

GOVERNANCE AND AUDIT COMMITTEE
29 JUNE 2009

INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2008/09
(Borough Treasurer)

1. PURPOSE OF REPORT

- 1.1 Under the CIPFA Code of Practice for Internal Audit in Local Government, the Head of Audit is required to provide an annual assurance report timed to support the Annual Governance Statement (AGS) which accompanies the Council's annual accounts.

2. RECOMMENDATION

- 2.1 **That the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit Opinion for 2008/09 be noted.**

3. ADVICE FROM STATUTORY OFFICERS

Borough Treasurer

- 3.1 Nothing to add to the report

Borough Solicitor

- 3.2 Nothing to add to the report

Strategic Risk Management Issues

- 3.3 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.

Equalities Impact Assessment

- 3.4 Not applicable.

4. SUPPORTING INFORMATION

- 4.1 The Council is required under the Accounts and Audit (Amendment) (England) Regulations to "maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with the proper practices in relation to internal control."

- 4.2 The CIPFA Code of Practice for Internal Auditors requires 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.
- 4.3 The attached report sets out the Head of Internal Audit's Opinion for 2008/09 summarising the results and conclusions of Internal Audit's work for 2008/09 and taking assurance from other independent sources of assurance such as from the Council's External Auditors and inspections carried out by a number of independent review agencies. No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This opinion can, therefore, only provide reasonable and not absolute assurance based on the work undertaken and areas audited.

5 CONSULTATION

- 5.1 Not applicable.

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BRACKNELL FOREST COUNCIL

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

HEAD OF INTERNAL AUDIT OPINION

1. BACKGROUND

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

The CIPFA Code of Practice for Internal Auditors requires 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 to the organisation must:

- Include an opinion on the overall adequacy and effectiveness of the organisation’s control environment;
- Disclose any qualifications to that opinion together with the reasons for that qualification;
- Present a summary of the audit work from which the opinion is derived , including reliance placed on work by other assurance bodies;
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- Compare 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 these standards and communicate 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 2008/09

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

- there are robust systems of internal control in place in accordance with proper practices except for those reviews where limited assurance or no assurance was concluded as set out in Section 4.3;

- key systems of control are operating satisfactorily except for the areas referred to above ; and
- there are adequate arrangements in place for risk management and corporate governance.

4. INTERNAL CONTROL

4.1 Internal Audit Performance Services

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 2008/09 was considered and approved by the Overview and Scrutiny Commission on 13 March 2008. The delivery of the individual audits in the Internal Audit Plan for 2008/09 was undertaken by Deloitte. This was the final year of the contract with Deloitte. Internal audit services were re-tendered during the year and a new provider for these services is now in place. Further details of this process are set out in section 4.7.

The audit plan for 2008/09 has been fully delivered. Some alterations were made to the original plan during the year in response to information gained during the year combined with known changes in risk. All reports have now been finalised or issued in draft. At the time of writing this report, 105 had been finalised and 5 were in draft awaiting final agreement. This is an improvement on 2007/08 when 2 reports were still being drafted in June 2008 and 14 were in draft awaiting finalisation.

4.2 Summary of the Results of 2008/09 Audits

The results of the 110 reports issued during the year are set out below. In two cases during 2008/09 (2007/08 : 2) reports were issued around grant claims requiring certification by Internal Audit in these cases no opinion was required.

ASSURANCE	2008/09	2007/08
Full	1	3
Satisfactory	97	91
Limited	9	6
No Assurance	1	0
No Opinion Given	2	2
Total	110	102

Assurance Opinion Classifications

OPINION LEVEL	DEFINITION
Full Assurance	There is a sound system of internal control designed to meet the system objectives and the controls are being consistently applied.
Satisfactory Assurance	There is basically a sound system of internal controls although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor systems objectives at risk.
Limited Assurance	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 the financial year 2008/09, key weaknesses were identified in the following areas and resulted in limited or no assurance opinions: -

Directorate	Audits with Limited Assurance Conclusion
Chief Executive's Office	<u>Print and Design</u> A Limited assurance opinion was given as this report included a Priority 1 recommendation to address non compliance with the Council's contract regulations.
Corporate Services	<u>Cashiers</u> A Limited assurance opinion was given as two Priority 1 recommendations were raised in this report. These related to the transporting of cheques to the bank and increasing the insurance cover on the safe contents. These recommendations had been raised and agreed in previous years but had not been implemented. Due to the lack of adequate action, Deloitte escalated this issue by changing the responsibility for these recommendations to the Chief Officer - Financial Services and by increasing priority from

