

**GOVERNANCE & AUDIT COMMITTEE**  
**30 MARCH 2016**  
**7.30 - 10.05 PM**



**Bracknell Forest Borough Council:**

Councillors King OBE (Vice-Chairman), Heydon, Leake, McCracken, McLean, Mrs Temperton, Thompson and Worrall

**Present:**

**Independent Members:**

Gordon Anderson JP

**Apologies for absence were received from:**

Councillors Allen and Ms Miller

**30. Apologies for Absence**

The Committee noted that Councillors McCracken and Leake were substituting for Councillors Allen and Ms Miller respectively.

**31. Declarations of Interest**

There were no declarations of interest.

**32. Minutes - 27 January 2016**

**RESOLVED** that the minutes of the meeting of the Committee held on 27 January 2016 be approved as a correct record and signed by the Chairman.

**33. Urgent Items of Business**

There were no items of urgent business.

**34. External Audit Plan 2015/16**

The Borough Treasurer presented the External Audit Plan for 2015/16 on behalf of Helen Thompson, Ernst and Young, who was unable to attend the meeting.

The Plan set out the proposed audit approach and scope for the 2015/16 audit and covered the work planned to provide the Council with:

- An audit opinion on the financial statements of Bracknell Forest Council; and
- A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

The Audit Plan also outlined the principle financial statement risks facing the Council, as identified in discussion with officers, as

- The risk of management override
- Valuation of property, plant and equipment
- Better care fund (BCF) accounting

- Non-domestic rates (NDR) appeals provision

In connection with securing economy, efficiency and effectiveness, a significant risk had been identified around the Council's ability to deliver the savings required to meet the funding gap in 2016/17 and the years beyond. The Auditors' assessment would focus on reviewing details of the Council's savings plans and the medium term financial strategy.

The Audit Plan set out the timetable for carrying out the audit work and reporting on it. There was no longer a requirement for the Committee to approve the draft accounts by the end of June. The planned fees for the 2015/16 audit showed a decrease from the previous year.

**RESOLVED** that the External Audit Plan for 2015/16 be noted.

**35. Internal Audit Plan 2016-17**

The Committee considered a report setting out the underlying principles applied in the Internal Audit planning process and seeking approval of the Internal Audit Plan for 2016/17.

The Audit Plan had been developed in consultation with the Directors and Chief Officers and was risk driven to target resources on those areas of the Council's business that have the greatest influence on achievement of the Council's Medium Term Objectives. Built into the Plan were follow-up audits on those given a limited assurance opinion in the previous 12 months and grants requiring audit sign off as a condition of funding. Expenditure and income streams of the highest value and Directorate risk registers were used to identify areas of greatest risk where audit activity could be concentrated. Also key IT systems with direct financial impact were targeted.

Approximately two-thirds of the 2016/17 general audit reviews would be delivered by Mazars LLP, the Council's main provider since 2012. Although a small proportion of general audits were carried out in-house, the bulk of the remaining work was carried out by in-house audit teams at Wokingham BC, RBWM and Reading BC. IT audit will be delivered by TIAA under a new contract commencing on 1 April 2016.

The Audit Plan contained a breakdown of the audits both Council wide and in each Directorate, amounting to 585 days in total. It was noted that for a number of the audits planned in the Environment, Culture and Communities Directorate, the notation 'Link to Strategic Risk' had been omitted, eg. Easthampstead Park Conference Centre, and this would be corrected. An appendix was attached summarising the risks in the Strategic Risk Register and indicating which individual audits would address each strategic risk. It was confirmed that the Strategic Risk Register was subject to regular review and was due to be reviewed at the next Executive briefing.

A large number of audits had been planned in schools, but it was noted that this did not include any where a change to academy status had taken place as audit did not have access to academy schools. Although the Council had limited control over the schools, since Governing Bodies had the prime responsibility for good governance, it was important for the Council to obtain assurance that adequate financial arrangements, proper procedures and measures of control were in place.

**RESOLVED** that the Internal Audit Plan for 2016/17 be approved.

### 36. **Appointment of Local External Auditors**

The Committee considered a report setting out the new arrangements for the appointment of local external auditors.

Since the Audit Commission had been abolished, Public Sector Audit Appointments Ltd (PSAA) had assumed responsibility for appointing auditors to local government, the police and local NHS bodies. For local government bodies, the External Audit contracts had been extended for one year, incorporating the audit of the 2017/18 financial year; Ernst & Young would continue as the Bracknell Forest External Auditor until that time.

The Council would need to appoint its local auditor by 31 December 2017 so that new auditors would be in place by 1 April 2018. There were broadly two ways for the Council to proceed. Firstly, the Council could opt in to a collective procurement arrangement established by the local government sector or secondly, it could undertake its own procurement either opting to do this independently or jointly with other bodies. If the Council undertook its own procurement (either jointly or independently) it would be required to establish an Auditor Panel to advise on the process and oversee the Council's relationship with the Auditor appointed.

