

GOVERNANCE & AUDIT COMMITTEE
29 SEPTEMBER 2011
7.33 - 9.11 PM



Present:

Bracknell Forest Council:

Councillors Ward (Chairman), Ms Brown, Heydon, McCracken, Thompson, Blatchford and Leake

Independent Members:

Gordon Anderson

Apologies for absence were received from:

Councillors Allen, Wade and Worrall

51. Apologies for Absence

The Committee noted that attendance of the following substitute Members:

Councillor Blatchford for Councillor Wade
Councillor Leake for Councillor Worrall.

52. Declarations of Interest

There were no declarations of interest.

53. Minutes - 28 June 2011

RESOLVED that the minutes of the meeting held on 28 June 2011 be approved as a correct record and signed by the Chairman.

54. Update on progress - Certification of Claims and Returns

The Chief Officer Housing, presented an update report on the Certification of Claims and Returns Annual Report: Housing Benefit and Council Tax Subsidy and Housing Benefit Internal Audit Report 2010/11. The report provided the Committee with an update on the actions agreed in response to the Certification of Claims and Returns Annual Report and Internal Audit Report as well as progress in relation to the 2010/11 certification of housing and council tax benefit claim.

It was reported that the benefit service had fundamentally changed the way in which work was allocated to benefit officers with a restructured management team to improve the service.

It was noted that since the Committee's previous meeting the benefit service had been subject to three spot checks of assessment work. During these spot checks internal audit had found no significant assessment issues. A system error had been identified and would be fixed by the software provider in the new year.

Internal audit had confirmed that the parameters on the new benefit system had been correctly set and that there was a satisfactory audit trail of the transference of data between the two benefit systems. It was reported that the benefit assessors found the Northgate System easier to use than the Pericles system however, it was not as straight forward to produce data for reconciliation purposes from the system.

Sample checking of the work, to provide an audit trail on how decisions had been reached, on benefit entitlement had been undertaken with staff to ensure the verification check list was completed. To date, out of 570 claims checked there were 6 where a satisfactory verification checklist was not in place.

The accuracy rate for benefit assessment for 2010/11 was 87%. To date in 2011/12 over 10% of claims had been checked with the accuracy rate for quality currently running at 90% on an upward trajectory following resolution of processing errors with staff. It was noted that some of the errors found could have an effect on the amount of benefit received however some would be procedural.

Spot testing of the calculation of earnings which tested 20 new claims in May and June concluded that assessment of claims was satisfactory based on the documentation provided which meant no errors were found. It was agreed that the Chief Officer: Housing, would provide Members of the Committee with a breakdown of the financial errors found during the 40 cases currently being spot checked.

RESOLVED that:

- a) the progress in relation to the action plan in response to the findings of the certification of the Housing and Council Tax Subsidy Claim be noted, and
- b) an update of progress be reported at the Governance and Audit Committee's meeting on 24 January 2012.

55. Public Participation Scheme for Overview and Scrutiny and Adoption of Reports and Recommendations

The Head of Overview and Scrutiny presented the report which gave details of two changes to the Constitution requested by the Overview and Scrutiny Commission; firstly a Public Participation Scheme for Overview & Scrutiny, and secondly to extend to the Overview & Scrutiny Panels the Commission's power to adopt scrutiny reports, the making of recommendations to the Executive, Full Council and other organisations.

The Committee noted that the Public Participation Scheme for Overview & Scrutiny was similar of those already in existence for other Committees of the Council. The scheme was aimed at improving public engagement with Overview and Scrutiny and offered residents a further opportunity to tell Councillors directly about the things that concerned them.

The Overview and Scrutiny Commission decided to seek approval to extend to the O&S Panels the Commission's power to adopt Overview and Scrutiny reports, the making of recommendations to the Executive, Full Council and other organisations. Together with the Commission stepping aside from considering the responses to reports by O&S Panels, to empower the Panels more appropriately, improve the speed and efficiency of the O&S process, and relieve the pressure on the O&S Commission's agendas.

RESOLVED that:

- a) the draft Public Participation Scheme for Overview and Scrutiny, set out in Appendix 1 be recommended to Council for adoption, and
- b) extending to the Overview and Scrutiny Panels the Commission's power to adopt Overview and Scrutiny reports, the making of recommendations to the Executive, Full Council and other organisations be recommended to Council for adoption.

56. Annual Governance Report

The Borough Treasurer, introduced the Annual Governance Report which summarised the work carried out by the Council's external auditors to discharge their statutory audit responsibilities.

It was noted that since publication of the draft letter of representation two adjustments had been made. Firstly the deletion of the last sentence of the first paragraph and secondly, a change to the paragraph entitled 'Other Representations' which would now read: 'In respect of Voluntary Aided schools, the Council only owns the freehold of playing fields for 2 Schools - St Michael's Easthampstead and St Michael's Sandhurst.'