	<p>level 2 to level 1 to raise the profile of the required actions.</p> <p><u>Payroll and Pre-Employment Checks</u> A Limited assurance opinion was given as a Priority 1 recommendation was raised in this report as the auditors were unable to obtain evidence to support checks being completed to confirm employee's eligibility to work within the UK at 5 schools included in the sample.</p>
<p>Environment Culture and Communities</p>	<p><u>Pest and Dog Control</u> Limited assurance was given in this report as it included a Priority 1 recommendation to address delays in depositing monies with Cashiers and improve control checks for ensuring the completeness of income collected.</p>
<p>Social Care and Learning</p>	<p><u>The Look In</u> In 2007/08 Internal Audit were notified of small amounts of missing income and advice was subsequently given on tightening controls. This audit was added to the Annual Internal Audit Plan to ensure Internal Audit's recommendations had been implemented. Deloitte identified that there were still lack of control surrounding income collection and the security of safe keys. Following the audit visit, Internal Audit were notified of further cash shortfalls. As a result of this, the weaknesses in controls and the failure to implement previous audit advice, Deloitte gave a Limited assurance opinion. A Priority 1 recommendation was raised to restrict access to safe keys and ensure door and alarm codes are updated regularly and following departure of members of staff.</p> <p><u>Birch Hill School</u> Limited assurance was given due to a Priority 1 recommendation being raised as in 2 out of 4 cases sampled, the List 99 check was completed after the employees start date and in a further case only 1 reference was obtained when the requirement is to obtain 2 references. In all cases no risk assessment had been completed. The recommendation to ensure that pre-employment checks are undertaken was raised and agreed at both the 2004/05 and 2006/07 audits but had not been implemented.</p> <p><u>Binfield School</u> Limited assurance was given due to a Priority 1 recommendation being raised as Deloitte found delays in obtaining the CRB check for 1 new employee sampled and references were not retained on their file and no evidence was kept on file to show that the List 99 check had been done . There was also another case where no record was kept of the CRB reference number to evidence that the CRB</p>

	<p>check had been completed.</p> <p><u>Bracknell Day Services</u> Weaknesses were identified in controls over access to petty cash and audit testing identified a record in the imprest records that there been a loss of £171 due to theft. A Limited assurance opinion was given as a Priority 1 recommendation was raised to address these issues.</p> <p><u>Intermediate Care – Community Response and Reablement</u> A Limited assurance opinion was given as a Priority 1 recommendation was issued to highlight to senior management the issue of non-payment by Berkshire East PCTs for their contribution to the pooled budget.</p>
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In addition, no assurance was given in the following case.

Directorate	Audits with No Assurance Conclusion
Corporate Themes	<p><u>Major Contract Review – (Procurement)</u> This audit was a cross-cutting review covering all directorates. The audit identified a significant level of breaches in compliance with contract procedures, rules and regulations and weaknesses in procurement guidance, training and mechanisms for holding information on contracts in place. Following this review, an Action Plan was developed to address the issues identified. This was approved by the Executive This is being monitored by officers and members on a regular basis. At the year end actions were still ongoing to address these issues.</p>

Internal Audit will ensure that the recommendations arising from the above audits will be followed up during 2009/10.

4.4 Feedback from Quality Questionnaires

The completion of quality questionnaires is mandatory. The overall response is positive and the results are summarised as follows:

DEPARTMENT	SATISFIED	NOT SATISFIED	TOTAL
Total for 2008/09	82	7	89
Total for 2007/08	72	4	76

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. Detail of questionnaires where auditees were not satisfied with the audit are set out below together with the response from our audit service provider (Deloitte).

Audit title	Reason for unsatisfactory response	Deloitte's response
Binfield Primary School	The exit meeting only took place with the bursar and there was no mention of limited assurance at the meeting. The assurance level was later told to the bursar by telephone, but the auditor did not ask to speak to the head teacher. However, the head teacher agrees that controls over CRB checks need to be tighter.	<p>The head teacher was on a course when the audit took place and the head phoned the auditor to say she could be called back if necessary. The auditor asked the bursar if she wanted to wait for the head, but she said she could report back to her.</p> <p>The limited assurance was identified at Deloitte's management review stage and a phone call was made to the school.</p> <p>All school auditors have been reminded of the importance of having the exit meeting with the head teacher.</p>
St. Josephs Catholic Primary School	<p>The exit meeting took place long after the initial audit visit.</p> <p>The draft report was issued late, it was not clear and the findings did not fully reflect the exit meeting and explanations given at that exit meeting.</p>	<p>The first planned exit meeting had to be cancelled because of the head teacher's absence & then the auditor was on leave.</p> <p>The Deloitte manager contacted the school to clarify the issues in question in the report and a revised report was issued on 28.10.08 and subsequently agreed and finalised.</p>
Highways (Main Contractor)	Auditor dealt with wrong people, didn't appear to understand the system, produced the report late and the recommendations were not useful. The audit was asked to focus in detail on 2 aspects rather than have a broad focus but failed to do so.	In this case there was a misunderstanding around the expectations of the audit. The terms of reference were issued and agreed with the auditee in advance of the audit and the audit was carried out on this basis. On reflection the terms had not addressed what the auditee required but this was not queried by the auditee. Deloitte offered to carry out additional work but this was refused due to limited staff time to assist auditors with further work. Work has now been scheduled on the areas required by the auditee for 2009/10.
Council Tax	Late notification of audit. Long delays between the audit taking place, the exit meeting and the issue of the draft report. No details	The terms of reference were issued 4 weeks before the audit and hence more notice was given than the target notice of 15 working days.

