you through the Governance and Audit Committee cycle in 2013. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

We will provide a formal report to the Governance and Audit Committee in September 2013 incorporating the outputs from our year-end procedures. From time to time matters may arise that require immediate communication with the Governance and Audit Committee and we will discuss them with the committee Chairman as appropriate.

Following the conclusion of our audit we will prepare an annual audit letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Governance and Audit Committee timetable	Deliverables
High level planning:	January	January Committee	Audit Fee letter
Risk assessment and setting of scopes	January to March	March Committee	Audit Plan
Testing of routine processes and controls	February to April		
Year-end audit	July – September		
		September Committee	Report to those charged with governance
			Audit report (including our opinion on the financial
			statements and a conclusion as to whether the
			Council has put in place proper arrangements for
			securing economy, efficiency and effectiveness in
			its use of resources).
			Audit completion certificate
	October	January	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 "Communication of audit matters with those charged with governance", requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications				
Planning stage	Final stage			
 The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; The overall assessment of threats and safeguards; Information about the general policies and process within EY to maintain objectivity and independence. 	 A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; Details of non-audit services provided and the fees charged for them; Written confirmation that we are independent; Details of any inconsistencies between APB Ethical Standards, the Audit Commission's Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and An opportunity to discuss auditor independence issues. 			

During the course of the audit, we are also required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted:

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. However we have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees, or where we enter into a business relationship with you. At the time of writing, there are no long-outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies you have approved and that are in compliance with the Audit Commission's Standing Guidance.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded for sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded for sales to you, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Overall Assessment

Overall, we consider that the adopted safeguards appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence Helen Thompson your audit engagement partner and the audit engagement team have not been compromised.

5.3 Other required communications

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm must publish by law. The most recent version of this Report is for the year ended 29 June 2012 and can be found here:

UK 2012 Transparency Report

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2012/13 £'000	Actual Fee 2011/12 £'000	Explanation of variance
Total Audit Fee – Code work	138,564	230,940	40% reduction achieved by the Audit Commission outsourcing its audit practice.
Certification of claims and returns*	48,600	67,854	Our fee for the 2012/13 certification of grant claims is based on the indicative scale fee set by the Audit Commission. Additional testing will be charged separately Prior year fee represents actual hourly rates
Non-audit work Central Berkshire Waste PFI - Wokingham Borough Council.	24,000 (£72,000 in total for the 3 Councils)		Wokingham, Bracknell Forest & Reading Councils have asked us to provide services which include financial analysis in respect of its on-going discussions on with FCC Environment (previously named Waste Recycling Group)

The agreed fee presented above is based on the following assumptions:

- ► The level of risk in relation to the audit of the financial statements is consistent with that in the prior year;
- We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- The financial statements will be available to us in line with the agreed timetable;
- Working papers and records provided to us in support of the financial statements are provided in line with our agreed timetable, are of a good quality, consistent with the accounts provided for audit, and are reviewed by an appropriate officer;
- Prompt responses are provided to our draft reports;
- An effective control environment operating for the whole of the financial year;

- No significant changes are being made by the Audit Commission to the use of resources criteria on which our conclusion will be based;
- Our accounts and use of resources conclusion being unqualified.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with you in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B UK required communications with those charged with governance

There are certain communications we must provide to the Governance and Audit Committee of audited clients. These are detailed here:

Required communication	Reference
Planning and audit approach Communication of the planned scope and timing of the audit including any limitations. Significant findings from the audit	Audit Plan
Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures	Report to those charged with governance
Significant difficulties, if any, encountered during the audit	
Significant matters, if any, arising from the audit that were discussed with management	
➤ Written representations that we are seeking	
Expected modifications to the audit report	
▶ Other matters if any, significant to the oversight of the financial reporting process	
Findings and issues regarding the opening balance on initial audits	
Misstatements Uncorrected misstatements and their effect on our audit opinion	Report to those charged with governance
The effect of uncorrected misstatements related to prior periods	
A request that any uncorrected misstatement be corrected	
In writing, corrected misstatements that are significant	
Fraud	Report to those charged with
➤ Enquiries of the Governance and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity	governance
Any fraud that we have identified or information we have obtained that indicates that a fraud may exist	
A discussion of any other matters related to fraud	
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable:	Report to those charged with governance
Non-disclosure by management	
Inappropriate authorisation and approval of transactions	
► Disagreement over disclosures	
Non-compliance with laws and regulations	
▶ Difficulty in identifying the party that ultimately controls the entity	
External confirmations	Report to those charged
Management's refusal for us to request confirmations	with governance
Inability to obtain relevant and reliable audit evidence from other procedures	
Consideration of laws and regulations	Report to those charged with
Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off	governance
► Enquiry of the Governance and Audit Committee into possible instances of non- compliance with laws and regulations that may have a material effect on the financial statements and that the Governance and Audit Committee may be aware of	

