

GOVERNANCE & AUDIT COMMITTEE
29 APRIL 2009
7.30 - 9.30 PM



Bracknell Forest Borough Council:

Councillors Beadsley, Mrs Birch, Burrows, Finnie, Leake and Ward

Present:

Independent Members:

Gordon Anderson

Apologies for absence were received from:

Councillors Simonds and Wade

1. Election of Chairman

RESOLVED that Councillor Ward be elected Chairman of Committee.

2. Appointment of Vice-Chairman

RESOLVED that Councillor Wade be elected Vice-Chairman of the Committee.

3. Declarations of interest

There were no declarations of interest

4. Urgent Items of Business

There were no urgent items of business.

5. Annual Audit and Inspection Letter

The Committee considered a report on the Audit Commission's Annual Audit & Inspection Letter. Elizabeth Hale, Comprehensive Area Assessment Lead, and Phil Sharman, District Auditor, along with their colleague David Bryant attended the meeting to present the Letter and answer questions regarding the findings.

The Committee was reminded that the Council was now a three star council, and had achieved a direction of travel judgement of 'improving well' with services continuing to be good with 42 per cent ranking among the best 25 per cent nationally. The Committee was advised that the strong rate of improvement demonstrated the previous year had slowed slightly but this reflected the fact that it was difficult for the Council to improve on its existing high levels of performance. The overall star rating had changed from a four star rating to three stars due to four performance indicators in the culture block which kept the overall culture score at 2 and a reduction of the Corporate Assessment score from 4 (performing strongly) to 3 (performing well) under the 'Harder Test' in February 2008.

The main points drawn out in the key messages in the Letter were that:

- Services for children and young people were performing well and consistently above minimum requirements.
- Adult Social Care services were performing well and were judged by the Commission for Social Care Inspection as 'good' at delivering outcomes with an 'excellent' capacity to improve.
- Environmental services were good and continuing to improve with many areas previously identified for improvement having been addressed, including the approach to tackling climate change, maintaining high levels of recycling and implementing initiatives to further reduce land-fill.
- The only service block score which had declined was benefits falling from the highest performing 'strongly' rating to performing 'well' (level 3 out of 4) largely due to qualification of some of the benefits data although it was acknowledged that plans were in place to address this.
- The Council and its partners were taking effective action to reduce crime - an area identified the previous year as in need of improvement.
- Fear of crime had also reduced significantly with an independent review reporting a 13.5 per cent increase in people having 'very little or no worries' about crime.
- The use of resources judgement scored the Council at level 3 (out of a possible 4), which meant it was performing well, although, the auditor had qualified the value for money conclusion due to identified weaknesses in the Council's procurement arrangements in response to which a programme of action had been agreed to improve procurement policy and practice.
- Overall value for money was good.
- Service performance was good and costs were low allowing for external factors.
- The Council had a clear focus on performance management.
- Good progress had been made on the areas needing improvement identified by the Corporate Assessment published in February 2008; in particular, workforce planning had been strengthened; good progress was being made to further strengthen the Council's approach to equality and diversity; and it was improving its work to tackle climate change.

The Committee's attention was drawn to following six actions which needed to be taken by the Council.

- 1 The Council needed to improve some aspects of services for children and young people as identified in the annual performance assessment issued by Ofsted.
- 2 The Council needed to improve some aspects of its adult social care services as identified in the annual performance assessment issued by the Commission for Social Care Inspection.

- 3 The Council's arrangements for securing value for money in the use of resources could be further improved in the following areas:
 - Updating the risk management strategy to reflect recent developments and ensure this was consistently rolled-out across departments.
 - Applying corporate asset management disciplines to achieve more consistent and effective departmental asset planning and management.
 - Developing a separate policy on reserves and balances with an assessment of needs and risks to underpin the medium term financial plan.
- 4 Member level oversight of risk management and governance should be consolidated within the new Governance and Audit committee to support the current review and reporting on the effectiveness of these arrangements in the Council's annual governance statement.
- 5 The Council should improve its approach to data quality so that the information used to monitor performance was accurate and reliable.
- 6 The Council should continue to improve its approach to procurement by implementing the action plan endorsed by councillors in December 2008. Members need to monitor progress on this closely.

Whilst the Committee noted that overall findings were positive, there was concern that the Council's overall star rating had been adversely affected, not by a reduction in performance but a technicality in the way that the assessment for the culture block was undertaken. It was confirmed that the four indicators on which the Council was considered to have performed badly related to:

- Only 99% of residents being within two miles of a library;
- The number of books borrowed being below the standard required, although it was acknowledged that, in affluent areas, this was often the case;
- The number of museums in the borough; and,
- The number of museum visits which were zero as there were no museums, as such, in Bracknell Forest.

The Committee was concerned that these indicators failed to recognise the significant cultural provision within the borough, including the South Hill Park Arts Centre supported significantly by the Council and a large amount of leisure provision throughout the borough which the Council regarded as of far greater value than what was being sought by the four indicators.

In response to this Ms Hale advised the Committee that this was the last time these indicators would have to be considered as the Comprehensive Area Assessment would take a look at priorities and provision in a much broader sense and the issues now being raised by the Committee would be considered. She acknowledged that, given its priorities, the Council had been right not to target resources at this score which it had no realistic chance of influencing.

The Committee remained disappointed that the Letter had not made the basis of the Culture score of 2 out of 4 clearer as a person reading the Letter in isolation might reasonably assume that the services being provided were not as good as they should be, whilst the real issue was that the Council was providing excellent broader cultural services which it regarded as of greater priority for the borough than those narrow categories being assessed. Moreover, a score of 99% was not regarded as a failure.