	<p>were provided on discrepancies identified by the audit. Recommendations were not considered practical nor that they would improve control. Excessive amounts photocopied by the auditor.</p>	<p>Deloitte accepted that there were long delays. They also agreed that the level of photocopying was excessive but felt that this was expected by the external auditor to enable them to re-perform tests if they wished to do so as part of their review of internal audit.</p> <p>Recommendations were discussed and accepted at the exit meeting and the auditee did not question their practicality or usefulness. Discrepancies discussed at the exit meeting were accepted by the auditee who did not ask for further details.</p>
NNDR	Comments were as above for Council Tax.	See response for Council Tax.
Harmanswater School	<p>Some recommendations were raised in the draft report for items that the school had deemed to be satisfactorily explained at the exit meeting.</p> <p>Two recommendations raised had not been raised at the previous audit and one recommendation related to an ongoing administrative.</p>	<p>The Auditor explained to the auditee that due to systems evolving, different recommendations will arise from one audit to another.</p> <p>However, the draft report was amended to address some of the concerns raised. One recommendation was removed and the priority level of two recommendations was reduced. The report was then agreed and finalised.</p>
Pest and Dog Control	<p>Excessive number of repetitious recommendations in first draft of the report. Recommendations were discussed with junior officers who did not have the authority to agree them. The auditee felt that the audit illustrated that it is essential to ensure that the exit meeting is held with an officer with an appropriate authorised officer.</p> <p>The auditee was appreciative of the efforts taken by the auditors to rectify matters to produce a final agreed report.</p>	<p>Two further exit meetings were held with the Chief Officer to discuss and agree findings and recommendations. As a result, a number of recommendations were merged and other recommendations were amended to make them more appropriate to the level of income covered by the audit. The report was subsequently agreed and finalised.</p>

4.5 Deloitte & Touche Quarterly Assurance Reports

Each quarter during the year, the internal audit service provider is required by the terms of the contract to produce a quarterly internal audit assurance report, which includes an assurance opinion. All quarterly reports for 2008/09 were produced by Deloitte in a timely manner, in the required format and gave a satisfactory assurance opinion over the system of internal controls within the authority.

4.6 Review of the Effectiveness of the System of Internal Audit

During 2007/08, the Audit Commission, undertook a detailed review to assess the Council's internal audit function against the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The Audit Commission concluded that Internal Audit at Bracknell Forest provide a good standard of service and that the Authority was fully compliant in one standard of the Code and partially compliant in the remaining ten areas. The Audit Commission identified a number of areas for improvement in particular around the need to ensure that the functions of an audit committee are fulfilled by an appropriate group of Members, to ensure that audits were completed in a timely manner by the contractor and the need to ensure that appropriate work on partnerships is included in the Internal Audit Plan. Action has been taken to address the issues raised.

4.7 Re-Tender of the Internal Audit Service

The contract for Deloitte to provide internal audit services expired on 31 March 2009. The contract had already been extended for 2 years and no further extensions were permissible. Given the value of the contract, EU Procurement Regulations required that the Council advertise the contract in the Official Journal of the European Union. Following advertising, 9 firms expressed an interest and completed Pre-Qualification Questionnaires. Six firms were shortlisted and invited to tender.

Tenders were subsequently submitted by 5 firms. All firms were asked to present to the Tender Evaluation Team and a robust tender evaluation process was applied. A recommendation was made to the Executive and was approved on 10 February 2009. The successful tenderer was H W Controls and Assurance who will be delivering the contract for three years from 1 April 2009 with a possible extension of 1 year.

The contract has been set up as a framework agreement for other authorities to potentially agree their own contract with H W Controls and Assurance applying rates agreed under the contract they have agreed with Bracknell Forest Council.

8. OTHER INTERNAL AUDIT ACTIVITIES

8.1 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 and during the first half of 2008/09 Internal Audit coordinated the submission of the mandatory data for the new cycle of the exercise. All data was successfully submitted to the Audit Commission in accordance with deadlines set and the resulting matches have now been returned and are currently being investigated within service areas. Further details on the outcome of these investigations will be provided in the half yearly Internal Audit report for 2009/10.