Required communication	Reference
Independence Communication of all significant facts and matters that bear on Ernst & Young's objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:	Audit Plan Report to those charged wit governance
The principal threats	
Safeguards adopted and their effectiveness	
An overall assessment of threats and safeguards	
Information about the general policies and process within the firm to maintain objectivity and independence For listed companies, communication of minimum requirements as detailed in the ethical standards:	
► Relationships between Ernst & Young, the audited body and senior management	
Services provided by Ernst & Young that may reasonably bear on the auditors' objectivity and independence	
Related safeguards	
► Fees charged by Ernst & Young analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees	
A statement of compliance with the ethical standards	
The Governance and Audit Committee should also be provided an opportunity to discuss matters affecting auditor independence	
Going concern Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:	Report to those charged will governance
➤ Whether the events or conditions constitute a material uncertainty	
Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements	
▶ The adequacy of related disclosures in the financial statements	
Significant deficiencies in internal controls identified during the audit	Report to those charged will governance
Opening Balances (initial audits)	
Findings and issues regarding the opening balance of initial audits	Report to those charged wit
Certification work	governance
Summary of certification work undertaken	Annual Report to those charged with governance
	summarising grant certification, and Annual Audit Letter if considered
	necessary
ee Information	
Breakdown of fee information at the agreement of the initial audit plan	Audit Plan
Breakdown of fee information at the completion of the audit	Report to those charged wit governance and Annual
	Audit Letter if considered

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Ernst & Young LLP Wessex House 19 Threefield Lane Southampton SO14 3QB

Tel: 02380 382000 Fax: 2380 382001 www.ey.com/uk

Timothy Wheadon
Chief Executive
Bracknell Forest Council
Easthampstead House
Town Square
Bracknell
Berkshire
RG12 1AO

4 March 2013

Ref: HT/BFC/27723607

Direct line: 07974 007332

Email: HThompson2@uk.ev.com

Dear Tim

Annual Audit Fee 2013/14

We are writing to confirm the audit work that we propose to undertake for the 2013/14 financial year at Bracknell Forest Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2013/14. The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts.

Our fee was set by the Audit Commission as part of the 5 year procurement exercise completed in 2012 and consequently is not liable to increase in that period without a change in scope.

Indicative audit fee

The Audit Commission has set the scale fee for each audited body. The 2013/14 scale fee is based on certain assumptions, including:

- ► The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- ► The financial statements will be available to us in line with the agreed timetable;
- Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.



The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year.

	Indicative fee	Planned fee	Actual fee
	2013/14	2012/13	2011/12
	£	£	£
Total Code audit fee	138,564	138,564	230,940
Certification of claims and returns*	45,420	48,600	67,854

^{*}The indicative fee for 2013/4 and the planned fee for 2012/13 relate to the certification of grant claims and returns for the years ended 31 March 2014 and 31 March 2013 respectively. The certification fees for 2011/12 are the actual fees for the year ended 31 March 2012.

Any additional work that we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance.

Our audit plan for the audit of the financial statements will be issued in March 2014. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Borough Treasurer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Governance and Audit Committee.

Billing

The indicative audit fee will be billed in quarterly instalments of £45,996.

Audit team

The key members of the audit team for 2013/14 are:

Helen Thompson Director	HThompson2@uk.ev.com	Tel: 07974 007332	
Catherine Morganti Manager	CMorganti@uk.ey.com	Tel: 07779 576414	-
Rachel Cobley Executive	RCobley@uk.ey.com	Tel: 07966 400980	••,



We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely

Helen Comm

Helen Thompson Director Ernst & Young LLP United Kingdom

cc. Alan Nash, Borough Treasurer
Cllr Alan Ward, Chair of the Governance and Audit Committee

TO: GOVERNANCE AND AUDIT COMMITTEE 27 MARCH 2013

INTERNAL AUDIT PLAN 2013/14 (Head of Audit and Risk Management)

1 PURPOSE OF REPORT

1.1 The purpose of this report is to set out the underlying principles applied in the Internal Audit planning process and seek the Governance and Audit Committee's approval of the Internal Audit Plan for 2013/14.

2 RECOMMENDATION

2.1 That the Governance and Audit Committee approve the Internal Audit Plan for 2013/14 attached at Appendix A.

3 REASONS FOR RECOMMENDATION

3.1 To ensure that the Council meets its statutory responsibilities for internal audit.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 There is no alternative option.

5 SUPPORTING INFORMATION

Internal Audit Requirements

- 5.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2011. The latter states that authorities must "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal controls in accordance with the proper internal audit practices". The Council delegates it statutory responsibilities for the provision of the internal audit service under the Accounts and Audit (England) Regulations 2011 to the Borough Treasurer. The Council's Internal Audit Strategy which was approved by the Governance and Audit Committee and the Annual Internal Audit Plan (Appendix A) set out how the Council will meet its statutory requirements for internal audit.
- 5.2 More specifically, Internal Audit aims to: -
 - satisfy the legal requirements of a Local Authority Internal Audit Service and provide an annual opinion on the adequacy of the Council's control environment:
 - examine, evaluate and report independently and objectively on the adequacy of management's arrangements to secure the proper use of resources (economy, efficiency and effectiveness);
 - assist management in achieving its objectives, managing its risks and establishing and maintaining adequate systems of internal control;