Above all, the Committee wished to reiterate the Council's strong commitment to culture within the borough as evidenced by the broad range of facilities. The Committee requested that the Chairman of the Meeting, Alan Ward, should send a letter to the local MP to make him aware of their concerns over the method of scoring culture within the CPA process.

Some concern was also expressed about establishing a specific policy about reserves and balances as this was already inherent in the processes which existed within the Council, not least in the regular discussions between the Executive Member for Finance, Resources and Assets and the Borough Treasurer. However, the Borough Treasurer indicated that he recognised that a brief written policy statement would be prudent, particularly in terms of business continuity procedures and in view of the fact that the Council was getting closer to the minimum level of prudent balances than ever before.

The Chairman also expressed concern at the extent to which CPA moderation had resulted in the Council slipping back from a 4 to 3 star rating. As an experienced practitioner of reviews, he firmly believed that the indications coming out of the feedback session pointed to a 4 star assessment.

During the course of the discussion, the Borough Treasurer advised the Committee that he would be proposing some training for committee members to help them fully understand the nature of their role, given questions about what was meant by "governance".

RESOLVED that:

- 1 The Annual Audit and Inspection Letter be noted but with concern expressed at the extent to which the narrow methodology used to calculate the Culture score unnecessarily disadvantaged not only the Council's Culture score but also adversely affected its overall CPA star rating when it was acknowledged that services had continued to improve.
- 2 Directors have regard to the areas for improvement set out in the Annual Audit and Inspection letter when finalising their service plans for 2009/10 and submit proposals for improvements to the Executive for approval.

6. External Audit Plan 2009-10

The Committee considered a report setting out details of the annual external audit fee and annual inspection fee for 2009-10. The District Auditor briefed the Committee on the background to the report and fees.

The indicative external audit fee of £285,100 for 2009/10 was based on the risk-based approach to audit planning set out in the Code of Audit and work mandated by the Audit Commission for 2009/10. As the audit for 2008/09 was not completed, the planning process for 2009/10, including risk assessment would continue as the year progressed and fees would be reviewed and updated as necessary.

The District Auditor drew the Committee's attention to initial planning which had identified a number of potentially significant risks which may require a specific audit response in addition to his planned work on Use of Resources. These were:

- Closing the budget gap through the Medium Term Financial Strategy.
- Progress on improving procurement arrangements.
- Progress in improving data quality arrangements.
- Transfer of Learning Disability Services from the Berkshire East PCT
- Town Centre Redevelopment and Civic Hub.
- Expanding capital programme including building schools for the future.

The Committee was also informed that the Audit Commission had advised that the indicative fee for the annual assessment and inspection would be £18,293. This was based on the risk-based approach to inspection planning as set out in the Comprehensive Area Assessment framework and associated guidance and specifically related to the Audit Commission's inspection work. The inspection plan was to be reviewed and updated as necessary and any significant amendments to the plan and fee during the year would be discussed and agreed with the Council.

RESOLVED that:

- 1 The indicative annual external audit fee of £285,100 be noted; and,
- 2 That indicative annual inspection fee of £18,293 be noted.

7. **Internal Audit Plan**

The Committee considered a report setting out the underlying principles applied in the Internal Audit planning process, presenting the draft Internal Audit Plan for 2009/10 and seeking the Committee's feedback on and agreement to the draft Plan.

The Committee's attention was drawn to the fact that since the last Annual Internal Audit Plan had been approved, there had been some important changes which influenced the internal planning process. In particular:

- Local authorities were now required to produce an Annual Governance Statement, replacing the Statement on Internal Control, which had to focus on the overall governance environment. To reflect this broader focus, local authorities were now additionally looking for assurance on their governance arrangements from reviews carried out under their internal audit plans to further support their Annual Governance Statement..
- The Comprehensive Performance Assessment had been replaced by the Comprehensive Area Assessment. The new assessment moved away from the organizational based approach to focus on the outcomes targeted within Local Area Agreements and Sustainable Community Strategies agreed with partners. The 'Use of Resources' elements had also been updated with a reduced focus on financial management and reporting and greater emphasis on governance and management of resources.
- The contract with the provider of the Council's internal audit services, Deloitte and Touche Public Sector Internal Audit Limited expired on 31 March 2009 and following a tendering process a new contract had been awarded to HW Controls and Assurance.

The Committee was advised that the Internal Audit Plan had been developed to focus on those areas of the Council's business that had the greatest influence on the achievement of its objectives.

The officers answered a number of questions arising from the report and draft plan. Amongst the main points made were that:

- The number of days had reduced from 757 to 720.
- 257 days were in relation to Corporate Services as this included the key financial systems and 40 days unallocated contingency.
- A total of 25 days would be allocated to payroll as a 10 day review of staff benefits had been earmarked for this year.
- Schools were not charged for inspections.

With regard to the latter point, the Committee expressed some concern about the failure to charge schools for the service. The Borough Treasurer advised the Committee that he believed this approach was appropriate as the audit inspections contributed to his duty as section 151 officer to satisfy himself that appropriate measures for financial management were in place. It was, however, agreed that this should be considered further and that the Borough Treasurer would report back to the next meeting on the issues involved.

RESOLVED that

- 1 The Internal Audit Plan for 2009/10 be approved; and,
- 2 The Borough Treasurer be asked to review the practice of not charging schools for audits.

8. Future meeting dates

The Committee noted that further meetings were scheduled for 30 June and 22 September 2009.

CHAIRMAN