8.2 Fraud and Irregularity

Internal Audit assisted with an investigation into the possible sale of Bracknell Forest Council scrap metal by an employee. The value of metal sold was estimated at £500 over two years, but the ownership of all of the metal could not be fully established. The investigation identified some weaknesses in the handling of waste at the depot.

Two schools were subject to cheque frauds during the school summer holidays. Bogus cheques for £15,596 and £4860 were produced by unknown persons.. Schools were requested to carry out bank reconciliations to identify any further cases but none were identified. The banks involved fully reimbursed the schools and the incidents were reported to the police.

In addition the following minor irregularities were reported to Internal Audit during the year:

Small amounts of cash (£20, £10 & £10) were found to be missing from the Look In over a period of two months (April- May 2008). Internal audit gave immediate advice for improvement in control and a full audit was carried out which resulted in limited assurance. (Details in section 4.3).

In April 2008 £85 went missing from a petty cash tin in Easthampstead House and other incidents of small personal items going missing from the building at around the same time were also reported. Advice was given to the section involved to improve control and an e-mail was sent staff to in the building to alert them of the risk of theft. The money was not recovered, but no further incidents have been reported.

The income received from the car park contractor was found to be £248 short in August 2008. This matter was investigated by the contractor and contractor' staff suspected to be involved are no longer in their employment. The contractor is repaying the monies to the Council.

Three forged £20 notes were paid into the Bracknell Sports Centre café over a weekend in April 2008, when a computer fair was taking place there. The incident was reported to the police, but no more has been heard as it would be impossible to trace the source or recover the funds. Internal Audit e-mailed all other Council establishments where cash is taken to warn them and recommend that they check notes carefully.

An employee used her Council workplace as an address for credit card statements. Audit advised that this was a matter for management disciplinary action and the credit card company's fraud section and that management should inform the credit card companies concerned. There was no loss to the Council.

In October 2008, a scam invoice for a bogus job advert was detected by the Accounts Payable team. All parties were informed and the invoice was not paid.

There was a case of Bracknell Forest Sports Centre being invoiced for goods delivered which had not been ordered in November 2008. Legal advice was sought and no payments were made.

Two other establishments reported small amounts of missing cash during the year; advice on improved control was given in both cases and the audit plan was updated to ensure that both units receive an audit visit this year.

In addition to the work undertaken by Internal Audit on fraud and irregularities, there is an Investigation and Compliance Team. The Investigation and Compliance Team is located within the Benefits section of Housing in Environment Culture and Communities. It is therefore outside of the management of the Internal Audit Team. The Investigation and Compliance Team consists of a Senior Investigations Officer, one Investigation Officer and a Compliance 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. The Compliance Officer undertakes proactive visits to claimants to verify their details and confirm continuing entitlement to benefits.

During the period 1 April 2008 to 31 March 2009, the Compliance Officer carried out 516 proactive visits and the Team received 1,259 fraud referrals from data matching, anonymous phone calls/letters, the cheatchasers hotline/emails, overpayments in excess of £500 and from Housing/Council Tax and other staff at the Council. Each referral is assessed in terms of quality of information and reliability of source before determining if a full investigation is required. During 2008/09, 258 cases were investigated.

The Team's investigations identified overpayments totalling £335,435.27 and brought 15 prosecutions including 2 custodial sentences (1 for 16 weeks and another suspended for 2 years). In addition 56 other sanctions were imposed and Administration penalties (a 30% penalty on top of overpaid benefit) were imposed in 16 cases amounting to £9,069 in penalties.

8.3 Financial Management Standards in Schools (FMiSS)

There is a statutory requirement for all schools to work towards meeting a consistent standard for financial management by 31 March 2010. This has to be achieved over a period of four years and the Council produced a strategy to manage this, which has proved to be practical and cost effective, as no external evaluations have been carried out. The strategy has been to phase in (FMSiS) over the four year period starting with secondary schools followed by a tranche of primary schools selected by the local authority each subsequent year.

For the year ending 31 March 2009, the Council required 11 primary schools to meet the standard for the first time. Ten of these have met the standard and one school was unable to complete the required self assessment due to staff sickness and so must be counted as not meeting the standard.

In addition seven schools, which had previously failed to meet the standard or not completed the exercise, were required to submit a self assessment for the year ending 31 March 2009. Five of these have now met the FMSiS; one failed to carry out the exercise and the result is yet to be finalised for the remaining school as more evidence of adherence to the standard is required.

Action will continue to raise awareness of the need to submit self-assessments and ensure compliance with the Standard by 31 March 2010.

9. RISK MANAGEMENT

An Internal Audit review of risk management was carried out in March 2008. Whilst the conclusion was that satisfactory assurance could be given, a number of recommendations were made for the Head of Audit and Risk Management to take forward during 2008/09. These included reviewing the Risk Management Strategy and Guidance which had not been updated since 2006, clarifying the roles of the Lead Member and Officer for risk management and reporting the Strategic Risk Register to a Member group.