Unrestricted

- assist management, where appropriate, in the investigation of alleged fraud, theft, corruption or other irregularity; and
- ensure External Audit can continue to place reliance on Internal Audit's work, to avoid duplication and minimise audit fees.
- Internal Audit provides independent assurance on the control environment but for Internal Audit to provide full assurance on all activities and transactions across the organisation, the Council would need to commit significantly more resources to internal audit services than is realistically available. Historically, the Council has taken the view that spend on internal audit should be limited to only what is necessary to undertake sufficient audit work to enable an annual evidence based opinion to be given. In the current financial climate that approach has and will be maintained. Full assurance could only ever be achieved by checking every transaction and this would not deliver value for money. Internal Audit's work is planned so that Members and Officers can rely on Internal Audit to detect significant control weaknesses for the areas audited and transactions sampled and is hence directed to areas of greatest risk.
- 5.3 Internal audit in local authorities has in the past been required to comply with the CIPFA Code of Practice for Internal Audit in Local Government. On April 1, the new Public Sector Internal Audit Standards will come into effect for the whole of the public sector, providing a consistent framework for internal audit services across the UK public sector. The new standards will introduce the requirement for an Internal Audit Charter to include similar information to that already included in our existing Internal Audit Strategy and introduces a requirement for more rigorous quality assurance monitoring of internal audit activity based on both internal and external assessment. CIPFA's Local Government Application Note for the PSIAS including a checklist to assist local authorities is due out in March 2013. This will be used to assess the Council's compliance and identify actions for improvement.

Development of the Annual Internal Audit Plan

- 5.4 Given the finite resources available to spend on internal audit, the Internal Audit Plan is risk driven to ensure that the audit resources available are targeted to focus on those areas of the Council's business that have the greatest influence on the achievement of it objectives and address strategic risks to the achievement of the Council's Medium Term Objectives (see Appendix B) The formulation of the 2013/14 Annual Internal Audit Plan started with a risk assessment of the Council's activities, assets and income and expenditure streams through consideration of the following risk factors:
 - Materiality ~ this focussed on monetary value as given in budget plans and previous outturn to ensure that the Internal Audit Plan has adequate coverage of areas of high spend and income. The consideration of materiality also took into account the significance of the activity for the Authority for example where a monetary value cannot be clearly assigned such as corporate governance matters;
 - Fraud/Irregularity ~ the potential risk of fraud or irregularity for individual
 activities was considered to ensure that areas of high risk, such as those
 involving cash handling are subject to regular audit;
 - Internal Control Environment ~ the expected robustness of the control environment based on previous audit opinions, local knowledge and feedback from Finance and other officers was taken into account. Where the control environment was assessed as weak, a higher priority was

assigned to that activity when determining which areas would be included in the Plan. In addition, whenever a limited assurance opinion is given, a follow up audit is carried out in the following year to assess the effective implementation by management of agreed audit recommendations. The 2013/14 includes a number of such follow up audits:

- Time since the last audit ~ the elapsed time since the last audit was taken into consideration:
- Other Assurance Coverage ~ consideration was given to whether external
 inspections or external audits have been completed which would already
 provide the Council with assurance. For example, the valuation and
 accounting for fixed assets are subject to detailed audit by Ernst and
 Young as part of the audit of the financial statements and hence is not
 included in the Internal Audit Plan;
- The Likely Effectiveness of Audit ~ Given finite resources it is important
 that audit work focuses on areas where Internal Audit can be most effective
 and hence in determining what areas should be covered emphasis has
 been given to such areas which can provide assurance to management, for
 example school audits.
- 5.6 Following this risk assessment, a number of other factors were considered in producing the detailed Plan and these are summarised below.

Key Financial Systems

5.7 The Internal Audit Plan has been structured to ensure that the external auditors can place maximum reliance on the work of Internal Audit on the key financial systems thus minimising external audit fees in respect of the accounts. All fundamental accounting systems are subject to annual audits of compliance against key controls in accordance with external audit requirements. The 2013/14 Plan includes 142 days on key financial systems representing 20% of the total days in the Plan. These systems provide the underlying data for the annual financial statements audited by our external auditors.

Changes to Services, Regulations, Procedures or IT Systems

In times of significant change, organisations must ensure that an effective control environment is in place. The Council is currently engaged in a number of major projects, taking over responsibility for public health, implementing national and local welfare policy changes and introducing new IT systems. Internal Audit reviews have been included in the Plan in respect of these key changes. Examples of reviews included for this reason are the audits of financial controls for the Times Square Works.

Governance

5.9 The demand for better public services within a complex environment has strengthened the need for effective governance and that Internal Audit is one of the cornerstones of effective governance. The Head of Audit and Risk Management meets with the Borough Treasurer on a monthly basis and with the Chief Executive on a quarterly basis to discuss audit and risk management issues. Each year, the Annual Plan incorporates aspects of governance arrangements for testing. For example, the 2013/14 Plan includes an audit on information security in schools.

Counter Fraud

5.10 Managing the risk of fraud and corruption is the responsibility of managers. Internal Audit will however be alert in all its work to the risk of fraud and corruption. In

Unrestricted

addition, a number of probity audits are included in the Plan to provide assurance over the proper administration of the Authority's activities. In drawing up the annual Internal Audit Plan, focus has been placed on ensuring there is coverage of areas where there is potential risk of internal or external abuse of processes for fraudulent purposes for example direct payments. To further enhance the Council's counter fraud activity, the 2013/14 plan also includes 20 days for specific activities such as review of anti-money laundering arrangements, awareness raising amongst staff through the provision of posters, newsletters, etc.

