

GOVERNANCE & AUDIT COMMITTEE
29 MARCH 2017
7.30 - 8.47 PM



Bracknell Forest Borough Council:

Councillors Allen (Chairman), Thompson (Vice-Chairman), Heydon, Leake, McLean, Ms Miller, Mrs Temperton and Worrall

Apologies for absence were received from:

David St John Jones

32. Declarations of Interest

There were no declarations of interest.

33. Minutes - 25 January 2017

RESOLVED that the minutes of the meeting of the Committee held on the 25 January 2017 be approved as a correct record and signed by the Chairman.

34. Urgent Items of Business

There were no urgent items of business.

35. External Audit Plan 2016/17

Helen Thompson from Ernst and Young, presented the External Audit Plan for 2016/17.

The Plan set out the proposed audit approach and scope for the 2016/17 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:

- The risk of management override.
- Group Accounting Considerations.
- Private Finance Initiative (PFI) – Accounting Model Review.

In regards to securing economy, efficiency and effectiveness, a significant risk had been identified around the significant financial challenge that the Council faced due to the reduction in funding from central government and the Council's ability to deliver the savings required to meet the budget gap in 2016/17 and the years beyond. The Auditors' assessment would include focusing on reviewing details of the Council's savings plans for 2017/18, the medium term financial strategy and long term arrangements.

The Audit Plan set out the timetable for carrying out all audit work and reporting. As well as including the indicative fee scale for the 2016/17 audit.

As a result of the Member's questions and comments the following points were made:

- The Group accounting consideration was a measure of judgement. If as projected the Local Housing Company scheme was to double the Auditors would expect there to be group accounts in the next Financial Year.
- Members requested that work reviewing Downshire Homes be included in the work schedule asap.
- The Auditors aimed to produce the External Audit Plan 2017/18 much earlier next year and be able to bring it to an earlier committee. The 2016/17 External Audit was aimed to be completed by July 2017.
- The estimated fee of £25,125 for the certification of the housing benefit subsidy claim was in addition to the indicative fee scale for the audit of Bracknell Forest Council. Auditors were currently trialing a different approach with the Housing Benefit team taking on more of the auditing work themselves, which would lead to a fee reduction.

RESOLVED that the Committee **NOTE** the Audit Plan for the 2016/17 financial year.

36. **Internal Audit Plan 2017/18**

The Committee considered a report setting out the underlying principles applied in the Internal Audit planning process and sought approval of the Internal Audit Plan for 2017/18. The report also clarified the responsibilities for risk management.

The Audit Plan had been developed in consultation with the Directors, Chief Officers, Group Accountants and IT Officers.

The key change for 2017/18 audits would be the approach to school audits, the current approach of auditing schools on a rota every three years could not be achieved going forward given the pressures on resources. Instead schools who were currently on the rota to be audited in the next financial year would be risk assessed to determine whether the audit was necessary. The risk assessment would look at the schools statement of financial values, a self assessment completed by the school and the most recent OFSTED report. The Director of CYPL had requested that any schools on the rota who had poor OFSTED ratings would need to be audited. There was a number of schools who had achieved limited assurance in 2016/17 audits had been included in the 2017/18 plan and would be followed up.

The Audit Plan contained a breakdown of the audits both Council wide and in each Directorate, amounting to 555 days in total.

As a result of the Member's questions and comments the following points were made:

- Academies were excluded from being audited.
- Schools were only required to undertake audits themselves for private funds.
- It was estimated that half the schools on the rota for 2017/18 would need to be audited following the risk assessment. If there was more then the plan and audit priorities would need to be revaluated.
- Less time would be spend in individually auditing schools but more themed audits had been requested by senior management going forward. This would include personal education plans and pupil premium.

- Concerns were raised about reducing the number of schools being audited as this was the biggest area of audit concern within the Council.
- Many Local Authorities didn't audit individual schools, as this approach was not wanted. The new approach would be monitored over the next year and if there were any issues then the approach would be reviewed.
- Even though Ranelagh was an academy, they would be included in a cross cutting audit on their SEN Unit. Assurance needed to be sought that finances had been used appropriately within these units.
- The Governing Body had the overall responsibility to monitor and challenge the process of the school. It was suggested that early input and support be given to the Governing Bodies.
- There was no mechanism where schools could be required to present audited accounts. This was currently only a requirement for academies.
- It was suggested that auditing of schools could be offered as a chargeable service.
- Not all schools personal education plan and pupil premiums would be audited, these would be a sample of schools which would be agreed with the Education Authority.
- Coral Reef and Binfield Learning Village were currently being audited under the 2016/17 audit plan.
- Even though the SEN unit would no longer be part of Great Hollands, the audit would look at how finances were used at the unit historically.

At the last Governance and Audit Committee in January 2017, it was requested that further information clarifying the risk responsibilities in the council be provided to the Committee. These responsibilities were set out in the Accounts and Audit Regulations 2015. The role of the Governance and Audit Committee was set out in the committees terms of reference and were consistent with the CIPFA guidance.

The report also expanded on the purpose and role of the risk register and set out the process of reviewing and monitoring .