During 2008/09 significant progress has been made in developing risk management arrangements at the Council. Improvements were made in highlighting risks in the 2008/09 Service Plans and in the strategic risk commentary in reports for decision. Since January 2008, the Strategic Risk Register has been updated quarterly by the Head of Audit and Risk Management and reviewed by the Strategic Risk Management Group before being considered and approved by the Corporate Management Team. In addition, the Executive now reviews and

approves the Strategic Risk Register twice a year. During 2008/09 regular updates on risk management were provided to the Overview and Scrutiny Commission acting in the capacity of the Council's audit committee. The recommendation raised by the internal audit review that the Strategic Risk Register be reported to a Member group has therefore been addressed.

Action Plans to address strategic risks were developed in the autumn and approved by the Executive in December 2008. Progress on these actions was reported to the Overview and Scrutiny Commission in March 2009 and has been included in Performance Monitoring Reports since quarter 4 of 2008/09.

The Risk Management Strategy was updated and was approved by the Executive. This clarifies responsibilities and sets out the priorities for embedding risk management during 2009/10. In addition, guidance for managers has been set out in the Risk Management Toolkit and approved by the Corporate Management Team.

10. CORPORATE GOVERNANCE

During 2007, previous guidance on governance was replaced by the CIPFA/SOLACE publication "Delivering Good Governance in Local Government: Framework". The Framework defines the six core principles that should underpin the governance of each local authority. The Framework recommends that authorities review their existing governance arrangements against the six core principles, produce an Annual Governance Statement and update their Local Code of Governance to reflect the new best practice guidance.

In March 2008, CMT established a Governance Working Group to oversee governance arrangements. 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 2008/09, the Group oversaw

- the development of the new Local Code of Governance which was approved by Council in January 2009;
- the review of the effectiveness of effectiveness of governance arrangements
- the drafting of the Annual Governance Statement for 2007/08 which was subsequently reviewed by the Corporate Management Team and approved by the Final Accounts Committee
- the development of action plans to address governance weaknesses identified by the review of effectiveness; and
- met regularly to monitor progress on the actions plans.

The Group implemented processes for the preparation of the 2008/09 review of governance arrangements to be reported in the 2008/09 Annual Governance Statement during the final quarter of the year.

11. EXTERNAL INSPECTIONS

11.1 Consideration of the Outcome of External Inspections

The Head of Internal Audit's Opinion takes into account the findings of the various external inspections reported during 2008/09. These are summarised in the following sections.

11.2 External Auditors' Annual Audit and Inspection Letter 2007/08

The Letter set out that the overall star rating under the last year of the Comprehensive Performance Assessment Framework had fallen from “4 Stars” in 2006/07 to “3 Stars” in 2007/08. This was due to four performance indicators in the culture block which kept the overall culture score at 2 and the Council’s Corporate Assessment score being reduced to “3” (performing well) with its publication of its second Corporate assessment under the “Harder Test” in February 2008. Under the assessment of the way the Council manages its resources – Use of Resources – the Council scored at level 3 (out of a possible 4) which is performing well.

The Letter identified several areas where action is needed by the Council. These were in brief: -

- The Council needs to improve some aspects of services for children and young people as identified in the annual performance assessment issued by OFSTED;
- The Council needs 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;
- The Council’s arrangements for securing value for money in the use of resources can be further improved by
 - Updating the risk management strategy to reflect recent development and ensure this is 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.
- 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;
- The Council should improve its approach to data quality so that information used to monitor performance is accurate and reliable; and
- 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.

11.3 External Auditors’ Annual Governance Report 2007/08

The Code of Audit Practice requires the Council’s External Auditors to report on the work they carried out to discharge their statutory responsibilities to those charged with governance prior to the publication of the financial statements. This report was presented to the Final Accounts Committee on 23 September 2008 by Phil Sharman from the Audit Commission.

The Audit Commission’s work on the financial statements resulted in them issuing an unqualified audit opinion for the year ended 31 March 2008. They concluded that the Council had successfully addressed new reporting requirements in the Annual Governance Statement

and that this was not misleading or inconsistent with other information they were aware of from their audit of the financial statements.

After taking into consideration the failures that had been identified in the Council's procurement arrangements, the Audit Commission issued a qualified value for money opinion on the Council's arrangements for securing economy, efficiency and effectiveness in use of resources for the year ended 31 March 2008. This reflected that it did not put in place arrangements to maintain a sound system of internal control nor arrangements to manage and improve value for money given the procurement issues identified.