Schools

5.11 Whilst schools have delegated responsibility for their budgets, the S151 Officer remains statutorily responsible for their accounts as these are consolidated under the Council's own statement of accounts. Legislation and Council policy provides a framework under which schools must operate. The Schools Standards and Framework Act 1998 represents the primary legislation and from this, the Council has developed guidance and policies which are legally binding on schools. Should any schools fail to operate within the regulatory framework, then the Council has the power to suspend delegated powers and take over day to day operations. All schools are subject to an internal audit review on a three year cyclical basis. In addition, specific cross-cutting reviews are sometimes undertaken. This year such cross-cutting school audits are planned on procurement and information security.

Resourcing Delivery of the Audit Plan

5.12 Delivery of the audits in the Council's internal audit plan is outsourced. Internal audit services are delivered via two main sources. The main provider, Deloitte & Touche Public Sector Internal Audit Limited is expected to deliver approximately two thirds of the 2013/14 internal audit reviews under a contract for services which commenced on 1st April 2012. Whilst a small proportion of audits are carried out in-house, the bulk of the remaining one third of the Annual Internal Audit Plan audits will be undertaken by Reading Borough Council Internal Audit Services and Wokingham Borough Council Internal Audit Services through an agreement under S113 of the Local Government Act 1972 which permits local authorities to provide staffing resources to other authorities.

Measuring Internal Audit Effectiveness

- 5.13 Effectiveness of the internal audit service is measured as follows:
 - Audits delivered against the approved Annual Internal Audit Plan
 - Performance of the service providers against set performance indicators
 - Client satisfaction surveys

Performance information against these key criteria is reported to the Governance and Audit Committee twice a year.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 Nothing to add.

Borough Treasurer

6.2 The Annual Internal Audit Plan will be managed within the available budget.

Equalities Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

Robust internal audit arrangements are an important part of effective risk management. Audit plans should be targeted to areas of greatest risk to the Council and individual internal audit reviews should focus on controls in place to mitigate risk and highlight any gaps in assurance.

7 CONSULTATION

Principal Groups Consulted

7.1 The Chief Executive, Borough Treasurer, Directors and Chief Officers at the Council, the Council's external auditors and the Council's internal audit services contractors (Deloitte).

Method of Consultation

7.2 The development of the Annual Internal Audit Plan for 2013/14 has involved extensive consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual departments and corporately, are identified and considered. This was based on one to one meetings with the Chief Executive, Borough Treasurer, Directors and chief officers followed by discussions at the Corporate, Departmental Management and Operational IT Management teams. Feedback was also been sought from Deloitte as our key internal audit service provider and from our external auditors, Ernst &Young. Feedback on the content of the draft Plan and timing of audits has been taken into account in the Plan attached at Appendix A.

Representations Received

7.3 Not applicable.

Background Papers
Internal Audit Strategy
Public Sector Internal Audit Standards
Discussion notes

Contact for further information
Sally.hendrick@bracknell-forest.gov.uk
01344 352092

APPENDIX A

SUMMARY OF ANNUAL INTERNAL AUDIT PLAN 2013/14

AUDIT	Q1	TOTAL DAYS			
	QΙ	Q2	Q3	Q4	
CORPORATE SERVICES	56	42	89	35	222
CHIEF EXECUTIVE'S OFFICE	7	0	0	0	7
ENVIRONMENT CULTURE AND COMMUNITIES	30	42	7	24	103
CHILDREN, YOUNG PEOPLE AND LEARNING	49	51	23	46	169
ADULT SOCIAL CARE, HEALTH AND HOUSING	13	39	49	5	106
COMPUTER AUDITS	23	24	22	24	93
TOTAL	178	198	190	134	700

CORPORATE SERVICES

DESCRIPTION OF AREA TO BE	DAYS		QUA	RTER		KEY FIN.	LINK TO	PROBITY
COVERED BY THE AUDIT		Q1	Q2	Q3	Q4	SYSTEM	STRATEGIC RISKS	
FINANCE	5	0	5	0	0	✓	√	✓
Treasury Management								
Review and testing of controls over								
investment of Council's funds.							,	
Creditors	12	0	0	12	0	√	✓	✓
Review and testing of controls over								
authorisation and payment of supplier								
invoices.	40	•	•	40	_	√	√	
<u>Debtors</u>	12	0	0	12	0	√	√	√
Review and testing of controls over the								
recording, collection and write-off of								
debts.	45	_	45	_	_			
Main Accounting (including	15	0	15	0	0	v	V	
reconciliations)								
Review and testing of controls over								
general ledger which is the basis for								
Council's financial reporting and accounts.								
Payroll and Pre-Employment Checks	18	0	0	18	0		√	
Review and testing of controls in place	10	U	U	10	U	,	,	
to ensure salaries are accurately paid								
and only to individuals properly								
employed by the Council. The audit will								
include changes such as auto-								
enrolment and IT systems underpinning								
change								
Procurement Cards (excluding schools)	5	0	0	0	5	√	√	√

