



NOTICE OF MEETING

Governance & Audit Committee

Monday 14 July 2014, 6.00 pm

Council Chamber, Fourth Floor, Easthampstead House, Bracknell

To: The Governance & Audit Committee

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

cc: Substitute Members of the Committee

Councillors Birch, Mrs Hayes, Leake, Mrs McCracken, Mrs Temperton and Wade

ALISON SANDERS
Director of Corporate Services

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Governance & Audit Committee
Monday 14 July 2014, 6.00 pm
Council Chamber, Fourth Floor, Easthampstead House,
Bracknell

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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 disclosable pecuniary or affected interest in respect of any matter to be considered at this meeting.

Any Member with a Disclosable Pecuniary Interest or an affected 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**

To approve as a correct record the minutes of the meetings of the Governance and Audit Committee held on 1 April 2014 and 15 May 2014.

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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**

To receive an update on external audit matters requiring the Committee's attention.

6. **Council Agenda: Members Questions and Motions and Public Participation**

To consider a report seeking approval to make amendments to the Council's Procedures and Rules and the Scheme for Public Participation at Council meetings. 7 - 8
7. **Anti-Money Laundering and Anti-Fraud and Corruption Policies**

To consider a report seeking approval of the Council's updated Anti-Money Laundering and Anti-Fraud and Corruption Policies. 9 - 18
8. **Internal Audit Annual Assurance Report 2013/14**

To consider a report setting out the Head of Internal Audit's annual internal audit opinion for 2013/14. 19 - 42
9. **Annual Governance Statement**

To consider a report setting out the Council's Annual Governance Statement 2013/14 and its associated action plan. 43 - 60
10. **Strategic Risk Management Update**

To consider a report containing an updated Strategic Risk Register for the Council. 61 - 66
11. **Date of Next Meeting**

The next scheduled meeting of the Governance and Audit Committee will take place on Wednesday 24 September 2014 at 7.30pm.

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GOVERNANCE & AUDIT COMMITTEE
1 APRIL 2014
7.30 - 9.05 PM

Bracknell Forest Borough Council:

Councillors Heydon (Vice-Chairman), Allen, Blatchford, Ms Brown, McCracken, Mrs McCracken, Thompson and Worrall

Independent Members:

Gordon Anderson

Apologies for absence were received from:

Councillor Ward

In Attendance:

Sally Hendrick, Head of Audit and Risk Management
Alex Jack, Borough Solicitor
Catherine Morganti, Ernst and Young
Alan Nash, Borough Treasurer
Alison Sanders, Director of Corporate Service
Helen Thompson, Ernst and Young

30. **Apologies for Absence**

The Committee noted the presence of the following substitute member:

Councillor Mrs McCracken for Councillor Ward

31. **Declarations of Interest**

There were no declarations of interest.

32. **Minutes - 28 January 2014**

RESOLVED that the minutes of the Governance and Audit Committee meeting held on 28 January 2014 be approved as a correct record and signed by the Chairman.

33. **Urgent Items of Business**

There were no urgent items of business.

34. **External Audit Plan 2013/14**

Helen Thompson, Ernst and Young and Catherine Morganti, Ernst and Young attended the meeting to present the External Audit Plan for 2013/14.

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, the External Audit Plan set out how Ernst and Young intended to fulfil

its responsibilities as the Council's auditor including details of the proposed audit approach and scope for the 2013-14 audit. The report also summarised the key risks which drove the development of an effective audit for the Council and outlined the audit strategy planned to respond to these risks. Arising from the Committee's questions the following points were noted:

- It was clarified that allowances had been made in the Business Rate calculations to allow for loss of income during the regeneration of Bracknell Town Centre
- It was expected that following the disbandment of the Audit Commission the Council would receive a rebate of approximately 13.7% of last year's fees
- External confirmation of accounts, investments and borrowing was sought to ensure that the finances being reported were the correct figures

The Committee noted the External Audit Plan for 2013/14.

35. **Internal Audit Plan 2014/15**

The Committee received a report setting out the underlying principles applied in the Internal Audit planning process and seeking approval of the Internal Audit Plan for 2014/15.

Arising from the Committee's questions and comments the following points were noted:

- Two large crosscutting audits had been carried out in the Children, Young People and Learning Department in 2013/14; consequently the number of days allocated to audit activity in the Department in 2014/15 was significantly lower than in 2013/14
- The Council used three providers to carry out audit activity. A situation which ensured there was sufficient flexibility to achieve the timetable set and respond to any changes in the timetable
- The 20 days allocated for contingencies covered all departments
- The Council's Leisure facilities were generally audited every other year
- Audits of leisure facilities tested the completeness of income and underlying booking systems were looked at during these audits
- 15 days had been allocated to an audit of Section 106 and the Community Infrastructure Levy because it was a time consuming audit covering two departments
- An audit of the Looked After Children service had been completed during 2013/14
- The 12 days allocated to an audit of the E+ card and system would be a combined audit of both the IT and information security systems. Additionally the E+ card was now used for a wide range of matters including direct payments. If the allocation was found to be excessive once the audit was underway then the timescales would be revised

RESOLVED that the Internal Audit Plan for 2014/15 be approved.

36. **Risk Management Strategy**

The Committee received a report presenting the updated Risk Management Strategy for approval.

The Strategy had been originally approved by the Committee on 25 September 2012 and had been updated to reflect current best practice and the Council's priorities for embedding risk management. The updated Strategy placed greater emphasis on risk appetite and risk tolerance and included the need to identify the Council's risk appetite and tolerance levels as a new priority. The implementation of an effective risk management strategy would help ensure that Council resources were directed towards the provision of front line services rather than held in reserve to deal with the potential consequences of unmitigated risks.

It was noted that the risk management of communications was considered as part of the Council's risk registers and that it was considered good practice for Governance and Audit Committees to have the opportunity to examine risk registers on a regular basis. It was agreed that these would be brought to the Committee's July meeting.

RESOLVED that the Risk Management Strategy for 2014/15 be approved.

37. **Members Telephone Usage**

The Committee received a report providing an update on the progress being made to implement the recommendations made following an independent review into the use of the Leader's mobile phone.

Five of the six recommendations made by the review all had been fully implemented. The sixth, Recommendation 2, had to date only been partially implemented; the Telephony Standards had been reviewed and circulated to members. Once signed declarations had been received from those members with mobile phones to confirm their receipt and understanding of the Standards this recommendation would be complete.

Analysis of mobile phone usage across the Council had found that mobile phones were being predominantly used to receive calls with relatively few calls being made using Council mobile phones. Under the current Vodaphone contract it was possible to provide phones at an annual cost of £12 each and due to the low level of calls being made from mobile phones it was not considered cost effective to vary this contract for those individuals who made frequent calls. Those Members and staff for whom it was considered a necessity to be able to access emails at all times were provided with a Blackberry.

Guidance for the making of personal phone calls from Council mobile phones was being reviewed and this would be issued to members and officers.

RESOLVED that the Committee endorse the progress being made to implement the recommendations arising from the Independent Review of Telephone Usage by the Leader as set out in the Director of Corporate Services' report.

38. **Review of Financial Regulations**

The Committee received a report seeking approval of amendments to the Council's Financial Regulations.

The Financial Regulations formed an important component of the Council's Constitution and set out the way in which the Council would conduct its financial affairs. The amendments had been proposed following a routine review process to ensure that they remained fit for purpose and took into account the recommendations arising from a review of delegated authorities carried out by a working group of the Overview and Scrutiny Commission.

RESOLVED that the revised Financial Regulations attached as Appendix A of the Borough Treasurer's and Borough Solicitor's report be approved.

39. **Amendments to the Council's Constitution**

The Committee received a report proposing four amendments to the Council's constitution in relation to:

- An amendment to the Standing Orders for Council required in consequence of recent regulations stipulating that there must be a recorded vote on budget motions at full Council
- Removal of the limitations in the Constitution as to who may discharge specified Executive functions to reflect current legislation relating to Executive Arrangements
- An amendment to the Overview and Scrutiny Procedure Rules to extend the period within which the Commission must meet where an Executive decision has been called in
- An amendment to the Committee Procedure Rules as to the time and place of meetings to reflect the analogous provision in the Council Procedure Rules

It was noted an Executive Member could only make a decision on another Executive Member's portfolio following receipt of an express delegation from the Leader. The proposed changes did not circumvent the Executive Decision Making Process which followed a set procedure.

It was noted that the Council no longer had Executive Support Members and it was agreed that the proposed clause 5.5vi in Annex A be deleted from the recommendation.

RESOLVED that, subject to the deletion of clause 5.5vi in Annex A, the Committee recommend to Council that the Council's Constitution be amended as proposed in Section 5 of the Director of Corporate Services' report.

CHAIRMAN

**GOVERNANCE & AUDIT COMMITTEE
14 MAY 2014
8.41 - 8.42 PM**



Present:

Councillors Allen (Vice-Chairman), Blatchford, Ms Brown, McCracken, Thompson, Ward and Worrall

Apologies for Absence were received from:

Councillors Heydon

40. Election of Chairman

RESOLVED that Councillor Heydon be appointed Chairman of the for the Governance and Audit Committee for the Municipal Year 2014/15.

COUNCILLOR McCracken IN THE CHAIR

41. Appointment of Vice-Chairman

RESOLVED that Councillor Allen be appointed Vice-Chairman of the Governance and Audit Committee for the Municipal Year 2014/15.

42. Appointment of Advisory Group

RESOLVED that the following be appointed:

Standards Committee

Conservative

Finnie
Thompson

UKIP

Mrs Pile

Non Council Members

Mr G Anderson (Chairman elect)
Mr D St. John Jones
Mrs H Quillish
Mr M Squire

Independent Person

Dr L Lee

Reserve Independent Person

Mr E Hopkin

Parish / Town Council Member

Crowthorne Parish Council – Cllr Tina McKenzie-Boyle

TO: GOVERNANCE AND AUDIT COMMITTEE
14 JULY 2014

COUNCIL AGENDA – MEMBERS QUESTIONS/MOTIONS AND PUBLIC PARTICIPATION
Director of Corporate Services – Legal

1. PURPOSE OF REPORT

- 1.1 To make an alteration to the deadline by which Members or members of the public need to submit items to Democratic Services for inclusion on a Council agenda.

2. RECOMMENDATION

- 2.1 **That the Council's Procedure Rules and the Scheme for Public Participation at Council Meetings be amended as proposed in Section 5 of this report.**

3 REASONS FOR RECOMMENDATION

- 3.1 As a result of the new arrangements put in place for printing of Council agendas slightly increased time is required for inclusion of an item on a Council agenda.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5. SUPPORTING INFORMATION

- 5.1 The Council's printing requirements are now met by a shared service arrangement which has recently been put in place between the Council and Wokingham Borough Council. Under the revised service arrangement the agenda for a Council meeting has to be finalised by 10.00am on the Monday of the week prior to the Council meeting (assuming that the meeting takes place on a Wednesday).
- 5.2 Council Procedure Rules specify in respect of Questions and Motions from Members that they must be delivered to the Chief Executive by 10.00am on the sixth working day prior to the meeting. As regards items submitted by members of the public, the Scheme of Public Participation at Meetings of the Council specifies that for inclusion an item must be received at least six clear working days from the date of the Council meeting (therefore at present 5.00pm on the Monday before the week of the Council meeting would suffice).
- 5.3 It is proposed that the Council Procedure Rules and the Scheme of Public Participation at Meetings be amended to provide that items must be received by 10.00am on the day which is the seventh working day before the date of the Council meeting (i.e. normally 10.00am on the Monday before the date of the Council meeting).

6. ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The Borough Solicitor is the author of this report.

Borough Treasurer

6.2 There are no financial implications directly arising.

Equalities Impact Assessment

6.3 Not required.

Strategic Risk Assessment Issues

6.4 None.

Other Officers

6.5 None.

7. CONSULTATION

Principal Groups Consulted

7.1 None.

Method of Consultation

7.2 Not applicable.

Representations Received

7.3 Not Applicable.

Background Papers

None.

Contact for Further Information

Alex Jack, Borough Solicitor – 01344 355679

Alex.jack@bracknell-forest.gov.uk

Ann Moore, Head of Democratic Services – 01344 352260

Ann.moore@bracknell-forest.gov.uk

Doc Ref

AJ/f/reports/Governance and Audit – 14 July – Members Questions

TO: GOVERNANCE AND AUDIT COMMITTEE
14 JULY 2014

ANTI MONEY-LAUNDERING AND ANTI FRAUD AND CORRUPTION POLICIES Borough Treasurer

1 PURPOSE OF REPORT

- 1.1 To approve the Councils updated Anti Money Laundering Policy and Anti Fraud and Corruption Policies.

2 RECOMMENDATIONS

- 2.1 **Approve the Council's updated Anti Money Laundering Policy set out in Appendix A.**
- 2.1 **Approve the Council's updated Anti Fraud and Corruption Policy set out in Appendix B.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Anti Money Laundering Policy and Anti Fraud and Corruption Policies are up to date and still fit for purpose.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None

5 SUPPORTING INFORMATION

5.1 Anti Fraud and Corruption Policy

- 5.1 Fraud is a serious issue for all local authorities as it impacts on the honest majority and undermines the aims of authorities by diverting resources from legitimate activities. In *Protecting the Public Purse 2013*, the annual fraud survey undertaken by the Audit Commission, the Commission estimated that fraud costs local government more than £2 billion a year. Local authorities have a responsibility to ensure that they have adequate anti-fraud and corruption procedures. The Council's Anti-Fraud and Corruption Policy was last updated and approved by Governance and audit Committee in January 2012 and is now due for review. This has been revised to ensure it is still fit for purpose and consistent with the latest Financial Regulations. The Policy is now attached at Appendix A for review and approval.

Anti Money-Laundering Policy

- 5.2 Whilst public authorities are not legally obliged to implement the provisions of the Money Laundering Regulations 2007, the Council and its individual Members and employees have legal obligations relating to money laundering and it is recommended by CIPFA that as a responsible public body, the Council should have an approved anti money laundering policy. The Anti-Money-Laundering Policy is now due for review and has now been revised to ensure it is still fit for purpose. The Policy is now attached at Appendix B for review and approval.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 Nothing to add

Borough Treasurer

6.2 Nothing to add

Equalities Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

6.4 Fraud and corruption is a significant risk for all local authorities and effective policies should be in place to counter the Council's exposure to fraud, corruption and money laundering.

7 CONSULTATION

Principal Groups Consulted

7.1 Feedback was sought from the Corporate Management Team.

Method of Consultation

7.2 Considered by the Corporate Management Team on 25th June 2014.

Representations Received

7.3 Not applicable.

Background Papers

Protecting the Public Purse 2013

Contact for further information

Sally Hendrick - 01344 352092

Sally.hendrick@bracknell-forest.gov.uk

THE ANTI MONEY LAUNDERING POLICY

1. Introduction

- 1.1 Bracknell Forest Borough Council, "the Council" takes a zero- tolerance approach to fraud and corruption and as such takes a proactive approach to the prevention, detection and reporting of suspected money laundering incidents.
- 1.2 This Anti-Money Laundering Policy sets out the Council's commitment to ensuring compliance with the requirements of the Proceeds of Crime Act 2002, the Money Laundering Regulations 2007 (as amended by the Money Laundering (Amendment) Regulations 2012) and Chartered Institute of Public Finance and Accountancy (CIPFA) guidance for Local Authorities on Money Laundering.

2. Scope

- 2.1 The policy applies to:
 - All Council staff (permanent and temporary, including staff working within schools)
 - Elected members
 - Agency staff
 - Consultants
- 2.2 The policy complements the Council's Employee Code of Conduct, the Whistleblowing Policy and the Anti-Fraud and Corruption Policy.

3. Definition

- 3.1 Money Laundering is defined as:
 - The process by which criminal property is concealed, disguised, converted, transferred or removed from England, Wales, Scotland or Northern Ireland.
 - Being involved in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property.
 - Acquiring, using or possessing criminal property.
- 3.2 There are also secondary offences of:
 - Prejudicing an investigation.
 - Failure to disclose money laundering offences.
 - Tipping off a suspect, either directly or indirectly.

4. Requirements of Money Laundering Legislation

- 4.1 The CIPFA Guidance for Local Authorities on Money Laundering makes clear that Local Authorities are not obliged to comply with the requirements of the Money Laundering Regulations 2007(as amended by the Money Laundering (Amendment) Regulations 2012). However the guidance does recommend that public service organisations should embrace the underlying principles of the money laundering legislation and regulations.
- 4.2 The Council is therefore required to produce its own internal policies and procedures to prevent, detect and report suspicions of money laundering activities.

4.3 The Council will ensure that it adheres to the CIPFA Money Laundering Guidance for Local Authorities. In particular:

- Ensuring that employees who are most likely to be exposed to or suspicious of money laundering are aware of the requirements and obligations placed on the Council and on them as individuals.
- Providing targeted training for those staff considered to be most likely to encounter money laundering.
- Make arrangements to receive and manage the concerns of staff about money laundering and their suspicion of it, to make internal enquiries and to make reports where necessary to National Crime Agency (NCA)
- Establish internal procedures to help forestall and prevent money laundering.

5. Reporting of Money Laundering Concerns

5.1 The Council has nominated the Borough Treasurer as the main point of contact for money laundering issues and to act as the nominated Money Laundering Reporting Officer. Staff should report any suspicions to the Borough Treasurer immediately they arise.

5.2 Suspicions may be reported informally by telephone or email and the Borough Treasurer will seek to establish the facts of the case and determine whether a formal referral to the NCA is appropriate.

5.3 Once the suspicions have been reported to the Borough Treasurer then the person who has reported this must not make any further enquiries nor talk to other staff about the matter in case they alert the person(s) involved. In this respect it is important that they do not expose themselves to any of the secondary offences e.g. indirectly prejudicing an investigation. Their obligations under the relevant legislation in relation to anti money laundering will have been met in full by reporting the matter to the Borough Treasurer.

5.4 The Borough Treasurer or his delegated officer, will consult with staff as appropriate in order to investigate the matter.

6. Review of Policy

6.1 This policy will be subject to regular review and approval by the Governance and Audit Committee.

ANTI- FRAUD AND CORRUPTION POLICY

1 INTRODUCTION

- 1.1 Bracknell Forest Council seeks to provide high quality services and secure value for money for the residents of Bracknell Forest. Fraud and corruption undermines these aims by diverting resources from legitimate activities, damaging public confidence in the Council and adversely affecting staff morale.
- 1.2 The public are entitled to expect any local authority to conduct its affairs with integrity, honesty and openness, and to demand the highest standards of conduct from those working for it. **The Council is committed to protecting the public funds entrusted to it and has a zero- tolerance policy regarding fraud and corruption.**
- 1.3 The Anti- Fraud and Corruption Policy forms part of the overall counter fraud and corruption framework which is set out in the Counter Fraud and Corruption Strategy. The Policy embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act including bribery and the steps taken if such an act occurs. This has been separated into three areas:
- Culture;
 - Prevention; and
 - Detecting and Investigating.

2 CULTURE

- 2.1 The Council will not tolerate fraud nor any form of corruption including bribery whether from inside or outside the Authority and is committed to creating an anti fraud and corruption culture. The Borough Treasurer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy. Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority.
- 2.2 Members and staff are expected to lead by example by working within the Council's framework of guidance i.e. Code of Conduct for Employees, Code of Conduct for Members, Member/Officer Protocol, Financial Regulations and Contract Standing Orders. Copies of these policies are on BORIS or may be obtained from Corporate Human Resources and Finance. In addition, the Council expects all its suppliers, contractors, agents, partner organisations and individuals to act honestly and with integrity.
- 2.3 The Council wishes to encourage all residents and customers of its services to report any suspicions and concerns as to possible fraud or corruption they may have about any aspect of the Council's work. This can be done by speaking to either:
- Their Ward Councillor; or
 - The relevant Service Director; or
 - The Council's Borough Treasurer; or

- The Council's Borough Solicitor.

2.4 It is the Council's aim to create an atmosphere of honesty and openness amongst its staff. Staff may raise any concerns they may have about cases of potential fraud and corruption with:

- Their Line Manager; or
- Their Director; or
- The Chief Executive; or
- The Director of Corporate Services; or
- The Borough Solicitor; or
- The Borough Treasurer; or
- The Head of Audit and Risk Management; or
- The Council's External Auditors.

2.5 It is acknowledged that staff may feel reluctant to express their concerns for fear of being disloyal to their colleagues or to the Council or from fear of harassment or victimisation so alternatively may wish to raise their concerns under the Council's Whistleblowing Policy. This is available to all employees including agency employees working for the Council as well as organisations providing goods or services or carrying out works for the Council. The Policy is in place to encourage and provide a mechanism to enable those to whom the procedure applies to raise serious concerns without fear of reprisal. The Policy is available on BORIS or can be obtained from Corporate Human Resources.

2.6 Whichever route is taken, the Council will do its best to protect your identity. All information received will be treated with respect and given appropriate care and consideration. Where sufficient information is given, concerns will be investigated seriously.

3 PREVENTION

3.1 The Council firmly believes that prevention is fundamental to beating fraud and corruption and it is essential to minimise the exposure to opportunities for fraud by instilling an anti-fraud culture amongst employees and Members and creating a robust system of internal controls.

3.2 Employees

3.2.1 The Council views its employees as its most important resource and recognises that its employees are the first line of defence in preventing fraud. The Council will expect and encourage them to be alert to the possibility of fraud and corruption and report any suspected cases.

3.2.2 Particular importance is attached to the recruitment process to ensure the best calibre of staff are appointed for each position. Appointment panels will obtain candidate references to verify their suitability, honesty and integrity and agencies used to supply staff will be asked to provide appropriate references. Checks are undertaken to verify the identity and right to work of all potential employees. For certain posts, due to the nature of the work and the potential for working with

vulnerable people, the Council will also carry out vetting checks to confirm whether a potential employee has a criminal record and, if so, whether this would conflict with the post applied for.