11.4 External Auditors' Use of Resources Report 2007/08

Under the assessment of the way the Council manages its resources – Use of Resources – the Council scored at level 3 (out of a possible) which is performing well. The Council's scores for the elements under Use of Resource were as follows:

ELEMENT	ASSESSMENT 2008	ASSESSMENT 2007
Financial Reporting	2 out of 4	4 out of 4
Financial Management	3 out of 4	3 out of 4
Financial Standing	3 out of 4	3 out of 4
Internal financial Control	2 out of 4	3 out of 4
Value for Money	3 out of 4	3 out of 4

The Audit Commission noted that the Statement of Accounts were produced to a high standard with good working papers and well within deadlines. However, the score for Financial Reporting decreased from 4 to 2 in 2007/08 due to material adjustments required to the accounts presented for audit and the need to include more specific comment on the Council's environmental and carbon footprint in the annual report or web site.

Whilst the Audit Commission found that risk management arrangements had improved, Internal Audit performed well and internal control procedures were generally sound, the Commission concluded that controls over procurement and contracting needed to be strengthened. In addition, although the Council was found to have good arrangements in place to ensure probity and propriety, the Commission concluded that some arrangements needed refining. These issues resulted in the score for internal control decreasing from 3 to 2.

11.5 External Auditors' Data Quality Report 2007/08

The Audit Commission concluded that the Council's overall management arrangements for ensuring data quality met minimum requirements. Progress towards securing a corporate framework for data quality had been limited by capacity constraints. Whilst a Data Quality Strategy had yet to be adopted, there were several effective systems in place for collecting, recording, analysing and reporting data used to monitor performance.

11.6 2008 Annual Performance Assessment of Services for Children and Young People

This annual inspection carried out by OFSTED judged the Council to be a grade 3, which means that the service consistently delivers above minimum requirements for users. This was consistent with the 2007 Assessment. Outcomes in all areas were assessed as good except in the area of “making a positive contribution”, where the contribution of the authority was considered outstanding.

Some key areas for improvement were also identified. Fixed term exclusions remain high in the secondary sector, targets have been set for the further development of employer’s involvement in 14-19 partnerships and the above average overall attainment at Key Stage 2 is proving harder to sustain, particularly in mathematics. OFSTED concluded that the Council has a clear understanding of the key areas for development.

11.7 2008 Annual Performance Assessment for Adult Services

The annual assessment carried out by the Commission for Social Care and Inspection (CSCI) judged the Authority as delivering good outcomes with excellent capacity for improvement and rated the authority as 3 stars. This is an improvement on the previous year when the authority was rated as only two stars.

Several areas for improvement were highlighted for the following outcomes: improved quality of life, making a positive contribution, increased choice and control, freedom from discrimination and harassment and maintaining personal dignity and respect. In addition, it was noted that further action is required to reduce the level of social services vacancies and further reduction in the high costs of intensive social care is required.

11.8 2009 OFSTED Inspection of the Private Fostering Arrangements Service

This inspection under the Care Standards Act 2000 was carried out in March 2009. This was the first inspection of Bracknell Forest Council’s private fostering arrangements. The overall quality rating given by OFSTED was “Good” meaning that the provision is strong. All areas judged were assessed as “Good”.

Only one statutory requirement was raised. This was to ensure that an initial assessment is carried out within 7 days covering all areas outlined in the regulations. Good practice recommendations were made to review the written information provided to private foster carers and parents when a placement is made and to develop a file audit specific to private fostering.

11.9 2009 OFSTED Inspection of Adoption Services

This inspection under the Care Standards Act 2000 was carried out in March 2009. The overall quality rating given by OFSTED was “Satisfactory” meaning that the provision is sound. All areas assessed were judged to be “Satisfactory” except for two areas that were assessed as “Outstanding”. These were “helping children achieve well and enjoy what they do” and “helping children make a positive contribution”.

At the previous inspection in 2005, nine statutory requirements and 11 good practice recommendations were raised. The 2009 inspection raised three statutory requirements: to ensure all prospective adopters are involved in a thorough and comprehensive assessment, staff are organised and managed in a way that delivers an effective service and there is an adequate number of sufficiently experienced and qualified staff receiving regular quality supervision and support to meet the need of the adoption agency. Three good practice were

made: to ensure that planning meetings for family finding and matching make good use of professional involved, to ensure child protection training is updated for all those working for the purpose of adoption and to ensure that records retain evidence that all required checks have been satisfactorily completed for all those working for the purpose of adoption.

11.10 Audit Commission School Survey 2008

This major national survey is conducted each year during the summer term. The survey investigates schools' perceptions of their local authority and the services provided to schools. 53% of Bracknell Forest schools responded to the annual survey, which is a significant decrease from the 84% response in 2007. For 66 of the 82 criteria in the survey, BFBC is in the top quartile of authorities participating in the survey. The Authority was above average for 78 criteria and below average for 4 criteria.