The report detailed the options available to the Council. However, whatever option was taken, the same limited number of firms will be the only possible bidders for the work as it was a specialised service with few providers. The option for collective procurement arrangements established by the local government sector offered the greatest potential for economies of scale, securing auditors with the necessary experience to audit the Council's accounts effectively and minimising the governance bureaucracy.

The Committee sought answers to a number of questions about the options. The possibility of the PSAA being appointed as the sector-led body was being explored. Expressions of interest in participating had been requested by 30 April 2016, however, a final decision on whether to commit to these collective arrangements was reserved to full Council. The LGA was recommending this option, although it was noted that the PSAA was effectively owned by the LGA. Members were of the view that other options should continue to be explored, in particular with the other Berkshire Authorities.

**RESOLVED** that:

- 1 An interest be expressed in participating in the sector-led collective procurement arrangements, without commitment at this stage.
- 2 Other options continue to be reviewed, and a further report be presented to the Committee when more information is available.

### 37. **Annual Review of the Constitution**

Consideration was given to a report of the Borough Solicitor proposing changes to the Council's Constitution for recommendation to the Council. The Council was under a general duty to keep its Constitution under review and the proposals in the report had been put forward as part of an internal review by officers as well as changes brought about by legislation. The detail was set out in three Appendices to the report and the Committee commented as follows:

## Appendix A

### Part 2 of the Constitution – Responsibilities for Decisions

New delegations to specified Chief Officers were proposed relating to Completion Notices, Community Protection Notices, Property transactions and Neighbourhood Planning decisions. With regard to the first, the Committee considered the delegation should be clarified by the addition of wording to read:

‘Issue of completion notices with respect to businesses entering the rating list’

With regard to the issuing of Community Protection Notices arising from provisions of the Anti-Social Behaviour, Crime and Policing Act 2014, the Committee was happy with the revised delegation to the Director of Environment, Culture and Communities, subject to an assurance that this was appropriate rather than a delegation to the Chief Executive.

With respect to the new financial limits for property transactions, while it was noted that the preamble provided for the Chief Officer Property to exercise the delegation in conjunction with the Executive Member for Transformation and Finance, this was not explicit. Members took the view that the new limits in Table A were too high, that ‘long leasehold’ should be more clearly defined, and that this section should be re-drafted for consideration at a future meeting.

For the new delegation in relation to the Neighbourhood Planning process, the Committee considered that ‘Approval of publicity by Electoral Services for referendum’ was inappropriately worded and required revision.

## Appendix B

### Part 4 of the Constitution – The Way in which the Council operates

Revisions were required to Section 11 – Contract Standing Orders as a result of new legislation in 2015, updates to the EU thresholds for certain contracts, and corrections to and clarifications of the wording in certain places. The Committee accepted the principle of the changes put forward but considered the wording of the report where it related to removal of the need for contracts to be under the seal of the Council (except where requested) should be re-drafted. Also, a revised wording was suggested in relation to the extension of contracts not specifically provided for in the contract. With regard to EU thresholds, it was suggested the relevant figure in Euros could usefully be added.

## Appendix C

### Part 4 of the Constitution – The Way in which the Council operates

This section proposed the introduction of a formal procedure for dealing with Councillor Code of Conduct complaints and an amendment to the Councillor Code of Conduct clarifying the process for the granting of dispensations for members enabling them to take part in Council business where this would otherwise be prohibited. The existing arrangements for dealing with Code of Conduct complaints were introduced in 2012 in the light of the new statutory provisions but were very broadly drawn and contained little detail of how a complaint would be dealt with or investigated, the appropriate time limits, the arrangements for convening a Panel (where required) to consider an investigating officers report and the decision thereon.

The Committee noted that a Member/Officer Working Group had been set up to review the scope and effectiveness of the Standards Framework, with particular emphasis on the current range of sanctions available under the Code of Conduct, to report in due course to the Standards Committee. Questions may arise in relation to the ratification of the decision, including the imposition of sanctions, following a

hearing by the Panel on the investigation of a complaint, a role proposed to be exercised by the Governance and Audit Committee under the new procedure that had been recommended. Members took the view that it would be premature for amendments to the complaints procedure and the Code of Conduct to be made before the Working Party had concluded its deliberations.

**RECOMMENDED** that, subject to no adverse comments from the Committee on re-circulation of Appendix B to the report revised as suggested above, the changes to the Constitution Part 4 Section 11 – Contract Standing Orders be adopted.

**RESOLVED** that:

- 1 The changes proposed to the Constitution proposed in Appendix A of the report be re-drafted to take account of the comments above and reported to a future meeting of the Committee.
- 2 The changes to the Constitution proposed in Appendix C await the conclusion of the Member/Officer working Party and be included in a comprehensive report to a future meeting on an update of the Standards Framework.

**CHAIRMAN**