- 3.2.3 All staff employed will be bound by the Council's Code of Conduct for Employees. This states that employees should not place themselves in situations where their honesty and integrity may be questioned. The Code specifically covers the receipt and declaration of gifts and hospitality, misuse of any information obtained in the course of their employment for personal gain or benefit and conflicts of interest. Staff who are members of professional bodies will also be expected to abide by any codes of conduct issued by those bodies.
- 3.2.4 The Disciplinary Procedure operated by the Council will be used to instigate and progress actions against staff involved in perpetrating fraud or corruption. The Procedure will be used regardless of whether the Police have been involved and/or any legal proceedings are being taken against the member of staff.
- 3.2.5 Training is recognised as essential for the successful detection, investigation and prevention of fraud and corruption. Adequate financial resources will be provided to enable staff to attend training courses and seminars in order to remain conversant with current developments and initiatives.

3.3 Members

- 3.3.1 As elected representatives of the public, all Council are required to operate within:-
- Government legislation,
 - The Council's Code of Conduct for Members
- 3.3.2 In addition the following internal policies outline best practice:
- Council Standing Orders and Financial Regulations; and
 - Locally adopted codes of conduct e.g. Member/Officer protocol.
- 3.3.3 In particular, Members are required to declare and register any "disclosable pecuniary interests" and "affected interests" in accordance with the Code of Conduct for Members and, in the case of "disclosable pecuniary interests" the Localism Act 2011.

3.4 Systems of Internal Control

- 3.4.1 The risk of fraud and corruption can be mitigated by robust financial management and a sound system of internal control. The Council has adopted a Constitution incorporating a Scheme of Delegations, Financial Regulations and Contract Standing Orders which provide the framework for financial control within the Authority. All staff are required to act in accordance with these procedures when carrying out their duties.

- 3.4.2 The Borough Treasurer, as the Section 151 Officer, has a statutory duty to ensure that proper arrangements are made to administer the Council's finances. In that capacity he advises the Council on changes to the systems of control, finance and administration and their associated rules and regulations.
- 3.4.3 Each Council section has a responsibility for ensuring that its own system of controls secure probity and identify, prevent, deter and limit the extent of fraud and corruption. It is the responsibility of all managers to ensure that there are adequate controls in place within the systems for which they are responsible and that these are complied with at all times. An effective system of internal controls will include:
- adequate segregation of duties;
 - an up to date scheme of delegations;
 - authorisation and approval procedures;
 - adequate physical security over assets; and
 - reliable monitoring and reporting arrangements.
- 3.4.4 Support is provided in this by Internal Audit. The Borough Treasurer is responsible for ensuring that there are internal audit arrangements in place to satisfy the Council's statutory requirement to maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with proper practices. Internal Audit's planned work takes into account all factors affecting systems (including known and perceived risks) and the adequacy of existing controls. Audit plans are regularly reviewed and revised to take account of new developments
- 3.4.5 The Director of Adult Social Care, Health and Housing has responsibility for administering Housing and Council Tax Benefits. Support is provided by specialist resources to investigate any claims which are suspected of being fraudulent or containing material untruths. Should investigations reveal wider aspects and/or Council staff are implicated then the matter will be reported to the Borough Treasurer for further action.

4 INVESTIGATION AND DETECTION

- 4.1.1 The Council recognises that even the best controls may not prevent fraud or corruption. It therefore requires that any cases of suspected fraud or irregularity including bribery are reported to the Borough Treasurer immediately as specified in Financial Regulations.
- 4.1.2 The Council will investigate all fraud and corruption committed against the Authority by individuals and/or organisations. All cases of fraud and corruption including bribery will be investigated and dealt with irrespective of the identity of the perpetrator. Investigations will be carried out with due diligence and within the legislative framework governing actions by individuals involved in the investigation of crime and/or offences. The Borough Treasurer shall be consulted and will approve the specific arrangements for investigating each case of suspected fraud.

- 4.1.3 As part of this Anti-Fraud and Corruption Policy, the Council reserves the right to authorise the investigator to undertake all enquiries relevant to the investigation such as reviewing internet access, electronic files and Council email accounts, making enquiries with third party organisations to obtain information pertinent to the investigation (see 4.3) and reviewing any information in the public domain, without the permission of the employee or Member.

4.2 Exchange of Information

- 4.2.1 There are various arrangements in place for sharing of data internally within the Council and for the regular exchange of information between the Council and other local authorities and agencies for the purpose of preventing and detecting fraud. These include participation in data matching across a range of public service organisations in order to detect fraud and erroneous payments.
- 4.2.2 The Data Protection Act 1998 allows that personal data processed for any of the purposes outlined below are exempt from non disclosure provisions:
- The prevention or detection of crime.
 - The apprehension or prosecution of offenders.
 - The assessment or collection of any tax or duty or of any imposition of a similar nature.
- 4.2.3 Personal data is any data which would enable a person to be identified from the information provided. If personal data is to be disclosed for the reasons detailed above, only the minimum amount of data to satisfy the purpose will be disclosed. Questions about the interpretation of this paragraph should be addressed in the first instance to the Council's Information Compliance Officer and the Borough Solicitor.

4.3 Prosecution Policy

- 4.3.1 The Borough Treasurer shall consider during the course of any investigation or, as appropriate, at its conclusion whether the matter may require investigation by the Police.
- 4.3.2 Whilst the Council acknowledges that the Crown Prosecution Service make the ultimate decision on whether to proceed with a prosecution, the Police will be involved in all appropriate cases and prosecution sought if there is sufficient evidence.

5 Review

- 5.1 The Policy will be subject to review and approval by the Governance and Audit Committee every 3 years.

6 Conclusion

- 6.1 The Council's systems of control will be maintained and regularly reviewed. Managers are charged with ensuring controls are maintained which are sufficient to detect and prevent fraud and corruption. The Borough Treasurer is responsible for ensuring that systems and controls are audited and the Council will ensure that every possible support is given to maintain an environment which makes fraud and corruption difficult to perpetrate.

Unrestricted

TO: GOVERNANCE AND AUDIT COMMITTEE
14th JULY 2014

INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2013/14 Head of Audit and Risk Management

1. PURPOSE OF REPORT

- 1.1 Under the Public Sector Internal Audit Standards, the Head of Audit is required to deliver an annual internal audit opinion that can be used by the organisation to inform its Annual Governance Statement (AGS).

2. RECOMMENDATION

- 2.1 **The Governance and Audit Committee note the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit's Opinion for 2013/14.**

3. REASONS FOR RECOMMENDATION

- 3.1 To support assurances set out in the Annual Governance Statement and ensure compliance with the Public Sector Internal Audit Standards.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Committee could choose not to receive the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit's Opinion but would then not be aware of the relevant assurances from Internal Audit supporting the Annual Governance Statement and would not be complying with the Public Sector Internal Audit Standards.

5. SUPPORTING INFORMATION

- 5.1 The Council is required under the Accounts and Audit (England) Regulations 2011 to "undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".
- 5.2 The Public Sector Internal Audit Standards applicable to local government for 2012/13 required the Head of Internal Audit to provide a written report to those charged with governance timed to support the Annual Governance Statement. This report should include an overall opinion on the adequacy of the control environment, a summary of the work that supports the opinion and a statement on conformance with the Public Sector Internal Audit Standards.
- 5.3 The attached report sets out the Head of Internal Audit's Opinion for 2013/14 summarising the results and conclusions of Internal Audit's work for 2013/14 and a statement on compliance with PSIAS. No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit

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give that assurance. This opinion can, therefore, only provide reasonable and not absolute assurance based on the work undertaken and areas audited.

6. ADVICE FROM STATUTORY OFFICERS

6.1 Borough Treasurer

Nothing to add to the report.

6.2 Borough Solicitor

Nothing to add to the report.

6.3 Equalities Impact Assessment

Not applicable.

6.4 Strategic Risk Management Issues

The Head of Internal Audit's Annual Report provides her opinion on the control environment in place at the Council. Internal control is based upon an ongoing process designed to identify and prioritise risks and to evaluate the likelihood of those risks being realised and the impact should they arise. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure altogether.

7 CONSULTATION

7.1 Not applicable.

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HOIAO 1314



BRACKNELL FOREST COUNCIL

**ANNUAL REPORT OF THE HEAD OF AUDIT AND RISK
MANAGEMENT:**

HEAD OF INTERNAL AUDIT OPINION 2013/14

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1. BACKGROUND

The Council is required under the Accounts and Audit (Amendment) (England) Regulations 2011 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.”

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide a written report to those charged with governance timed to support the Annual Governance Statement.

2. PURPOSE OF THE HEAD OF INTERNAL AUDIT’S ANNUAL REPORT

The Head of Internal Audit’s annual report

- Includes an opinion on the overall adequacy and effectiveness of the organisation’s control environment;
- Discloses any qualifications to that opinion together with the reasons for that qualification;
- Presents a summary of the audit work from which the opinion is derived , including reliance placed on work by other assurance bodies;
- Draws attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- Compares the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and targets; and
- Comment on compliance with Public Sector Internal Audit Standards and communicates the results of the internal audit quality assurance programme.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure altogether. No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement and opinion can, therefore, only provide reasonable and not absolute assurance. Internal control is based upon an ongoing process designed to identify and prioritise risks and to evaluate the likelihood of those risks being realised and the impact should they arise.

3. OPINION ON THE CONTROL ENVIRONMENT IN PLACE DURING 2013/14

Based on the work of Internal Audit during the year, the Head of Audit and Risk Management has given the following opinion:

- The Head of Audit and Risk Management is able to provide reasonable assurance that the Authority has sound systems of internal control in place in

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accordance with proper practices except for those areas of significant weaknesses as set out in Section 4.3;

- Key systems of control are operating satisfactorily except for the areas referred to in Section 4.3; and
- There are adequate arrangements in place for risk management and corporate governance.

4. INTERNAL CONTROL

4.1 Internal Audit Performance

The resources available for internal audit are finite and not all areas can be covered every year. Therefore internal audit resources are allocated using a risk based approach. The Internal Audit Plan for 2013/14 was considered and approved by the Governance and Audit Committee on 27th March 2013. The delivery of the individual audits in the Internal Audit Plan for 2013/14 was mainly undertaken by Mazars Public Sector Internal Audit Limited who acquired Deloitte Public Sector Internal Audit Limited in February 2014. Ten reviews and grant claims were audited in house and 24 audits were undertaken by Reading or Wokingham Borough Councils Internal Audit teams under an agreement under S113 of the Local Government Act 1972 which permits local authorities to provide staffing resources to other authorities.

Some alterations were made to the original plan during the year in response to information gained during the year combined with known changes. These are clearly shown in Appendix 1. At the time of writing this report, memos, grant certifications or reports for 84 audits had been finalised, 2 were in draft awaiting final agreement and 2 audits were still in progress. The outcome for each audit is summarised at Appendix 1.