The areas where the authority was perceived as being below average were the effectiveness of the schools meal service in encouraging children and young people to eat healthily, the support from local services for road safety, the effectiveness of the provision for early years education in meeting local needs and the effectiveness of advice from local services to pupils on their future beyond school.

11.11 OFSTED School Inspections

Fourteen OFSTED inspections were made during 2008/09 - ten primary/infants and nursery, three secondary and one special schools. The tables below summarise the overall conclusions in key areas: -

School	Achievement & Standards	Leadership & Management	Overall Effectiveness
College Town Infants and Nursery	Good	Good	Good
College Town Juniors	Satisfactory	Satisfactory	Satisfactory
Cranbourne Primary	Satisfactory	Satisfactory	Satisfactory
Fox Hill Primary	Satisfactory	Satisfactory	Satisfactory
Holly Spring Infants and Nursery	Good	Good	Good
Holly Spring Junior School	Good	Good	Good
St Margaret's Clitherow Catholic Primary	Good	Good	Good

School	Achievement & Standards	Leadership & Management	Overall Effectiveness
Warfield Primary	Good	Good	Good
Wildridings Primary	Satisfactory	Satisfactory	Inadequate
Wooden Hill Primary and Nursery	Satisfactory	Satisfactory	Satisfactory
Brakenhale Secondary	Satisfactory	Satisfactory	Satisfactory
Edgbarrow School	Outstanding	Outstanding	Outstanding
Sandhurst Secondary School	Satisfactory	Satisfactory	Satisfactory
Kennel Lane	Good	Outstanding	Outstanding

APPENDIX A

TABLE OF ASSURANCES

CLIENT QUESTIONNAIRE RESPONSE	AUDIT	ASSURANCE				PRIORITY			AGREED
		Full	Satisfactory	Limited	None	1	2	3	
	CORPORATE THEMES								
Satisfactory	Data Protection/Freedom of Information		✓				7	2	9
Satisfactory	Hospitality Registers		✓				1	2	3
Satisfactory	CRB Follow up of 07/08 recs		✓				2	1	3
n/a	Major Contract Review				✓	n/a			11
Satisfactory	Health and Safety		✓					1	1
	CHIEF EXECUTIVE'S OFFICE								
Satisfactory	Print & Design Services			✓		1	5	5	11
Satisfactory	Partnerships		✓				1	3	4
n/a	LPSA 2					n/a			n/a
n/a	LAA Expenditure					n/a			n/a
	CORPORATE SERVICES								
Satisfactory	Departmental PC Controls		✓				3		3
Satisfactory	Anti-Virus/Spyware/Adware		✓						0
Satisfactory	Staff Expenses Follow Up		✓					2	2
Satisfactory	Sickness Recording & Reporting		✓				4	1	5
Satisfactory	Email Security & Internet Review		✓				8		8
Satisfactory	Network Review & Security		✓				8	1	9
Not returned	Software Licensing Review		✓				2	1	3
Not returned	IT Procurement/ Acquisition		✓				3	1	4
Satisfactory	BACSTEL		✓				3		3
Satisfactory	Modern Government		✓				5		5
Satisfactory	Cashiers			✓		2	1	3	6
Unsatisfactory	Council tax		✓				3	3	6
Unsatisfactory	NNDR		✓				3	3	6
Satisfactory	Bank and Reconciliations		✓				2		2
Satisfactory	Budgetary Control		✓				1		1
Satisfactory	Capital Accounting		✓				2		2
Satisfactory	Creditors		✓				2	5	7
Satisfactory	Debtors		✓				1		1

CLIENT QUESTIONNAIRE RESPONSE	AUDIT	ASSURANCE				PRIORITY			AGREED
		Full	Satisfactory	Limited	None	1	2	3	
Satisfactory	Treasury Management		✓				4	1	5
Satisfactory	Payroll and pre-employment checks			✓		1	3	3	7
Satisfactory	Main Accounting		✓					2	2
Not returned	Members expenses		✓				8	3	11
Satisfactory	Agresso Application F/up		✓				1		1
Satisfactory	Payroll and Personnel System F/up		✓				3		3
Satisfactory	Pericles Housing Benefit system F/up		✓				1		1
Satisfactory	Change Control		✓				1		1
Satisfactory	VAT		✓					4	4
Satisfactory	Payment Portal System		✓				2		2
Satisfactory	Customer Relationship Management F/up		✓				3		3
Satisfactory	CLERIC – new transport system		✓				3	2	5
Not returned	Registration Services- (ceremonies and certificates)		✓				3	3	In draft
Not returned	Waste management		✓				7		In draft
	SOCIAL CARE AND LEARNING								
Satisfactory	School Census		✓				3		3
Satisfactory	School Improvement (Process for allocation)	✓							0
Unsatisfactory	St Joseph's Catholic Primary		✓				3	1	4
Not returned	Owlsmoor Primary		✓				1	1	2
Satisfactory	Holly Spring Junior		✓				4	1	5
Satisfactory	Crownwood Primary		✓				3	2	5
Satisfactory	Birch Hill Primary			✓		1	3	4	8
Unsatisfactory	Binfield Primary			✓		1	3	8	12
Satisfactory	Kennel Lane Sch F/up Ltd 07/08		✓				3	3	6
Satisfactory	Garth Hill Sch		✓				1	2	3
Satisfactory	Edgebarrow Sch		✓				1	3	4
Not returned	Warfield Primary		✓				1	3	4
Satisfactory	St Michael's Sandhurst		✓				3	3	6
Satisfactory	College Town Infants		✓				4	3	7
Unsatisfactory	Harmanswater Sch		✓				5	6	11