As a result of the Member's questions and comments the following points were made:

- The Risk Register attached at appendix 2 of the report mapped the proposed audits to address strategic risks on the register.
- The Strategic Risk register had been agreed by the Committee in January 2017.
- The five red risk ratings on the register at appendix 2 related only to the Strategic Risk register. There would be other red risks within individual project and directorate risk registers.
- The Strategic Risk Management Group was an officer group and was chaired by Stuart McKellar, this met quarterly. CMT reviewed the Strategic Risk register on a six monthly basis and the weekly CMT agenda linked to the risk register.
- The Strategic Risk register was only one element of the risk management framework. Every council report included a comment on risk and QSRs also included risk management.
- There were factors out of the councils control in the risk surrounding the safeguarding of vulnerable adults and children. This was a reputational risk and the red indicator was a combination of impact and likelihood for the Council, as the Council held ultimate responsibility for safeguarding.

RESOLVED that the Committee:

1 **APPROVE** the Internal Audit Plan for 2017/18 attached at Appendix 1.

2 **NOTE** for information on risk management responsibilities.

37. **Review of Constitution**

The Committee considered a report which recommended changes to the Constitution for approval by Council.

The report proposed changes to Chief Officer: Property delegations which had previously been agreed by Governance and Audit Committee in June 2016. The existing delegations were no longer considered operationally fit for purpose as land and rent values had significantly increased since the existing levels had been set in the Council's constitution. The proposed delegation levels for property transactions had been included in Appendix A and B of the report. This included increasing the authorisation of acquisition of freehold purchases to £400k from £100k.

The Committee proposed an amendment to the proposed delegation for negotiating and completing consents, rent reviews and lease renewals. Anything up to the statutory entitlement limit would be delegated to the Chief Officer: Property but anything higher would need to be agreed in consultation with the Executive Member and Director; Corporate Services.

As a result of the Member's questions and comments the following points were made:

- The increase in the authorisation of acquisition of freehold purchases to £400k from £100k was more inline with the market conditions.
- Tenants were protected and had a statutory right to reapply for a 15 year lease and the council had to legally comply to this request. As it was a legal obligation the council were unable to object.

Following the changes to the constitution made in response to the Overview and Scrutiny review of planning in 2016, it became apparent that one area of the Chief Officer: Planning, Transport and Countryside delegations needed to be updated. This was in relation to the 3-5 objection procedure. The changes of the delegations to the Chief Officer: Planning, Transport and Countryside was included in Appendix C of the report.

In some instances there were changes that could be made to the constitution that didn't warrant referral to Council if delegation were to be given to the Borough Solicitor to be authorised to make minor amendments such as legislative amendments and alteration in post titles.

The Committee proposed that they monitor the changes that were made over the next twelve months by the Borough Solicitor. The Borough Solicitor would notify the Chairman of Governance and Audit Committee of the proposed changes and it would be at the Chairman's discretion to apply the changes. The Chairman would then forward on any changes to the rest of the Governance & Audit Committee Members.

As a result of the Member's questions and comments the following points were made:

- The Bracknell Forest Council Website showed the most up to date version of the Council's constitution as well as showing previous versions.
- The proposed amendments wouldn't change the context of the constitution.
- The change of job titles to staff members was not necessarily substantive. It was suggested that an email could be sent to Committee Members when these changes were made to monitor how frequent the changes were.
- Minor changes depended on the individuals view to whether they were deemed minor or not. If the change resulted in a decrease or increase in officer function then this was not a minor change.
- Any structural changes would still go through Council.
- The changes would allow new legislative changes be amended in the constitution. For example Designated Public Places provision had been amended under new legislation but still had the same powers under a different title.

RESOLVED that the Committee agreed the following recommendations, with the addition of the proposed amendments for Full Council approval:

1. Adopt the changes to the Delegations of Chief Officer: Property set out in Appendices A and B of the report.
2. Adopt the changes to the Protocol for Members in Dealing with Planning Matters set out in Appendix C of the report.
3. Delegate to the Borough Solicitor the authority to make minor consequential changes to the constitution from time to time to reflect legislative amendments, alteration in post titles and such amendments as may be required to clarify the meaning and/or effect of constitutional provisions.

38. **Annual Standards Report**

The Borough Solicitor presented a report to the Committee advising of the activity within the Councils Standards framework during the last twelve months to 31 March 2017.

During 2016/17 changes had been made to the Standards Framework including:

- Dissolution of the Standards Committee.
- A revised procedure for dealing with Member Code of Conduct Complaints.
- An updated process for granting of dispensations to Members.

In the period between 1 April 2016 and 31 March 2017 the Monitoring Officer had received seven complaints which alleged breaches of the Code of Conduct for Members. The grounds of each complaint had been summarised within the report.

The number of complaints received represented a significant increase compared to previous years with no particular trend or reason identified. A number of the complaints had been dismissed as Members had not been acting in official capacity when the alleged breach of the Code of Conduct had occurred.

Since the report had been written, two further Code of Conduct Member complaints had been made about Parish Councillors.

As a result of the Member's questions and comments the following points were made:

- The number of complaints for 2016/17 would be included in the table within the report.
- The third bullet point in paragraph three on page 36 should read "...of Disclosable Pecuniary Interests and Affected Interests."

RESOLVED that the Committee **NOTE** the Standards output in 2016/17 as set out in this report.

CHAIRMAN