4.2 Summary of the Results of 2013/14 Audits

ASSURANCE	FINAL AND DRAFT 2013/14	FINAL AND DRAFT 2012/13	FINAL AND DRAFT 2011/12
Significant	3	-	8
Satisfactory	59	59	64
Limited	6	4	4
No Assurance	-	-	-
Total for Audits Including an Opinion	68	63	76
Grant Claim Certifications	8	3	2
Memos and reports with no opinion	12	6	7
Total	88	72	85

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Assurance Opinion Classifications

Assurance Level	Definition
Significant	There is a sound system of internal controls to meet the system objectives and testing performed indicates that controls are being consistently applied
Satisfactory	There is basically a sound system of internal controls although there are some minor weaknesses in controls and/or there is evidence that the level of non-compliance may put some minor systems objectives at risk.
Limited	There are some weaknesses in the adequacy of the internal control system which put the systems objectives at risk and/or the level of compliance or non-compliance puts some of the systems objectives at risk.
No Assurance	Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

4.3 Significant Control Weaknesses

In forming its opinion, Internal Audit is required to comment on the quality of the internal control environment, which includes consideration of any significant risk or governance issues and control failures which arise. During 2013/14, there were no audits where no assurance was given. Audits on the following areas resulted in limited assurance opinions and/or priority 1 recommendations: -

DIRECTORATE	AUDITS WITH SIGNIFICANT CONTROL WEAKNESSES
CHILDREN YOUNG PEOPLE AND LEARNING	<p><u>Wildmoor Heath Primary School</u> A limited assurance opinion was given for the audit of this school due to continuing historic issues around delays in auditing and certification of private fund accounts. The School will be re-audited in quarter 4 of 2014/15.</p>
	<p><u>Procurement In Schools</u> The review was based on audit visits to each secondary school to check compliance with legislation and with the Council's Contract Standing Orders. Actions to raise awareness of procurement requirements and provide additional guidance and training have been identified. Senior officers are meeting with the schools individually to discuss the findings and provide support and advice. A summary of the key points coming out of the audit has been circulated to schools via the bursars ' meeting and a follow up audit is planned for 2014/15.</p>

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DIRECTORATE	AUDITS WITH SIGNIFICANT CONTROL WEAKNESSES
CORPORATE SERVICES	<p><u>Compliance with Payment Card Industry (PCI) Standards</u> A limited assurance conclusion was given on the audit of arrangements for ensuring compliance with Payment Card Industry Data Security Standards (PCI DSS). A priority 1 recommendation was raised to develop and implement a formal framework to support compliance with the PCI DSS requirements and complete the SAQ as part of this process. Agreed actions are planned for completion in quarter 2 of 2014/15 and a further audit is scheduled to take place at the end of that quarter.</p>
	<p><u>Business Rates</u> Two priority one recommendations were raised at this audit related to authorisation controls for high level refunds and write-off of bad debts. Action has now been taken to address these matters and this will be followed up at the next audit in quarter 3 of 2014/15.</p>
ENVIRONMENT, CULTURE AND COMMUNITIES	<p><u>Car Parking</u> The review of car parking identified a range of system weaknesses. The follow-up audit is currently ongoing.</p>
ADULT, SOCIAL CARE, HEALTH AND HOUSING	<p><u>Direct Payments</u> A limited assurance opinion related to the service re-visiting how it assures that direct payments are being spent for the purposes intended and reviewing the timeframe for following up excess balances. Officers have updated procedures to address these recommendations. Direct payments is scheduled to be re-audited in quarter 3 of 2014/15.</p>
	<p><u>Emergency Duty Service</u> The audit was undertaken to follow up recommendations raised at the 2010/11 and 2012/13 audits. One priority 1 recommendation was raised regarding the implementation of a software solution for the holding of passwords. ICT are currently assessing what can be done technically.</p>

5. REVIEW OF EFFECTIVENESS OF THE SYSTEM INTERNAL AUDIT

5.1 Compliance with Public Sector Internal Audit Standards

The Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013. These new standards effectively replace the CIPFA Code of Practice for Internal Audit in Local Authorities in the United Kingdom and provide a consistent framework for all internal audit services in the public sector. Compliance with PSIAS is a requirement of the Audit & Accounts Regulations (2011) and should underpin the Internal Audit arrangements within the Council. There is a requirement in the new Standards for the

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Head of Audit and Risk Management to report on conformance with the PSIAS in her annual report.

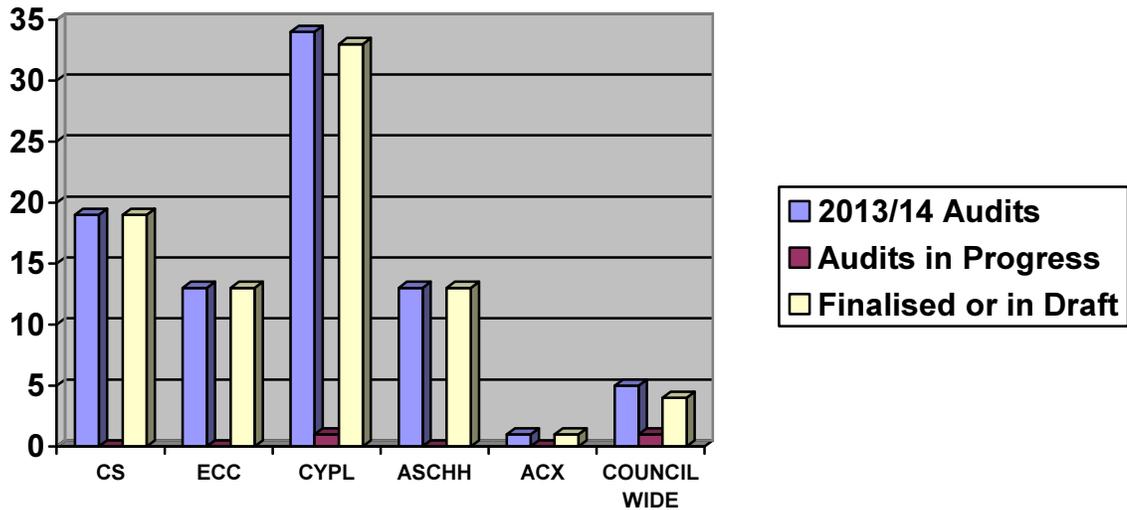
During 2013/14, the Head of Audit and Risk Management has assessed the level of compliance with PSIAS using a detailed checklist for compliance produced by CIPFA. Assurance on compliance with PSIAS has also been sought from Mazars and Reading and Wokingham internal audit teams who provide internal audit services to Bracknell Forest. Based on internal self-assessment, the Head of Audit and Risk Management has established that Bracknell Forest Internal Audit is broadly compliant with PSIAS and no changes are required to our day to day operations although some actions have been identified to ensure full compliance. These are summarised below:

SELF-ASSESSMENT	ACTION REQUIRED
<p><u>Quality Assessment and Improvement Programme</u> PSIAS introduces a formalised quality and assurance programme that must include both internal and external assessments with an external assessment being conducted at least once every five years. Our existing processes fulfil the internal assessment requirement. Initial indications are that the cost of an external assessment would be significant. The possibility of peer reviews with other local authorities has been proposed at audit forums</p>	<p>Given the cost of formal external assessment, uncertainty around the qualifications required to undertake this assessment and lack of clarity about what form of peer review would be acceptable to ensure compliance with requirements, the external assessment will be deferred until later in the 5 year cycle.</p>
<p><u>The "Board"</u> The PSIAS require that the term 'Board' be defined for each individual PSIAS standard. At Bracknell Forest Council the Governance and Audit Committee performs the role of the board for the majority of functions specified within the PSIAS including management arrangements. The Standards are designed to include measures to safeguard the independence of the Head of Audit and Risk Management by ensuring that performance assessment is not unduly influenced by those subject to audit.</p>	<p>In Bracknell Forest, this will be achieved by ensuring in future that the Chief Executive contributes feedback on the performance appraisal of the Head of Audit and Risk Management which is undertaken by the Borough Treasurer and as line manager and Section 151 Officer and by seeking feedback from the Chair of the Governance and Audit Committee.</p>
<p><u>The Audit Charter</u> The Standards require the Council to have an Internal Audit Charter which must be approved by the Corporate Management Team (CMT) and the Governance and Audit Committee. The Charter defines the purpose, authority and responsibility of Internal Audit. It also sets out the nature of the Head of Audit's functional relationship with the Governance and Audit Committee. The Council's existing Internal Audit Strategy already covers most aspects of the requirements of an Audit Charter.</p>	<p>The Council Internal Audit Strategy will be reviewed and updated to ensure it includes all the requirements for an Audit Charter as set out in the PSIAS.</p>

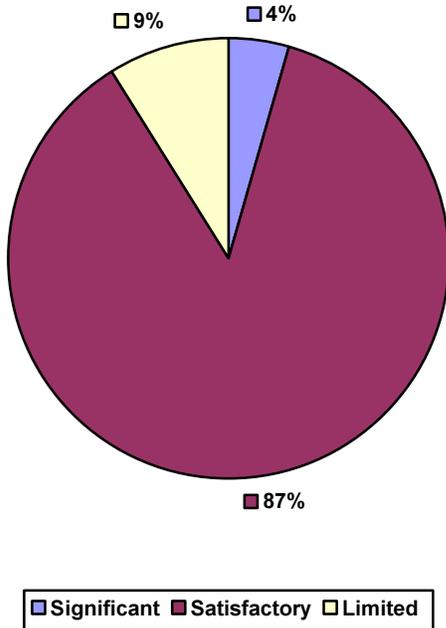
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SELF-ASSESSMENT	ACTION REQUIRED
<p><u>Follow Up</u> The Head of Audit must establish a follow up process to ensure implementation of agreed recommendations or that senior management has accepted the risk of not taking action. Given limited resources, follow up of recommendations has been restricted to limited assurance reviews or otherwise undertaken at the next audit review.</p>	<p>The Head of Audit and Risk Management will explore options for monitoring recommendations.</p>

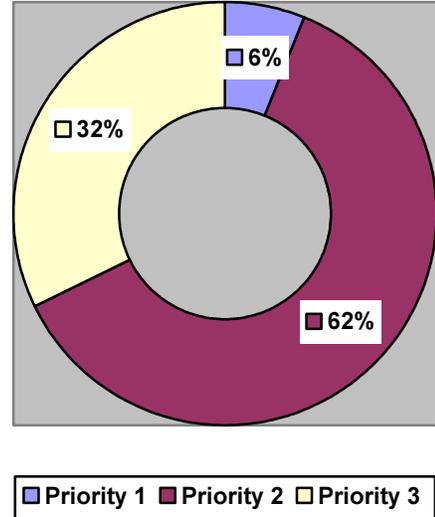
5.2 Summary of Internal Audit Performance 2013/14



ASSURANCE OPINIONS



ANALYSIS OF RECOMMENDATIONS



	Client Questionnaires		Draft Report Produced within 15 Days of Exit meeting
	Received	Satisfactory	
2013/14	46	96%	66%
2012/13	45	87%	60%

5.3 Feedback from Client Quality Questionnaires

The overall response from client questionnaires for 2013/14 was positive with only 3 responses returned where the auditee did not find the audit satisfactory. This was an improvement on 2012/13 when 6 unsatisfactory responses were received. All unsatisfactory responses are followed up to identify any lessons to be learned for future reviews and any necessary action required, which can include the relevant fieldwork auditor not being used on any further Bracknell Forest Council audits. The unsatisfactory responses for 2013/14 generally related to delays in the issuing of reports and this has been raised with the contractor.