Phil Sharman, District Auditor presented the Committee with key highlights from the Annual Governance Report which summarised the findings from the 2010/11 audit including messages arising from the financial statements and arrangements for value for money.

An unqualified opinion was given on the Financial Statements which was a significant achievement for the Council as it had been the first year of preparing the accounts in accordance with IFRS.

The Committee received a tabled paper which gave an update to Appendix 3 of the report: Unadjusted misstatements in the financial statements. The updated Appendix included an additional item in relation to Voluntary Aided School playing fields which had previously been omitted. The District Auditor was happy for the errors identified to remain unadjusted as they sat below the tolerable threshold however, they would be included in future Statements' of Accounts.

It was reported that the Council had proper arrangements in place to secure financial resilience with robust systems and processes to effectively manage financial risks with the main risk being able to achieve a balanced budget over the medium term with reduced funding. An unqualified opinion was give for Value for Money with the Council having adequate arrangements in place. In the future the Council would need to maintain an emphasis on strategic policy changes.

RESOLVED that

- a) the adjustments to the financial statements set out in the report (appendix 2); be noted,
- b) the errors in the financial statements identified, that management has declined to amend, or set out the reasons for not amending the errors (appendix 3) be noted.

57. Statement of Accounts 2010/11

The Chief Accountant presented the Statement of Accounts 2010/11 which had been subjected to audit by the District Auditor. The report summarised the key elements within the accounts, presentational changes, the findings of the audit and highlighted key changes made to the Statement of Accounts.

It was reported that this was the thirteenth consecutive year that the Council had spent within its budget. Taking in to account the underspend the Council returned £1.125m to reserves. Three items had been treated as exceptional in the accounts which were; changes in VAT legislation which resulted in VAT refunds totalling £0.225m, a revenue reserve in relation to Ufton Court resulting in additional revenue funds of £0.117m and a pension service adjustment reducing the Council's liabilities in the Royal County of Berkshire Pension Fund by £29.3m.

RESOLVED that:

- a) the Statement of Accounts 2010/11 (attached) be approved,
- b) the out-turn expenditure for the year be noted and the provisions (£1.722m per section 5.3) and earmarked reserves (£11.320m per section 5.4) be approved,
- c) the Chairman of the meeting be authorised to sign and date the Statement of Accounts on behalf of the Committee,
- d) the Draft Letter of Representation set out in Appendix 4 of the District Auditor's Annual Governance Report (subject to the amendments detailed in minute 56) be approved.

Update on the Position of the Audit Commission

The District Auditor gave a brief update on the current position of the Audit Commission. It was reported that Government had decided that the work of the Audit Commission would be transferred to the Private Sector with contracts for local authority audits currently out to tender.

A new Auditor would be appointed for 2011/12 as Phil Sharman would no longer be working for the Audit Commission.

It was noted that the Council would be informed of the new external auditor for the 2012/13 audit between April and July 2012.

58. Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report 2011/12

The Chief Technical Accountant, presented the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report 2011/12. The mid-year report had been prepared in compliance with CIPFA's Code of Practice and included; an economic update for the first six months of 2011/12, a review of the Treasury Management Strategy Statement and Annual Investment Strategy and a review of the Council's investment portfolio for 2011/12.

Worldwide the financial markets were still uncertain with growth rates in the UK lower than expected. Uncertainty in the economic forecast remained high due a number of factors including: the potential for a major EU sovereign debt crisis, the degree to

which government austerity programmes will dampen growth, low and modest growth in the UK expected to continue and a low Bank Rate to continue for at least 12 months.

It was reported that there were no policy changes to the Treasury Management Strategy Statement. The Committee noted that there would be £7.490m of carry-forward in the total Capital Programme. It was noted that a significant amount of this was from school refurbishments that straddled more than one year.

RESOLVED that the Mid-Year Review Report be shared with members of the Full Council.

59. **Risk Management Strategy 2011/12**

The Borough Treasurer presented the report which gave an update on the Risk Management Strategy 2011/12.

The Strategy had been updated to reflect progress made in the last year, the changes made to recording and reporting of risks and the current priorities for embedding risk management. Current priorities in the Strategy included:

- to review the current arrangements for business continuity and make recommendations for improvement as appropriate;
- to maintain quarterly review of the Strategic Risk Register by SRMG and implement twice yearly review of the Register by CMT;
- to consult DMTs on their risk management training requirements and review Members risk management training needs; and
- attendance of the Information Security Officer at SRMG to raise awareness of information governance risks.

RESOLVED that the Risk Management Strategy for 2011/12 be agreed.

CHAIRMAN

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