Review and testing of procedures and controls in place over the new procurement cards following wider implementation across the Council. REVENUES Cash Payments Management Review and testing of controls over the collection, recording and banking of payments made to the Council including on line, cash, cheque and ciredit card payments. Council Tax. Review and testing of controls in place over calculation, billing and collection of Council Tax. NINDR Review and testing of controls in place over calculation, billing and collection of Council Tax. NINDR Review and testing of controls in place over calculation, billing and collection of non-domestic rates. Localisation of Business Rates Review of robustness of arrangements for production of NINDR1 and NINDR2 which feed into general budgeting DEMOCRATIC SERVICES Members expenses, allowances and hospitality Review and testing of controls over the payments of members' expenses and allowances and the recording of hospitality. Review and testing of controls over the payments of members' expenses and allowances and the recording of hospitality. Review and testing of controls over the payments of members' expenses and allowances and the recording of hospitality. Review and testing of controls over the payments of members' expenses and allowances and the recording of hospitality. Review and testing of controls over the payments of members' expenses and allowances and the recording of hospitality. Review and testing of controls for and controls over the election process. PROPERTY SERVICES Soundi Wide Officers Expenses Council Wide Absence Management certification of grant claim Council wide Procurement Council wide but is noted here as it is administered in Corporate Services. The audit will review on the financial controls over the finan	DESCRIPTION OF AREA TO BE COVERED BY THE AUDIT	DAYS	Q1	QUAI Q2	RTER Q3	Q4	KEY FIN. SYSTEM	LINK TO STRATEGIC	PROBITY
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here as it is administered in Corporate Services. The audit will review compliance with financial controls over		'	0	′	U U	U	•	•	
Services. The audit will review compliance with financial controls over									
compliance with financial controls over									
pordering and approval of agency stant property in the first prope	ordering and approval of agency staff								

DESCRIPTION OF AREA TO BE	DAYS QUARTER					KEY FIN.	LINK TO	PROBITY
COVERED BY THE AUDIT		Q1	Q2	Q3	Q4	SYSTEM	STRATEGIC RISKS	
,approval of payments and interface with Agresso. The audit will include access controls.								
GENERAL Times Square Works Testing of controls over the ordering, approval and payment of expenditure and budgetary controls for the Times Square works.	7	0	0	7	0		√	
CONTINGENCY	20	5	5	5	5			
TOTAL	222	56	42	89	35			

CHIEF EXECUTIVE'S OFFICE

DESCRIPTION OF AREA TO BE	DAYS	DAYS QUARTER KEY FIN		KEY FIN.	LINK TO	PROBITY		
COVERED BY THE AUDIT		Q 1	Q 2	Q 3	Q 4	SYSTEM	STRATEGIC RISKS	
Compulsory purchase payments Testing of controls over the calculation and payment compulsory purchase order payments under the town centre project.	7	7	0	0	0		√	
TOTAL	7	7	0	0	0			

ENVIRONMENT CULTURE AND COMMUNITIES

DESCRIPTION OF AREA TO BE	DAYS		QUAI	RTER		KEY FIN.	LINK TO	PROBITY
COVERED BY THE AUDIT		Q1	Q2	Q3	Q4	SYSTEM	STRATEGIC RISKS	
PLANNING AND TRANSPORT								
Integrated Transport	10	0	10	0	0		✓	
Audit of procedures and controls over								
the incurring , authorisation and								
payment of expenditure on integrated								
transport .The audit will include								
controls in place to monitor and quality								
control work delivered and will feed								
into the certification of the Integrated								
Transport Grant.							,	
ENVIRONMENT AND PUBLIC							√	
PROTECTION								
Highways								
The audit will focus on procedures and								
controls for identifying reactive	10	0	10	0	0			
maintenance, requesting works to be	10	U	10	U	U			
completed, quality checking, timely and accurate billing by the contractor								
and approval of payments.								
Public Realm Contracting	7	0	0	7	0		√	
Highways Review of preparation for re-	'	U	U	′	"		·	
tendering of the public realm contracts								
Car Parks	12	12	0	0	0		√	
Audit of procedures and controls over	'-	12						

DESCRIPTION OF AREA TO BE	DAYS		QUA	DTED		KEY FIN.	LINK TO	DDODITY
COVERED BY THE AUDIT	DATS	Q1	Q2	Q3	Q4	SYSTEM	STRATEGIC	PROBITY
							RISKS	
car parks including parking enforcement and all car park								
reconciliations								
Adaptations	10	10	0	0	0		√	
Controls in place over housing								
adaptations. The audit will be								
undertaken in EC but will require input								
from social services.								
Statutory Inspections	10	0	0	0	10		✓	
The audit will review procedures and								
controls over statutory inspections.	7	0	7	0	0			
Bracknell Leisure Centre The audit will test financial controls	'	U	<i>'</i>	U	U		•	
over the collection of income, petty								
cash, imprests, inventory, fixed assets								
and incurring and approval of								
expenditure.								
Edgebarrow and Sandhurst Leisure	7	7	0	0	0		✓	
<u>Centres</u>								
The audit will test financial controls								
over the collection of income, petty								
cash, imprests, inventory, fixed assets								
and incurring and approval of								
expenditure. Downshire Golf Club	5	0	5	0	0			
The audit will test financial controls	3	U	5	U	0		,	
over the completeness and collection								
of all sources of income								
Libraries	6	0	0	0	6		✓	
The audit will include some sample								
visits to review local processes								
including those over ordering,								
receipting and recording, budget								
monitoring, income, petty cash and inventory controls.								
Tree Services Transaction testing to	1	1	0	0	0		√	
ensure appropriate number of quotes	'	'			"			
have been obtained.								
Cash Spot checks Probity checks at a	3	0	0	0	3		√	√
sample of leisure sites								
GRANT CLAIMS							<u>√</u>	<u>√</u>
Integrated Transport Grant		_						
Audit of grant claim	3	0	3	0	0			
Local Sustainable Transport Fund	3	0	0	0	3		✓	
Grant								
Audit of grant claim								
Better Bus Grant	2	0	0	0	2		√	
Audit of grant claim								
COUNCIL WIDE AUDITS	7	0	7	0	0		✓	<u>√</u>
Acquire Food Agent								
The audit is Council wide but is noted								
here given that the category manager								
for the procurement is the Chief Officer: Leisure and Culture. The audit								
will be carried out once the contract								
will be carried out office the contract	<u> </u>	<u> </u>	<u> </u>		l			