6. EXTERNAL INSPECTIONS

6.1 Consideration of the Outcome of External Inspections

The Head of Audit and Risk Management considers the outcome of the external auditors' inspections and assessments to inform the development and ongoing review of the Internal Audit Plan for the current and future years and assess if there are any issues relating to the control environment which need to be taken into account in drawing up the annual Head of Internal Audit Opinion. The findings of the various external auditors' assessments considered when finalising the Head of Internal Audit Opinion for 2013/14 are as follows:

6.2 External Auditors' Annual Audit Letter 2012/13

The Annual Audit Letter 2012/13 was presented to the Governance and Audit Committee by the Helen Thompson from Ernst and Young on 28th January 2014. Ernst and Young's work on the financial statements resulted in them concluding that the statements were free from material error and issuing an unqualified audit opinion for the year ended 31 March 2013. They concluded that they were satisfied that the Council had put in place proper arrangements for securing financial resilience and the Council has proper arrangements in place for challenging how it secures economy, efficiency and effectiveness.

6.3 External Auditors' Certification of Claims and Returns Annual Report 2012/13

This report was presented to the Governance and Audit Committee by Helen Thompson from Ernst and Young on 28th January 2014. The report summarised the findings from the external auditors' certification of 2012/13 grant claims and included the key messages arising from the external auditors' assessment of the Council's arrangements for preparing claims and returns. Ernst and Young certified 1 claim (the Housing and Council Tax Benefits Subsidy Claim) and 2 returns (National Non-Domestic Rates return and the Teachers Pension return) for 2012/13. The two returns were unqualified. Whilst the claim audited was qualified due to errors identified, including new issues regarding the calculation of rent and single person discount for Council Tax Benefit, the External Auditors reported that the Council had made progress on recommendations made in the previous year on Housing and Council Tax Benefits Subsidy particularly on assessing earnings and in the arrangements for compiling the claim.

7. RISK MANAGEMENT

The priorities in place for risk management during 2013/14 were included in the Risk Management Strategy approved in September 2012. These were monitored during the year by the Strategic Risk Management Group and are set out below together with an update on the latest position for each priority:

- **Business Continuity**

That the Strategic Risk Management Group would consider the effectiveness of arrangements for promoting effective business continuity arrangements throughout the Council and the ICT solutions in place for responding to business continuity incidents. During 2013/14, the Strategic Risk Management Group refined guidance on what constituted a critical function and each directorate was asked to review their critical functions in response to this. The Corporate

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Business Continuity plan will now be updated to reflect the revised critical functions. An exercise was also completed to identify the Council's key IT systems and this has fed into the revised Disaster Recovery Plan which is now due to be tested during 2014/15.

- **Information Assets and Information Risks**

Ongoing work to identify the Council's "information assets" and their associated risks. Work to ensure all information assets across the Council have been captured and classified appropriately and a preliminary risk assessment has been undertaken to establish where information assets need to be included in directorate risk registers.

- **Actions to Address Strategic Risks**

Progress on actions to address strategic risks would be monitored on a six monthly basis. Actions to address strategic risks were monitored during the year with the last review within the financial year in December 2013. Since the year end, actions have been updated in May and June 2014.

- **Significant Operational, Project and Programme Risks**

Ongoing review to ensure that there are satisfactory procedures in place to identify and mitigate key risks and ensure registers/log are reviewed and updated regularly. This is a continuous process as new projects and programmes are established. Review is undertaken through the update of the Strategic Risk Register, oversight of directorate risk registers and internal audits of major projects and programmes.

The Council participated in the CIPFA risk management benchmarking exercise in 2013/14 which confirmed that risk management was working effectively. This was subsequently supported by an independent review of the Council's risk management arrangements undertaken by a risk management consultant who concluded that *"we found many examples of good practice in the Council's existing arrangements, and have been extremely impressed with what has been achieved with limited use of resources."* The consultant made some recommendations for improvements to the Risk Management Strategy and the Risk Management Toolkit. These documents have been updated and the new Risk Management Strategy was approved by the Governance and Audit Committee on 1st April 2014. The revised Toolkit is currently being reviewed by the Strategic Risk Management Group.

During 2013/14, the Strategic Risk Register was reviewed quarterly by SRMG and twice by the Corporate Management Team (in May and December 2013) as agreed in the Risk Management Strategy. Following agreement to the Register at CMT in November 2013, the Register was considered at the Executive Briefing. Directorate Risk Registers are in place and were generally reviewed and updated quarterly by Departmental Management Teams during 2013/14. These record the significant operational risks for each directorate and inform the update of the Strategic Risk Register. The Bracknell Forest Partnership risk register was reviewed in November 2013.

Risk awareness is also being raised through the internal audit process, for example by drawing attention to managers' responsibilities for assessing fraud risks and putting controls in place to prevent, deter and detect fraud and focussing on risk management within the contract management process.

8. CORPORATE GOVERNANCE

The Borough Solicitor chairs the Governance Working Group and membership includes the Borough Treasurer and Head of Audit and Risk Management as well as representatives from the service directorates. During 2013/14, the Group

- oversaw the drafting of the Annual Governance Statement.;
- oversaw the development of action plans to address governance weaknesses identified by the review of effectiveness of governance arrangements; and
- met to monitor progress on the actions plans.

9 FRAUD AND IRREGULARITY

9.1 National Fraud Initiative (NFI)

The NFI is a biennial data matching exercise first introduced in 1996 and conducted by the Audit Commission to assist in the prevention and detection of fraud and error in public bodies. Bracknell Forest Council is obliged to participate in this. Data was submitted to the Audit Commission during 2012 and matches were received back in during 2013 on

- Blue Badge parking permits
- Creditors history
- Creditors standing data
- Concessionary Travel passes
- Housing Benefits claimants
- Insurance claimants
- Market traders
- Personal alcohol licences
- Pensions
- Payroll
- Private residential care homes
- Taxi drivers

Whilst there is still some ongoing work on Housing and Council Tax Benefits matches, investigation work is complete in all the other areas covered by the exercise. The outcome of all investigations for this NFI round has resulted in one prosecution, 1 formal caution and 1 Administration Penalty arising from benefit matches.

Data was submitted in February 2014 to match Council Tax single person discounts to the Electoral Roll. The matches will be received back later in 2014 for follow up.

9.2 Benefits Investigation and Compliance Team

The Benefits Investigation team is located within the Benefits section of Housing and is therefore outside of the management of the Internal Audit Team. The Investigation team consists of a Senior Investigations Officer and one Investigation Officer and is responsible for the investigation of potentially fraudulent claims for benefits. During the investigation of claims, Officers interview witnesses, take statements, carry out surveillance and interview under caution with a view to taking prosecution action. During 2013-2014, the team's investigations established 66 cases of proven fraud. These cases resulted in 11 successful prosecutions (2012/13: 17 cases), 33 Formal Cautions (2012/13: 44 cases), and 22 Administration Penalties (2012/13: 20 cases). Overpayments identified and subject to the above fraud sanctions totalled approximately £202k. In December the Benefits Investigation officers will be transferring to the Single Fraud Investigation Service (SFIS) within the Department of Works and Pension.

9.3 Other Irregularities

The 2011/12 Head of Internal Audit Opinion report which came to Governance and Audit Committee in July 2012 referred to two cases of employee irregularity. One of these cases was referred to the Police. This related to a conflict on interest in a direct payment and excessive rates/ hours charged to the Council. This was investigated in Adult Social Care, Housing and Health and following a disciplinary procedure held in her absence the employee was found to have committed gross misconduct and was dismissed. In quarter 3 of 2013/14, the Police informed the Investigating Officer that it had been agreed that the individual had a case to answer and agreed a charge of fraud by abuse of position contrary to section 1 and 4 of the Fraud Act 2006. The Police are looking in to steps that can be taken to extradite the individual.

During 2013/14, a number of issues were raised with Internal Audit. These were generally minor in nature and advice was given and action taken as appropriate. There were two cases of note.

During quarter 3 of 2013/14, with the cooperation of Bracknell Forest officers, Reading Borough Council successfully prosecuted an individual for fraudulent misuse in their area of a blue badge issued by Bracknell Forest Council. The individual was fined £600 and ordered to pay costs of £1,320.

During quarter 4, an individual was investigated for abusing his position. Whilst no costs were incurred by the Council, the individual had abused his position as an officer of the Council to obtain favourable credit terms and interest free credit for purchasing items of personal expenditure. A final written warning was given and removal of finance related activities. The individual has now left the Council's employment.

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APPENDIX 1

2012/13 AUDIT REPORTS ISSUED DURING 2013/14

* Draft report issued within 15 working days of the exit meeting to discuss audit findings and recommendations

Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	1	2	3	
Children, Young People and Learning											
Fostering	19/4/2013	22/8/13	X		✓				3	3	Final
Corporate Services											
Back-Up procedures	26/3/13	8/7/13	X		✓				4		Final
Compliance with PCI Standards	17/4/13	25/6/13	X			✓		1			Final

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2013/14 AUDIT PLAN

Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	1	2	3	
Grants											
Bus Service Operators Grant BSOG -2012/13 (Corp. Services)	30/5/13	4/6/13	✓	N/A – Grant certification							Final
Short Breaks Grant (Children, Young People and Learning)											Audit sign off not required
Troubled Families Grant –July Submission (Children, Young People and	16/7/13	29/7/13	✓	N/A – Grant certification							Final

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Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status	
				Significant	Satisfactory	Limited	None	Priority				
								1	2	3		
Learning)												
Capital block maintenance grant (ECC)	17/9/13	24/9/13	✓	N/A – Grant certification							Final	
Sustainable transport grant (ECC)	17/9/13	31/10/13	✓	N/A – Grant certification							Final	
Better Bus Grant (ECC)	18/3/14	18/3/14	✓	N/A – Grant certification							Final	
Additional Audit Bus Service Operators Grant BSOG - Dec 2013 (Corp. Services)	11/11/11	18/11/13	✓	N/A – Grant certification							Final	
Additional Audit Troubled Families Grant –February Submission (Children, Young People and Learning)	12/2/14	14/2/14	✓	N/A – Grant certification							Final	
Additional Audit Fuel poverty grant- (ECC)	24/7/13	25/7/13	✓	N/A – Grant certification							Final	
Council Wide Audits												
Council Wide Officer Expenses	17/6/13	18/7/13	✓		✓					5		Final
Council Wide Absence Management	29/4/13	3/7/13	✓		✓					7	2	Final
Banner Stationery Contract	30/9/13	5/11/13	✓		✓					3	1	Final

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Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	Priority			
								1	2	3	
Council Wide Procurement	22/4/14		X								Work in progress
Acquire – food supplies contract	31/1/14	24/4/14	✓		✓				2	2	Final
Commensura Agency Contract											Audit no longer required
Assistant Chief Executive's Office											
Compulsory Purchase Orders	2/12/13	13/12/13	✓		✓				1	2	Final
Corporate Services											
Electoral Services	23/4/13	17/6/13			✓				2	2	Final
Members Exps, Allowances & Hospitality	8/4/13	31/5/13	✓		✓				10	1	Final
Treasury Management	26/7/13	12/9/13	X		✓				2		Final
Creditors	13/1/14	28/2/14	✓		✓				3		Final
Debtors	23/9/13	8/11/13	✓		✓				1		Final
Main Accounting	31/7/13	30/8/13	✓		✓					1	Final
Localisation of Business Rates	15/10/13	14/11/13	✓		✓				6	4	Final
Payroll and Pre-Employment Check	6/11/13	15/1/14	✓		✓				4	1	Final
Cash Payments Management	7/10/13	11/12/13	✓		✓				2		Final
Council Tax	30/9/13	14/11/13	✓		✓				6	4	Final
Business rates	2/12/13	31/1/14	✓			✓		2	2		Final
Times Square Works	17/2/14	11/3/14	✓	✓							Final
Procurement cards											Deferred o 2014/15 due to low number of