CLIENT QUESTIONNAIRE RESPONSE	AUDIT	ASSURANCE				PRIORITY			AGREED
		Full	Satisfactory	Limited	None	1	2	3	
Satisfactory	St Michael's Easthampstead Sch		✓				3	3	6
Satisfactory	Great Hollands Primary Sch		✓				1		1
n/a	College Town Junior Sch		✓				4	5	9
Satisfactory	Early Years (Family Tree Nursery)		✓				11	3	14
Not returned	Downside Resource Centre		✓				2		2
Satisfactory	The Look In			✓		1	7		8
Satisfactory	Webroster New IT System		✓				4	3	7
Not returned	Homecare Follow Up		✓				1	2	3
Satisfactory	Financial Assessments & Benefits Checks		✓				3	2	5
Satisfactory	Governor Services		✓					2	2
Satisfactory	Youth Offending Service		✓				1	1	2
Satisfactory	Mental Health (Day Services)		✓				7	2	9
Satisfactory	Garth Hill Capital Project		✓				3		3
Satisfactory	Bracknell Day Services			✓		1	6		7
Satisfactory	ICT Services inc procurement		✓				1	2	In draft
Not returned	Rowan's Children's Centres		✓				3	3	6
Not returned	Adult Social Care Imprests		✓				1	1	In draft
Not returned	Intermediate Care			✓		1	5	2	8
Satisfactory	Foster carers (new payment structure)		✓					1	1
Satisfactory	Disabled Children		✓				4		4
Satisfactory	SEN - Statementing Process and Provision		✓				2		2
Satisfactory	Edgebarrow Youth Centre		✓				1	3	4
Satisfactory	Priestwood Youth Centre		✓					5	5
Satisfactory	Oaks Children Centre		✓				4		4
Satisfactory	Older People & PD-residential		✓				3		3
Satisfactory	Section 31 Aids and Adaptations		✓				3	1	4
Satisfactory	Heathlands Day Centre		✓				3	4	7
Auditee left	Waymead Short Term Unit		✓				7	1	8

CLIENT QUESTIONNAIRE RESPONSE	AUDIT	ASSURANCE				PRIORITY			AGREED
		Full	Satisfactory	Limited	None	1	2	3	
Not returned	Integrated Children's IT system		✓				7	1	8
	ENVIRONMENT CULTURE AND COMMUNITIES								
Unsatisfactory	Highways (Main Contractor)		✓					2	2
Satisfactory	The Look Out		✓				1	1	2
Satisfactory	UNIFORM Planning System		✓				2	2	4
Satisfactory	Leisure Management System		✓				8	2	10
Satisfactory	Environmental Health Follow Up		✓				1		1
Satisfactory	Edgebarrow & Sandhurst Sports Centres Follow Up		✓						0
Satisfactory	Forestcare Follow Up		✓				3		3
Satisfactory	Cemetery & Crematorium		✓				1	2	3
Satisfactory	Emergency Planning		✓				2	3	5
Satisfactory	Coral Reef including Catering		✓				9	1	10
N/A	Leisure Cash Spot Checks		✓						n/a
Unsatisfactory	Pest and Dog Control			✓		1	3	1	5
Not returned	Downshire Golf inc catering		✓				4	3	7
Satisfactory	Housing and Council Tax Benefits		✓				5	1	6
Satisfactory	Building control F/up		✓				1	1	2
Satisfactory	E+ new system		✓				3	2	5
Not returned	Landscape Services		✓				5	4	9
Satisfactory	On and Off Street Parking		✓				4	1	5
Satisfactory	Development Control		✓				5	1	6
Satisfactory	Easthampstead park Conference Centre		✓				2		2
Satisfactory	Whitegrove Library		✓				2		2
Satisfactory	Crowthorne Library		✓				1		1
Satisfactory	Binfield Library		✓				1		1
Satisfactory	Library Central processes		✓				1	1	2
Satisfactory	Horizon IT system F/up		✓				6		In draft