DESCRIPTION OF AREA TO BE	DAYS QUARTER				1	KEY FIN.	LINK TO	PROBITY
COVERED BY THE AUDIT		Q1	Q2	<u>Q3</u>	Q4	SYSTEM	STRATEGIC RISKS	,
has bedded in and will focus on compliance with controls over ordering, purchasing and payment approval. (Deferred from 2012/13)								
TOTAL	103	30	42	7	24			

CHILDREN, YOUNG PEOPLE AND LEARNING

DESCRIPTION OF AREA TO BE	DAYS		QUA	RTER	R	KEY FIN.	LINK TO	PROBITY
COVERED BY THE AUDIT		Q1	<u>Q2</u>	Q3	Q4	SYSTEM	STRATEGIC RISKS	
SCHOOLS	1				ı			•
The audits undertaken in schools rev	iew key g	goverr	nance	budg	etary a	and financial	controls, purchasir	ng, pre-
employment checks and use of pupil							•	
Ascot Heath Infants School	4	4	0	0	0		✓	√
(Following limited assurance								
opinion in 2012/13)								
Jennett's Park CoE Primary School	4	4	0	0	0		✓	√
(Following limited assurance								
opinion in 2012/13)								
<u>Uplands Primary School</u>	4	4	0	0	0		✓	√
(Following limited assurance								
opinion in 2012/13)					_			,
New Scotland Hill Primary School	4	0	0	4	0		<u>√</u>	√
Wildmoor Heath Primary School	4	0	0	4	0		<u>√</u>	√
College Hall Pupil Referral Unit	4	0	0	4	0		<u>√</u>	√
Winkfield St Mary's CoE primary	4	0	0	4	0		✓	√
School								
Crowthorne CoE Primary School	4	0	0	0	4		<u>√</u>	√
Great Hollands Primary School	4	0	0	0	4		<u>√</u>	√
Wooden Hill Primary School	4	0	0	0	4		<u>√</u>	√
Meadow Vale Primary School	4	0	0	0	4		√	√
Sandy Lane Primary School	4	0	0	0	4		<u>√</u>	√
Wildridings Primary School	4	0	0	0	4		<u>√</u>	√
Whitegrove Primary School	4	0	0	0	4		✓	√
Easthampstead Park School	6	0	0	0	6		√	√
Procurement in Schools	20	20	0	0	0		√	√
Cross –cutting review of								
procurement in schools.								
LEARNING AND	3	3	0	0	0		✓	✓
ACHIEVEMENT								
Bracknell Forest Education								
Centre								
Establishment visits to review								
controls including those over								
income, expenditure, staff costs,								
imprests and stock.								
SEN	7	0	0	0	7		✓	
Review of controls and procedures								
for statements of educational								
needs.								
Life Long Learning	7	7	0	0	0		Financial and	
Review of controls over income,							Economic	

/

imprests and stock.							
Contingency	5	0	0	0	5		
TOTAL	169	49	51	23	46		

ADULT SOCIAL CARE AND HEALTH

DESCRIPTION OF AREA TO BE	DAYS		QUA			KEY FIN.	LINK TO	PROBITY
COVERED BY THE AUDIT		Q1	Q2	Q3	Q4	SYSTEM	STRATEGIC RISKS	
ADULTS AND COMMISSIONING							KIOKO	
Learning Disability								
Review of compliance with key	10	10	0	0	0		\checkmark	✓
controls and delegations up to and								
including the approval of the Support								
Plan.								
Brokerage	7	0	0	7	0		√	√
Testing of compliance with procedures								
and controls over the procurement and								
payment of domiciliary care in								
accordance with the approved Support								
Plan.								
Direct Payments	7	0	7	0	0		✓	
Testing of controls and procedures								
over the offer, authorisation and payment of direct payments, receipt of								
required documentation being from								
received from clients for review and								
appropriate action taken in response to								
concerns identified.								
Contracting	7	0	7	0	0		√	√
Testing of compliance with procedures								
and controls over the procurement and								
payment of contracts for residential								
care, supported living and live in care								
in accordance with the approved								
Support Plan.								
OLDER PEOPLE AND LONG TERM							✓	
CONDITIONS								
Emergency Duty Team	2	2	_	_	_			
Follow up audit following the limited assurance conclusion at the 2011/12	3	3	0	0	0			
audit								
Blue Badges	5	0	5	0	0		✓	√
Review of procedures and control for				ັ				
the issue, monitoring and recovery of								
blue badges. The review will include								
compliance with new national system.								
PERFORMANCE AND RESOURCES	7	0	0	7	0		√	√
CONTROCC								
Review of effectiveness and								
compliance with controls over								
payments made via CONTROCC.								
HOUSING								
Housing & Council Tax Benefits	1.5					_	,	
Audit of controls in place over	15	0	0	15	0	✓	✓	
entitlement, calculation and payment of								
Housing and Council Tax benefits.	<u> </u>		l]				