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Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	Priority			
								1	2	3	
											cards issued to date
Corporate Services - IT Audits											
Front Line	19/8/13	6/11/13	X		✓				3		Final
Change Management	12/8/13	5/11/13	X		✓				5		Final
Software Licenses	16/9/13	7/11/13	X		✓				3		Final
Disaster Recovery	9/12/13	25/2/14	✓		✓				2	2	Final
PSN											Deferred to 2014/15 due to enhanced work In ICT during 2013/14 to obtain PSN accreditation
Operating System											Deferred to 2014/15 due to enhanced work In ICT during 2013/14 to obtain PSN accreditation
Agresso	6/3/14	2/6/14	X	✓							Final
Compliance with PCI Standards											Deferred to 2014/15 as recommendations from previous audit not due for implementation until June 2014
Children, Young People and Learning School Audits											
Ascot Heath Infants School (Following limited assurance opinion in 2012/13)	20/5/13	31/5/13	✓		✓				6	4	Final
Jennett's Park	30/9/13	15/10/13	✓		✓				3	3	Final

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Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	Priority			
								1	2	3	
CoE Primary School (Following limited assurance opinion in 2012/13)											
Uplands Primary School (Following limited assurance opinion in 2012/13)	7/5/13	25/6/13	✓		✓				9	4	Final
New Scotland Hill Primary School	23/9/13	2/10/11	✓		✓				7	1	Final
Wildmoor Heath Primary School	11/11/13	20/11/13	✓			✓		1	7	1	Final
Winkfield St Mary's CoE primary School	4/11/13	29/11/13	✓		✓	✓			10	2	Final
College Hall Pupil Referral Unit	13/1/14	12/3/14	✓		✓				4	11	Final
Crowthorne CoE Primary School	22/1/14	31/1/14	✓		✓				8	1	Final
Great Hollands Primary School	25/2/14	13/3/14	✓		✓				7		Final
Wooden Hill Primary School	27/1/14	5/3/14	X		✓					5	Final
Meadow Vale Primary School	20/1/14	25/2/14	X		✓				4	4	Final
Sandy Lane Primary School	23/1/14	28/3/14	X		✓				5	4	Final
Wildridings Primary School	28/1/14	31/3/14	X		✓				6	0	Final
Whitegrove	13/2/14	24/3/14	✓		✓				7	8	Final

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Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	Priority			
								1	2	3	
Primary School											
Easthampstead Park School	7/2/14	24/3/14	X		✓				1	4	Final
Children, Young People and Learning Cross-Cutting School Audits											
Procurement in Schools	30/9/13	3/1/14	✓			✓		1	5		Final
Brakenhale Procurement in Schools	14/3/14	21/6/14	X	Opinions not given on individual school procurement memos				1	5		Final
Easthampstead Park Procurement in Schools	October 2014	21/1/14	X	Opinions not given on individual school procurement memos				5	1	2	Final
Garth Hill Procurement in Schools	October 2014	21/1/14	X	Opinions not given on individual school procurement memos				4	3	1	Final
Sandhurst Procurement in Schools	October 2014	21/1/14	X	Opinions not given on individual school procurement memos				7	4	1	Final
Edgbarrow Procurement Memo	October 2014	21/1/14	X	Opinions not given on individual school procurement memos				5	2	2	Final
Information Security in Schools	13/5/13	25/7/13	X	Opinion not given as agreed with CYPL. Findings were based on sample visits to 7 schools. Recommendations were raised for each school and the central ICT team in CYPL					70	16	Final
Free School Meals	23/5/13	12/7/13	✓		✓				1		Final
Children, Young People and Learning – Other Audits											
Bracknell Forest Education Centre	29/4/13	27/6/13	✓		✓				3	3	Final

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Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	Priority			
								1	2	3	
Life Long Learning	22/4/13	16/5/13	✓		✓				2	2	Final
Youth Services	14/10/13	5/12/13	X						1	5	Final
Direct Payments	12/8/13	5/11/13	✓		✓				4	1	Final
Post Project Evaluations	9/9/13	18/10/13	✓		✓				2	3	Final
Rowans and Sycamores Children Centre	24/7/13	25/9/13	X		✓				3	2	Final
Willows and Maples Children's Centre	24/7/13	25/9/13	X		✓				2	2	Final
Adoption	29/10/13	4/12/13	X		✓					2	Final
SEN	27/3/14										Work in progress
Environment, Culture and Communities											
Integrated Transport	12/8/13	14/11/13	X		✓				1		Final
Highways – Reactive maintenance	15/8/13	12/12/13	X	✓							Final
Public Realm Contracting											Audit no longer required
Car Parks	21/5/13	13/8/13	✓			✓			11	5	Final
Adaptations	29/4/13	12/7/13	✓		✓				3	3	Final
Bracknell Leisure Centre	29/7/13	6/9/13	✓		✓				6		Final
Edgebarrow and	13/5/13	26/7/13	✓		✓				2	1	Final

Unrestricted

Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	Priority			
								1	2	3	
Sandhurst Leisure Centres											
Downshire Golf Club	20/8/13	8/9/13	✓		✓				2		Final
Tree Services - Purchasing	October 2014	14/2/14	X								Final
Libraries											Not due. QTR 4 audit
Statutory Inspections											Not due. QTR 4 audit
Cash Spot Checks	25/2/14	1/4/14	✓	Three sites visited and three Memos issued. No opinion given.					1		Final
Environment, Culture and Communities – IT Audits											
Library system											Deferred to 2014/15 due to system implementation
Leisure management system											Deferred to 2014/15 due to system implementation
Adult Social Care, Housing and Health											
Learning Disability		2/6/14	X		✓				1	1	Draft issued
Brokerage	2/12/13	29/1/14	✓		✓				8	1	Final
Direct Payments	12/8/13	5/11/13	✓			✓		1	1		Final
Contracting	5/10/13	28/11/13	✓		✓				5	6	Final
Emergency Duty	17/2/14	24/4/14	✓	Follow up of previous limited assurance				1	3	4	Final

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Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	Priority			
								1	2	3	
Team Follow up audit following the limited assurance conclusion at the 2011/12 audit				report. No opinion given.							
Blue Badges	10/9/13	28/11/13	X		✓				3	3	Final
CONTROCC	5/10/13	3/12/13	✓		✓				2	3	Final
Hosted Public Health Arrangements	28/10/13	21/1/14	✓		✓				3	1	Final
Housing & Council Tax Benefits	21/10/13	28/3/14	✓		✓				1	1	Final
Council Tax Benefits and Welfare Reforms											Merged into main housing benefits audit
Housing Benefit Spot Checks	2/12/13	23/1/14	X	N/A – Spot check memo							Final
Social Fund Payments	11/2/14	27/3/14	✓		✓				3	3	Final
Supporting People	24/2/14	16/4/14	✓		✓				1	1	Final
Housing Rents/Deposits											Deferred to quarter 1 of 2014/15
Adult Social Care, Housing and Health – IT Audits											

Unrestricted

Audit	Start Date	Date Draft Report Issued	Key Indicator Met	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	Priority			
								1	2	3	
Rostering and Monitoring System	24/2/14	3/4/14	✓		✓				3		Draft issued

TO: GOVERNANCE AND AUDIT COMMITTEE
14 JULY 2014

ANNUAL GOVERNANCE STATEMENT
Director of Corporate Services – Legal

1 PURPOSE OF REPORT

- 1.1 To consider the Annual Governance Statement (AGS) 2013/14 and the Action Plan to make the improvements identified in the AGS prior to submission for approval to the Governance and Audit Committee.

2 RECOMMENDATIONS

- 2.1 That the draft Annual Governance Statement (“AGS”) shown as Appendix 1 to this report be approved.
- 2.2 That the Action Plan shown as Appendix 3 to this report be approved.

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Council complies with the statutory requirements to produce an Annual Governance Statement.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 It is a statutory requirement for the Council to approve an AGS and Action Plan and therefore no alternative options have been considered.

5 SUPPORTING INFORMATION

- 5.1 In England, the preparation and publication of an AGS is necessary to meet the statutory obligation set out in Regulation 4(3) of the Accounts and Audit Regulations 2011. This requires authorities to prepare a statement in accordance with “proper practices” and the guidance in the Framework recommending an AGS constitutes “proper practice”. The AGS will be signed by the Chief Executive and the Leader of the Council.
- 5.2 The CIPFA/SOLACE publication “Delivering Good Governance in Local Government: Framework 2007” recommends that authorities produce an AGS to report publicly on the key elements of the governance framework the authority has in place, to review the effectiveness of the governance framework and the steps which will be taken over the next year to enhance governance arrangements. The AGS and Action Plan were prepared in accordance with the revised CIPFA/SOLACE Guidance Note 2012 and subsequent addendum. These provide that the AGS should include a brief description of the key elements of the governance framework the authority has in place.
- 5.3 The Action Plan attached to last years AGS identified a number of areas for improvement, in particular in relation to the Planning Protocol for Members, Financial Regulations, and implementing the mandatory training policy in respect of Data Protection and Information Security. Considerable progress was made during 2013/14 on implementing those actions (see Appendix 2). Where these issues are still ongoing they have been included again in the Action Plan attached to the 2013/14 AGS (Appendix 3).

- 5.4 The primary source of assurance for the AGS, as advised in CIPFA/SOLACE guidance, is the Compliance Assessments completed by
- the Assistant Chief Executive and each Director on compliance with internal controls and governance arrangements across their departments;
 - the Monitoring Officer in respect of legal and regulatory functions;
 - the Borough Treasurer in respect of financial controls; and
 - the Borough Treasurer and Head of Audit and Risk Management in respect of risk management.
- 5.5 The draft AGS attached at Appendix 1 is based on the declarations in the compliance assessments. An Action Plan has been drawn up to address the issues highlighted in the 2013/14 AGS and this is attached at Appendix 3.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The Borough Solicitor is the author of this report.

Borough Treasurer

- 6.2 The Annual Governance Statement is a statutory requirement under the Accounts and Audit Regulations 2011 and will be incorporated within the Council's annual Statement of Accounts.

Equalities Impact Assessment

- 6.3 Not applicable.

Strategic Risk Management Issues

- 6.4 Risk management is a key part of good governance, as outlined paragraph 3.3 of the draft AGS in Appendix 1.

Other Officers

- 6.5 None.

7 CONSULTATION

Principal Groups Consulted

The Corporate Governance Working Group (including Councillor Cliff Thompson).

Method of Consultation

Meeting.

Representations Received

Suggested amendments included in this report.

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Contact for further information

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Doc. Ref

AJ/f/reports/Corporate Management Team – 25 June 2014 – Annual Governance Statement

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ANNUAL GOVERNANCE STATEMENT 2013/14

1 Scope of Responsibility

- 1.1** Bracknell Forest Borough Council (“The Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2** In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3** The Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government published in 2007. [A copy of this code is on our website at <http://www.bracknell-forest.gov.uk/local-code-of-governance.pdf>.] This Statement explains how the Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

2 The Purpose of the Governance Framework

- 2.1** The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled. It underpins its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the appropriate delivery of services and value for money.
- 2.2** The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3** The governance framework has been in place at Bracknell Forest Council for the year ended 31 March 2014 and up to the date of approval of the statement of accounts.