DESCRIPTION OF AREA TO BE	DAYS		OLIAI	RTER	,	KEY FIN.	LINK TO	DDODITY
COVERED BY THE AUDIT	DATS	Q1	QUAI	Q3	Q4	SYSTEM	STRATEGIC	PROBITY
SOVERED BY THE AGDIT		<u> </u>	Q.L	<u> </u>	3	O I O I E IIII	RISKS	
Council Tax Benefits and Welfare	5	0	0	5	0	✓	✓	
Reforms						v	•	
Housing & Council Tax Benefits								
Review of effectiveness of compliance								
with the new Council Tax Benefits								
arrangements and changes to housing								
benefit entitlements.								
Housing Benefit Spot Checks	8	0	8	0	0	✓	✓	
Spot checking of the assessment of								
benefits.	_							
Social Fund Payments	5	0	0	5	0		✓	
Review of controls over the checking								
of eligibility, awarding and payment of								
discretionary payments.	-	_	_	_	_		<u> </u>	
Supporting People	5	0	0	0	5		v	
Review of contract management and								
budgetary controls and controls over payments to contractors.								
Housing Rents/Deposits	7	0	0	7	0		√	
Review and testing of procedures and	'	0	U	'	"		,	
controls in place for recording and								
collecting monies provided for rents								
and housing deposits. The audit								
coverage will include debt								
management and the writing off of								
debts.								
PUBLIC HEALTH	12	0	12	0	0		√	
Review of governance and financial								
arrangements for both the Council's								
direct public health responsibilities and								
its responsibilities for hosting the								
Berkshire wide public health								
arrangements.								
COUNCIL WIDE AUDITS								
Commensura Agency Contract	_		_	_			✓	
The audit is Council wide but is	3	0	0	3	0		•	
recorded here given that the category								
manager is the Chief Officer: Older								
People and Long Term Conditions. The audit review Council wide								
compliance with financial controls over								
ordering and approval of agency staff,								
approval of payments and interface								
with Agresso.								
GENERAL	0	0	0	0	0		√	
Adaptations	~							
Audit of housing adaptations. This								
review will primarily be undertaken								
within ECC but is noted here given that								
input will be required from social								
services staff.								
TOTAL	106	13	39	49	5			

COMPUTER AUDITS								
DESCRIPTION OF AREA TO BE	DAYS	DAYS QUARTER		KEY IT LINK TO		PROBITY		
COVERED BY THE AUDIT	57110	Q1	Q2	Q3	Q4	SYSTEM	STRATEGIC	TROBITT
CORPORATE SERVICES	7	0	7	0	0		RISKS	
Agresso	'		'					
Application audit on the Council's								
general accounting system								
Disaster Recovery	5	0	5	0	0			
Follow up audit following limited assurance review in 2012/13.								
Front Line	7	0	7	0	0			
Application audit for new building	'		'					
maintenance system								
Operating system	7	0	0	7	0			
Use of computer audit interrogation								
tool to interrogate the Council's								
security settings and benchmarks against industry standards.								
Change Management	8	8	0	0	0			
Review of procedures and controls for								
change management								
Software Licences	5	0	5	0	0			
Review of licensing arrangements								
Compliance with PCI Data Security	5	0	0	0	5	✓	√	
Standards The process for ensuring the Council								
complies with the requirements of the								
Payment Card Industry Data Security								
Standards relating to the collection and								
processing of customer credit and								
debit card details. The audit will be								
Council wide.	8	0	0	8	0			
PSN The audit will perform detailed sample	0	U	0	0	U			
checking on the Council's self								
assessment against the requirements								
for the public services network								
programme code of connection.								
Contingency	5	0	0	0	5		√	
CHILDREN, YOUNG PEOPLE AND LEARNING	15	15	0	0	0		v	
Information Security in schools								
A cross cutting audit to review the								
effectiveness of information security in								
schools. The audit will be undertaken								
by a mix of IT and general auditors.								
ENVIRONMENT, CULTURE AND	7	0	0	0	7			
COMMUNITIES Library System								
Application audit on the new library								
system.								
Leisure Management system	7	0	0	0	7			
Audit of the upgrade of the Leisure								
Management System and key								
application controls. ADULT SOCIAL CARE AND HEALTH	7	0	0	7	0		√	
Rostering and Monitoring System	'	١	U	′	١		•	
restoring and morntoning Oystoni	1	L	<u> </u>	1	<u> </u>	l .		

COMPUTER AUDITS								
DESCRIPTION OF AREA TO BE	DAYS		QUA	RTER	1	KEY IT SYSTEM	LINK TO STRATEGIC	PROBITY
COVERED BY THE AUDIT		Q1	Q2	Q3	Q4			
							RISKS	
IT application audit on Phase 1 of the new rostering and monitoring system to be implemented in 2 phases. The first stage will introduce electronic rostering for the in-house care team and the second stage will implement monitoring of domiciliary care through								
the introduction of dial in by care workers.								
	93	23	24	22	24			

APPENDIX B

STRATEGIC RISKS	RISK OWNER	KEY RELEVANT AUDITS TO ADDRESS RISKS
1. FINANCIAL AND ECONOMIC Significant pressures on the Council's ability to balance its finances whilst maintaining satisfactory service standards.	Chief Executive/ Borough Treasurer	See all key financial systems audits See all school audits Contracting Brokerage
DEMANDS FOR SERVICES Changes in the size and composition of Bracknell's population will require the Council to be able to forecast changes and reshape its service delivery to meet changing needs arising from natural growth and any future inward or outward migration and changes in the age, socio-economic and ethnic profile of the area. National policy initiatives e.g. the introduction of caps on benefits may potentially have a knock on effect on demands for other services e.g. increased homelessness	Director of Children Young People and Learning/ Director of Adult Social Care, Health and Housing	Learning disability Social Fund payments Adoption SEN Council Tax Benefits and Welfare Reforms
STAFFING The Council employs staff and uses agency and contractors to deliver its services to the community. Failure to ensure that individuals with the right skills and expertise are recruited, proper training is provided and staff are well motivated will impact on the effectiveness of services and the Council's ability to retain high calibre staff. The transfer of public health responsibilities brings with it employment and financial risks associated with staffing transferring under TUPE.	Director of Corporate Services	Payroll and pre-employment checks Officers expenses Absence management audit
INFORMATION MANAGEMENT AND INFORMATION TECHNOLOGY As the Council is increasingly dependent on ICT systems, there are risks to service delivery and management information/performance data gathering in the event of IT infrastructure being unavailable or IT suppliers being unable to deliver systems that meet service requirements e.g. there is a significant risk that IT systems will not be modified in time for implementation of Council tax benefit changes in April 2013. Council's ability to retain high calibre staff. The impact on IT from the transfer of public health responsibilities.	Director of Corporate Services	See all computer audits
INFORMATION SECURITY The Council and its contractors hold sensitive data in electronic and manual form such as personal data on staff, residents, vulnerable individuals such as children and adults with social care needs and suppliers which could potentially result in fines imposed by the Information Commissioner and misused or stolen if not kept secure.	Director of Corporate Services	Information security in schools PCI compliance audit Public Sector Network
OTHER MAJOR PROGRAMMES AND PROJECTS Failure to design, monitor and control major projects and their implementation effectively could lead to cost overruns/ pressure on the capital budget, late delivery and result in core objectives of projects not being achieved. a) - Capital funding for school places and backlog maintenance. b) - Office Accommodation (including the Times Square refurbishment and office moves). Dependency on Development Agreement fundingc) Implementation of the responsibilities under the proposed new Health and Social Care Act d) -Transition to Universal Credit including changes to Council Tax Benefits and Local Welfare Assistance	Chief Executive	Post project evaluations in CYPL Times Square works Public health Council Tax Benefits and Welfare Reforms

BUSINESS INTERRUPTION/ CONTINUITY Serious incident or disaster adversely impacts the Council's ability to deliver services without interruption or fluctuation in standards. Business Continuity plans/Disaster recovery plans may potentially not be sufficiently robust or not properly implemented limiting the Council ability to respond effectively. Failure of contractors resulting in disruption to services.	Borough Treasurer	Disaster recovery
SAFEGUARDING OF CHILDREN AND VULNERABLE ADULTS Failure to identify and discharge all its responsibilities for safeguarding vulnerable children and adults in the community resulting in injury or death.	Director of Children Young People and Learning/ Director of Adult Social Care, Health and Housing	 Adoption Direct payments Learning disability Contracting Brokerage SEN
INFRASTRUCTURE AND MAINTENANCE OF ASSETS Failure to maintain highways/buildings to meet health and safety standards resulting in injury, loss or damage to individuals or property and costs from potential liability claims. In addition, where highways/buildings, etc are not properly maintained or where adequate infrastructure is not put in place, there is a risk that they are not fit for purpose this impacting on the Council reputation and having a negative impact on service delivery and productivity.	Director of Corporate Services/ Director of Environm't, Culture and Comm.	 Post project evaluations CYPL Highways Integrated transport
WORKING EFFECTIVELY WITH PARTNERS, RESIDENTS, SERVICE USERS, THE VOLUNTARY SECTOR AND LOCAL BUSINESSES Failure to work effectively with key partners or involve residents in the development of our services may result in services that do not meet the needs of the community nor deliver better outcomes for their area and statutory requirements. Furthermore, if we do not fully engage partners, residents, service users and local businesses and social enterprises we are less likely to achieve community cohesion resulting in elements of the community feeling excluded which could potentially lead to extremism.	Assistant Chief Executive/ Director of Corporate Services	 Youth services Childrens centres Public health Troubled Families Payment by Results Grant
LITIGATION AND LEGISLATION Failure to implement legislative changes such as localised Council tax benefits or Health reforms or comply with legislation such as the Equality Act 2010 may lead to sanction, litigation or prosecution. Failure to comply with EU procurement requirements could now result in contract cancellation under the Remedies Directive. Non compliance with other legislation may also lead to legal action against the Council.	Director of Corporate Services	 Procurement Public health Statutory inspections
TOWN CENTRE REGENERATION The Town Centre Regeneration project is led by Bracknell Regeneration Partnership (BRP) working in partnership with Bracknell Forest Council. Delays in BRP progressing the project in line with expected time frames and failure of BRP and the Council to monitor and control their respective elements of the project could potentially lead to increased costs for the Council and delays in regeneration of the town centre and may result in the core benefit of the regeneration not being realised.	Assistant Chief Executive	Compulsory purchase orders

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