3 The Governance Framework

The CIPFA/SOLACE Framework and 2012 Addendum - Delivering Good Governance in Local Government suggest that this Annual Governance Statement should include a brief description of the key elements of the governance framework that the Council has in place. Further detail is set out in the Council’s Code of Governance that is publically available.

3.1 Bracknell Forest Council's Vision and delivery of objectives

- 3.1.1 The Council's vision of its purpose and intended outcomes for citizens and service users is set out in six overarching corporate priorities which are underpinned by 11 medium term objectives and 72 key actions. The main ways it is communicated are via the Council's public website, intranet, Town and Country magazine (the Council's news paper for residents) and Chief Executive Briefings.
- 3.1.2 The corporate priorities set out in the Annual Report 2012 were developed after extensive consultation with the community, residents, employees, strategic partners and local businesses in order for the priorities to be consistent with their needs and aspirations.
- 3.1.3 Objectives and key actions are cascaded internally through service plans, team business plans and individual performance and development reviews. Delivery is monitored through:
- Quarterly Service Reports reviewed by the Executive Members, Chief Executive and the Corporate Management Team.
 - Quarterly Corporate Performance Overview Report considered by the Executive.
 - Quarterly reports for Corporate Services and the Chief Executive's Office together with the quarterly Corporate Performance Overview Report are then considered by the Overview and Scrutiny Commission. Quarterly Service Reports for the other directorates are reviewed by the relevant Overview and Scrutiny Panel for their area.

All these reports are available on the Council's website and intranet. The Council's performance reporting process measures quality of service for users, ensuring services are delivered in accordance with objectives and represent the best value for money.

- 3.1.4 Partnership groups have agreed joint targets that they monitor quarterly; for example, the Community Safety Partnership. Adult Social Care also produces an Annual Report referred to as the Local Account.
- 3.1.5 The Council needs to be confident that it has accurate, complete and timely performance information in order to plan and manage services to the public; ensure good decision-making and to effectively provide feedback and report on the quality of Council services to service users, residents, partners and Government. To ensure this, the Council has a Data Quality Statement, which is reviewed annually. The Data Quality Statement provides details on how the Council aims to achieve a consistently high level of data quality. Good quality data is the responsibility of every member of staff who collects, calculates, inputs or uses performance data during the course of their work. The various roles are outlined within the statement. External audit carry out audit checks on a sample of performance indicators, every two years, to ensure that the statement and procedures are being followed correctly.

3.2 Roles and Responsibilities

- 3.2.1 The Constitution of the Council establishes the roles and responsibilities of the Executive, the full Council and its committees and sub-committees along with Overview and Scrutiny arrangements, the role and functions of Member Champions and officer functions (set out in the Scheme of Delegation). As well as Procedure Rules, it contains Standing Orders and Financial Regulations that define clearly how decisions are taken and where authority lies for the decision. It includes Member and Employee Codes of Conduct and Protocols for Member/officer relations. The Council's Constitution is regularly reviewed and updated

with substantive changes highlighted to all staff and Members. The Constitution is available on the public website.

3.2.2 Legislation requires all local authorities to appoint officers to discharge statutory responsibilities and those requirements are reflected in the Council's Constitution. Effective arrangements have been put in place by the Council for the discharge of those responsibilities. In particular, the following officers have statutory roles:-

Chief Executive - acts as the Head of Paid Service in accordance with the Local Government and Housing act 1989 with responsibility for overall organisation and management of Council staff.

Borough Solicitor - appointed as the Council's Monitoring Officer with responsibility for drawing to the attention of the Council any action or proposed action which has or may result in any breach of law.

Borough Treasurer - designated as having responsibility for the proper administration of the Council's financial affairs.

Director of Corporate Services - has responsibility for promoting the role of the Overview and Scrutiny Commission and its Panels.

3.2.3 The Monitoring Officer advises the Governance and Audit Committee on proposals to update the Council's Constitution (including arrangements between officers and Members), its Executive Arrangements/decision making and Procedure Rules to ensure that they are fit for purpose and the Committee subsequently make recommendations on those matters to full Council.

3.2.4 The work of the Executive is supported by the Overview and Scrutiny Commission and four Overview and Scrutiny Panels (plus one Joint Committee in respect of Health). They are comprised of non-Executive Members and review and scrutinise both Executive and non-Executive decisions. In addition to scrutinising such decisions, working groups of the Panels conduct in-depth investigations into particular topic areas which result in reports setting out detailed recommendations.

3.2.5 The Council's financial management arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)*. Further, the Council's assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)*.

3.2.6 The Governance and Audit Committee is responsible for reinforcing effective governance, particularly through reviewing the activities of the external and internal auditors and the Council's risk management arrangements. It undertakes the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*. During 2013/14, the Committee received summary reports on progress on the delivery of the Internal Audit Plan and key outcomes on completed work. The Internal Audit Plan for 2014/15 was approved by the Committee.

3.3 Risk Management

- 3.3.1 The Council has a strong risk management function. Decisions made by the Council are subject to risk assessments which are made in accordance with the organisation's risk management processes. The Risk Management Strategy includes the Council's priorities for developing risk management arrangements. The Strategy was updated during Quarter 4 and reviewed by the Corporate Management Team in Quarter 4 before being approved by the Governance and Audit Committee on 1st April 2014.
- 3.3.2 The Strategic Risk Management Group (SRMG) chaired by the Borough Treasurer meets quarterly and oversees all aspects of risk management at the Council including health and safety, business continuity and information security risks. The Strategic Risk Register is updated and considered by SRMG on a quarterly basis and reviewed and approved by the Corporate Management Team twice a year and by the Executive on an annual basis. Actions to address strategic risks were monitored during 2013/14 and key changes and developments on strategic risks were summarised in the quarterly Corporate Performance Overview Report.
- 3.3.3 There is a process for recording and monitoring significant operational risks through directorate risk registers which were generally reviewed quarterly during 2013/14 and used to inform the Strategic Risk Register.
- 3.3.4 Members are engaged in the risk management process through the Executive's review of the Strategic Risk Register and Member review of the Corporate Performance Overview.

3.4 Policies and Procedures

- 3.4.1 The Council's Anti-Fraud and Corruption Policy is consistent with Financial Regulations and has been communicated to all staff.
- 3.4.2 A corporate complaints procedure and whistle-blowing policy are maintained and kept under review, providing an opportunity for members of the public and staff to raise issues when they believe that appropriate standards have not been met. An annual report analysing complaints received and their resolution is presented to Corporate Management Team and to the Executive.
- 3.4.3 The Council takes information security very seriously. The Information Management Group consists of senior officers and ensures that the Council has in place a co-ordinated and coherent framework for managing information. During 2013/14 it continued to implement the Information Management Strategy, monitor information security incidents that occurred and communicate policies to staff. An Internal Audit report on Information Security issued during 2013/14 made a number of recommendations a number of which have been implemented with the implementation of the remainder on-going.

3.5 Change Management

The Council ensures effective management of change. It conducts Equality Impact Assessments when appropriate and has put in place a Privacy Impact Assessment Procedure for all new projects involving personal information. The Council has a robust process in place to ensure office moves between buildings are carried out with minimal disruption to service users. Major projects use a project planning methodology.

3.6 Assurance on compliance

- 3.6.1 Assurance on compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful is sought through internal audit reviews and the work of external audit.
- 3.6.2 All decisions made by the Council are made in light of advice from the Borough Treasurer and Borough Solicitor.

3.7 Developing the capacity and capability of Members and officers to be effective

- 3.7.1 The Council has a comprehensive induction and training process in place for both Members and officers joining the Council. During 2013/14 all new officers received personalised inductions. In addition, both Members and officers attend external training courses where training needs cannot be met internally.
- 3.7.2 The Council has a Members Development Programme which takes the form of internal training workshops and Member briefing seminars on specific topics. Members also receive 360° appraisal. The Council has been awarded the Charter Plus Standard for Member Development. The charter provides a robust framework which ensures Members are supported during their time on the Council. Member development is now an embedded part of the Council's culture.
- 3.7.3 A broad internal training programme of courses is run each year for officers as well as specific professional training and this is supplemented by regular lunchtime manager training and briefing sessions.
- 3.7.4 Compliance with Continuing Professional Development requirements of staff is monitored by individual officers; the Council provides sufficient resources to fund this. As part of the performance appraisal process, each officer is required to complete their own Personal Development Plan which forms the basis for the Council's internal training course programme.
- 3.7.5 The Council has in place an ongoing Management Assessment and Development Programme and Diversity training for its Members, senior and middle level managers.

3.8 Communication and engagement

- 3.8.1 The Council establishes clear channels of communication with all sections of the community, other stakeholders and local partners, ensuring accountability and encouraging open consultation.
- 3.8.2 During 2013/14 a number of consultations sought the views of the community. In line with the Community Engagement Strategy, to ensure access and quality of consultations, the Council utilises corporate consultation software which also provides a feedback mechanism.
- 3.8.3 The Council enhances the accountability for service delivery and effectiveness of other public service providers as it is a key member of the Bracknell Forest Partnership which brings together agencies that deliver public services including, inter alia, Parish Councils, Police, Fire and Rescue Service, and the Clinical Commissioning Group and with businesses and people that represent voluntary organisations and the community. Bracknell Forest Partnership is underpinned by a Governance Protocol and Memorandum of Agreement between the organisations and has a single purpose, namely to improve the quality of life for local people. During 2013/14 the Council continued to implement its Partnership Community Engagement Strategy and strategy for Equalities.
- 3.8.4 The Council's Partnership Governance and Framework Toolkit ensures good governance arrangements are incorporated in respect of partnerships and other joint working as

identified by the Audit Commission's report on the governance of partnerships. A strategic risk register and associated action plans were developed for the Bracknell Forest Partnership and during 2013/14 the Council implemented action plans to mitigate key risks.

- 3.8.5 The Council has approved Public Participation Schemes for the Overview and Scrutiny Commission, and its Panels and the Health and Well Being Board. The schemes aim to enhance public engagement and give residents a further opportunity to inform Councillors about the things that concern them.
- 3.8.6 Throughout 2013/14 the Council continued to comply with requirements relating to data transparency. The Council publishes extensive information as required by the Code of Recommended Practice for Local Authorities on Data Transparency and has made further information publically available identified as the subject of frequent requests under the Freedom of Information Act. The Council has adopted an enhanced publication scheme and has published information through a new data share website which enables easier navigation, searching and data exporting facilities.

4 Review of Effectiveness

- 4.1 Bracknell Forest Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 During 2013/14, the review of effectiveness of the governance framework was evaluated and informed by the following key elements:

Internal Audit

- 4.3 Internal Audit provides an independent and objective opinion to the organisation on the control environment by objectively examining, evaluating and reporting on its adequacy.
- 4.4 The Head of Audit and Risk Management develops the Annual Internal Audit Plan which is then delivered by an external contractor and by Reading and Wokingham Borough Council's internal audit teams under an agreement made under Section 113 of the Local Government Act 1972.
- 4.5 Based on the work of Internal Audit during the year 2013/14 the Head of Audit and Risk Management gave the following opinion:-
- from the internal audit work carried out during the year, the Head of Audit and Risk Management is able to provide reasonable assurance that for most areas the Authority has sound systems of internal control in place in accordance with proper practices but some areas with significant weaknesses were identified where a limited assurance opinion has been given;
 - key systems of control are operating satisfactorily except for the areas of limited assurance; and
 - there are adequate arrangements in place for risk management and corporate governance
- 4.6 Where limited assurances have been concluded, the Head of Audit and Risk Management reports the detailed findings to the Governance and Audit Committee and follow-up audits are carried out within the following year to ensure that actions have been implemented. In

addition, the Chief Executive meets with the Head of Audit and Risk Management on a quarterly basis and the Corporate Management Team receive six monthly progress reports on Internal Audit.

The Governance and Audit Committee

- 4.7 The Governance and Audit Committee is responsible for reinforcing effective governance, particularly through reviewing the activities of the internal auditors and the Council's risk management arrangements. During 2013/14, the Committee received summary reports on progress on the delivery of the Internal Audit Plan and key outcomes on completed work. The Internal Audit Plan for 2014/15 was approved by the Committee.

The Governance Working Group

- 4.8 The Corporate Management Team has established a Governance Working Group, chaired by the Borough Solicitor. The Group oversees the implementation of the actions identified in the Annual Governance Statement Action Plan

The Constitution

- 4.9 The Constitution is subject to regular review. The Monitoring Officer advises the Governance and Audit Committee which reports to full Council.

Annual Compliance Assessment

- 4.10 Compliance Assessments review the adequacy of governance arrangements. Each Director provides assurances about their department along with the Assistant Chief Executive in relation to the Chief Executives department. The Borough Treasurer provides assurances in relation to financial services and risk management. This includes advising whether the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)* as set out in the Application Note to Delivering Good Governance in Local Government: Framework. Compliance Assessments are also completed by the Head of Audit and Risk Management who provides assurances in relation to risk management and the Borough Solicitor in relation to legal and regulation.

External Audit

- 4.11 On 30 September 2013 the Council's external auditors issued an unqualified audit report on the Council's accounts for 2012/13.

The Annual Audit Letter for 2012/13 was presented to Governance and Audit Committee on 28 January 2014.

The Key Findings set out in the Audit letter were:-

- the process for producing the 2012/13 accounts, including the supporting working papers, was good and there were very few issues arising from the audit.
- the Council has proper arrangements in place both for securing financial resilience and for challenging how it secures economy, efficiency and effectiveness
- no major areas of concern were identified as regards whole of government accounts but one inconsistency relating to the disclosure of pensions was reported
- no areas of concern were identified as regards the Annual Governance Statement for 2012/13.

5. The Ethical Culture

- 5.1 The Council has approved and published on the Council's web-site a set of values which underpin the work of the Council.
- 5.2 As required by the Localism Act 2011, the Council has adopted a Code of Conduct for Members. The Council has also put in place other protocols relating to the way in which Members should conduct themselves in carrying out their work as Councillors, notably the Planning Protocol for Members and the Member and officer Protocol. The Council has an approved Code of Conduct for Employees together with a number of policies and procedures which regulate how Council officers should discharge their duties. Observance of such policies and procedures by Council employees is ensured through management overview and, if necessary, the disciplinary process.
- 5.3 The Council has retained a Standards Committee with a strong independent representation to consider complaints that Members may have contravened the Council's Code of Conduct for Members. The Standards Committee is constituted as an advisory committee reporting to the Governance and Audit Committee. During 2013/14 the Standards Committee met twice, making recommendations (subsequently adopted) concerning (inter alia) updating the Member and officer Protocol the financial threshold for the registration of gifts and hospitality by Councillors and a new Planning Protocol for Members.

6. NHS Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring deductions from salary, employer's contributions and payments to the scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with timescales detailed in the Regulations.

7 Review of the Effectiveness of the Governance Framework

We have been advised on the implications of the result of the **review of the effectiveness of the governance framework** by the Governance Working Group and the Governance and Audit Committee at its meeting on 14 July 2014 and that the arrangements **continue to be regarded as fit for purpose in accordance with the governance framework**. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

8 Significant Governance Issues

8.1 Actions taken during 2013/14 to improve governance.

The Council has progressed implementation of most of the actions identified in the 2012/13 Annual Governance Statement and 2012/13 Action Plan. This included;

- adopting a new Planning Protocol for Members.
- implementing the policy approved by Corporate Management Team as to mandatory training of officers on Data Protection and Information Security
- raising awareness of Information Management policies with staff
- raising awareness of requirements regarding the registration of gifts and hospitality

Following review by the Borough Solicitor and by the Borough Treasurer it was decided that an update on the gifts and hospitality section of the Employee Code of Conduct was not required.

8.2 Actions identified during the review of effectiveness to be taken during 2014/15

8.2.1 On-going Actions for Previous Action Plans

The Council has adopted a number of Information Management Policies in order to prevent breaches of information security breaches and comply with applicable legislation. Raising staff awareness of such policies is a continual process, as are taking a pro-active approach to fraud and updating the Business Continuity Plan.

8.2.2 Updating the Data Transparency Code

CLG will extend the Data Transparency Code to further categories of information.

8.2.3 Review CIPFA Guidance on Audit Committees

CIPFA has recently published revised guidance on the role of Audit Committees in local government. The guidance will be reviewed and a report presented to the Governance and Audit Committee for consideration.

Signed:

Cllr P.D. Bettison
Leader of the Council

T.R. Wheadon
Chief Executive

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ANNUAL GOVERNANCE STATEMENT 2013-14 ACTION PLAN

Item	Governance Point Raised In Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline
1	<p><u>Planning Protocol for Members</u></p> <p>The existing Planning Protocol for Members was put in place shortly after the Local Government reorganisation. Since then, case law has developed and the Localism Act 2011 includes a section on pre-determination.</p>	<p>Prepare a revised Planning Protocol for Members.</p>	<p>Borough Solicitor and Chief Officer; Planning and Transportation.</p>	<p>1 November 2013</p> <p>COMPLETED</p>
2	<p><u>Gifts and Hospitality Register</u></p> <p>The Gifts and Hospitality section of the Employee Code of Conduct may need to be reviewed in light of the outcome of any alteration to the Members Code of Conduct regarding the threshold for Members to register gifts/hospitality.</p>	<p>Update Gifts and Hospitality Section of Employee Code of Conduct.</p> <hr/> <p>Raise awareness of requirements regarding the Gifts and Hospitality Register.</p>	<p>Borough Solicitor</p>	<p>December 2013</p> <p>REVIEWED – NOT REQUIRED</p>

3	<u>Data Protection and Information Security Training for Officers</u> Given the volume and nature of the personal information the Council holds and the large fines which have been imposed by the Information Commissioner on other organisation, the Council should ensure that the mandatory training programme it has approved is implemented and all staff are appropriately trained.	Implement the mandatory training policy as approved by CMT.	Chief Officer; Human Resources	IMPLEMENTATION IN PROGRESS 31 March 2014
		Monitor attendance at training to ensure officers are appropriately trained.	Directors	IMPLEMENTATION IN PROGRESS 31 January 2013
4	<u>Information Management Policies</u> The Council has a number of information management policies which should be effectively communicated to staff. Some of these policies will be reviewed during 2013/14.	To communicate and raise staff awareness of information management policies.	Information Management Group	31 March 2014 ON-GOING
5	<u>Implement the ongoing actions in the 2012/13 Action Plan</u> The Council should implement the actions identified in the 2012/13 Action Plan as ongoing. This includes keeping the Financial Regulations under review, continuing to take a proactive approach to counter fraud and whistle blowing and to continue to improve Business Continuity Plans.	Update Financial Regulations.	Borough Treasurer	31 March 2014 COMPLETED
		Continue to take a proactive approach to counter fraud and whistle blowing, promoting the Council's policies and focussing internal audit activity on areas of high risk.	Head of Audit and Risk Management and Borough Treasurer	31 March 2014 ON-GOING
		Keep Corporate Business Continuity Management Plan updated.	Borough Treasurer and Emergency Planning Officer	January 2014 COMPLETED/ ON-GOING

ANNUAL GOVERNANCE STATEMENT 2014-15 ACTION PLAN

Item	Governance Point Raised In Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline
1.	<u>Implement on-going actions from previous Action Plans</u>	<p>To communicate and raise staff awareness of information management policies.</p> <p>Continue to take a proactive approach to counter fraud and whistle blowing, promoting the Council's policies and focussing internal audit activity on areas of high risk.</p> <p>Keep Corporate Business Continuity Management Plan updated.</p>	<p>Information Management Group</p> <p>Head of Audit and Risk Management and Borough Treasurer</p> <p>Borough Treasurer and Emergency Planning Officer</p>	<p>31 March 2015</p> <p>31 March 2015</p> <p>31 March 2015</p>
2.	<p><u>Implement the requirements of the revised Data Transparency Code</u></p> <p>CLG have issued notice of their intention to include additional requirements in the Data Transparency Code</p>	Update Council's web-site to comply with additional requirements	Borough Solicitor	As required by CLG
3.	<u>Review CIPFA guidance on Audit Committee</u>	Present report to Governance and Audit Committee	Borough Treasurer	?

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**TO: GOVERNANCE AND AUDIT COMMITTEE
14TH JULY 2014**

STRATEGIC RISK MANAGEMENT UPDATE Borough Treasurer

1 PURPOSE OF REPORT

1.1 This report presents the updated Strategic Risk Register for review.

2 RECOMMENDATION

2.1 That the Committee note and comment upon the Strategic Risk Register attached at Appendix 1.

3 REASONS FOR RECOMMENDATION

3.1 To inform Members of the current key corporate risks to the achievement of the Council's objectives.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 There is no alternative.

5 SUPPORTING INFORMATION

Strategic Risk Register

5.1 In accordance with the Risk Management Strategy, during 2013/14 the Strategic Risk Register has been reviewed quarterly by the Strategic Risk Management Group (SRMG) and every 6 months by the Corporate Management Team (CMT).

5.2 The Register as attached at Appendix A has been re-formatted to draw out potential impact/consequences more clearly. Actions to address risk are now recorded separately to reduce the length of the Register for the purposes of review by senior management and Members. An update on mitigating actions has been obtained to inform the assessment of risk.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 Nothing to add.

Borough Treasurer

6.2 The Register provides a strategic overview of the risks facing the Council now and in the future. As such, it helps to inform decisions about the appropriate level of reserves and balances when setting the annual budget.

Equalities Impact Assessment

6.3 Not applicable

Strategic Risk Management Issues

6.4 A robust Strategic Risk Register that is a complete and up to date record of the significant corporate risks is essential for effective risk management, enabling the Council to prioritise resources to identify and implement actions to address the threats to the achievement of the Council's objectives and make informed decisions.

Other Officers

6.5 Not applicable.

7 CONSULTATION

Principal Groups Consulted

7.1 Executive Briefing, SRMG, CMT and all strategic risk owners.

Method of Consultation

7.2 The Strategic Risk Register was reviewed by the Strategic Risk Management Group on 13th March and by CMT on 28th May 2014. The Head of Audit and Risk Management has met with all strategic risk owners individually to discuss mitigating actions.

Representations Received

7.3 Not applicable.

Background Papers

Risk Management Strategy

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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