

**GOVERNANCE & AUDIT COMMITTEE**  
**27 MARCH 2012**  
**7.30 - 9.25 PM**



**Bracknell Forest Borough Council:**

Councillors Ward (Chairman), Allen, Ms Brown, Heydon, McCracken, Thompson, Worrall and Blatchford (Substitute)

**Independent Members:**

Gordon Anderson

**Apologies for absence were received from:**

Councillor Wade

**72. Declarations of Interest**

Councillors Ms Brown and Thompson and Mr G Anderson declared a personal interest in item 11 - Future Standards Committee Arrangements as they were members of the Standards Committee.

**73. Minutes - 24 January 2012**

**RESOLVED** that the minutes of the meeting held on 24 January 2012 be approved as a correct record and signed by the Chairman.

**74. External Audit Matters**

Helen Thompson, District Auditor and Catherine Morganti, Audit Manager attended the meeting to present the certification of claims and returns report for 2010/11 and to advise on developments with regard to the appointment of external auditors.

The Audit Manager presented the key messages from the certification of claims and returns annual report which were that the council had performed well, there had been improvements in housing and council tax benefits with fewer errors than in 2009/10 but that there was still some improvements to be achieved. Of the five claims and returns submitted for certification three were amended due to errors and two qualification letters were issued. There had been a reduction in the number of claims subject to audit and this would be further reduced with the removal of the Sure Start grant. The Audit Manager's team were working with council officers to improve the audit process and had already begun work towards the 2011-12 review to help make the process quicker.

The District Auditor advised the meeting that Ernst & Young had successfully tendered for the Audit Practice covering the council's area. The Audit Commission was working towards a handover date of 1 November 2012. Existing audit team personnel would be delivering the audit for 2011-12 and work was underway to look at Ernst & Young's audit approach to establish work practices that could be retained to reduce the impact of change of provider. As discussed at the previous meeting it had been anticipated that there would be a 10% reduction in fees but there had been

a 40% reduction in costs in the new contract value so further reductions were expected.

**RESOLVED** that

- i) the District Auditor's annual report on the certification of claims and returns for 2010/11 be received; and
- ii) the developments with regard to the appointment of external auditors be noted.

**75. Internal Audit Plan**

The Head of Audit and Risk Management presented the Internal Audit Plan for 2012/13. The Internal Audit sought to satisfy the legal requirements of the local authority internal audit services, examine and evaluate management's arrangements to secure proper use of resources and ensure external audit could continue to place reliance on internal audit's work.

Given the finite resources available for internal audit, a robust process was in place to ensure that limited resources were directed to the areas of greatest risk, with a risk based methodology in place to assess the Council's activities.

The summary of the Internal Audit Plan 2012/13 showed that a total of 600 days would be spent across all departments and included contingency to ensure delivery of the plan. It was noted that consultation had been undertaken with officers before the plan had been presented to the Committee. It was noted that the proposed number of days was relatively low for an authority of the council's size. This was possible due to past audits demonstrating how effective control environments were and a low number of 'limited' assurance reports. The Committee noted that if either of these factors were to change it may be necessary to increase the scope of the internal audit plan.

It was clarified that internal audit had been provided by external providers for a long time as this built the Council's capacity to deliver the full plan. The Head of Audit and Risk Management acted as Client Manager. It was not effective to manage the programme in-house and having multiple providers meant that the audit team could be selected on their expertise and knowledge whilst also remaining independent.

The Committee discussed the rationale behind the number of days assigned to particular reviews and it was explained that the length of a review was related to the services' profile, risk level and how recently it had been audited. The Committee were advised that key financial systems were audited during quarter three which resulted in a spike of activity and the high number of audit days within quarter one for Children, Young People & Learning related to audits within schools. Schools were audited on a cyclical basis with an average of 12 being audited per year. This meant a three year cycle for each school although any receiving a limited assurance report would be revisited the following year. Schools considered to be at high risk due to being a new school or a school with a new Head Teacher or Bursar would also be prioritised.

**RESOLVED** that the Internal Audit Plan for 2012/13 attached at Appendix 1 of the agenda report be agreed.

76. **Contract Standing Orders - Category Management**

The Assistant Borough Solicitor presented the report which recommended to Council the approval of changes to the Council's Contract Standing Orders to give effect to Category Management.

Whilst the Committee noted that the amendments appeared relatively minor it was felt that the report did not fully explain all the suggested changes and required further clarification.

The Committee discussed the meaning of 'Category Management' and how the role of Category Manager related to the role of Procurement Officers. It was clarified that each key spending area such as 'food' would have one Category Manager, an existing Chief Officer within the Council, which was a strategic and coordinating role in procuring the best value contracts for the Council in relation to that product or service. Spending outside of that contract would be prohibited, reported by the Borough Treasurer and potentially a disciplinary offence unless prior approval had been sought. It was explained that Procurement Officers would continue to provide advice and support whilst the Category Manager would provide leadership. Seven categories of products or services had been identified so far. The Committee requested that a Procurement Officer attend a future meeting to explain their role within the Category Manager approach.

The Committee discussed why only contracts over £100,000 had a named officer with responsibility for it as they felt every contract was important. The Committee also debated the value of converting existing EU regulation limits into pounds given that the limits were fluctuating and suggested that the limits should be indicated in euros with the sterling amounts in brackets.

**RECOMMENDED** to Council that the revisions to Contract Standing Orders highlighted in the attachment to the agenda report be approved.

77. **Annual Governance Preparation Statement**

The Assistant Borough Solicitor sought the nomination of a Member of the Committee to attend the meeting of the Governance Working Group which formulates the Annual Governance Statement and the AGS Action Plan. Previous Member input had been valuable and Councillor Thompson had attended on behalf of the Committee for the past two years.

**RESOLVED** that Councillor Cliff Thompson be appointed to attend the meeting of the Governance Working Group which formulates the Annual Governance Statement and the resulting Action Plan, for submission to the Committee.

78. **Scheme of delegation amendment**

The Assistant Borough Solicitor presented the report regarding two sets of amendments to the Scheme of Delegation to Officers contained in the Council's Constitution.

The Committee noted that the amendments to the delegations to the Director of Environment Culture and Communities were proposed to ensure the effective discharge of the Council's functions under the Flood and Water Management Act 2010.

The Committee noted that amendments to the delegations of the Chief Officer: Planning and Transport were proposed to allow the Council to effectively determine applications under Sections 73 and 96A of the Town & Country Planning Act 1990.

**RECOMMENDED** to Council that the Scheme of Delegation to officers be amended as proposed in Paragraphs 5.3 and 5.10 of the agenda report.

**79. Proposed abolition of Petition Scheme**

The Assistant Borough Solicitor presented the report proposing the abolition of the Petition Scheme due to the Localism Act repealing complex provisions under which the scheme was put in place. It was suggested to revert to the simpler provision for petitions to the Council which was in place before the implementation of the provisions of the Local Democracy, Economic Development and Construction Act 2009 relating to Petition Schemes.

**RECOMMENDED** to Council that

- (i) the Council's Petition Scheme set out in the Annexe to the Council's Procedure Rules be rescinded, and
- (ii) the scheme for Public Participation at Meetings of the Council be amended to include provisions for petitions as included in the scheme prior to the Local Democracy, Economic Development and Construction Act 2009.

**80. Future Standards Committee Arrangements**

The Assistant Borough Solicitor presented the report which asked the Committee to consider whether, under the new framework for dealing with Member's conduct, the Standards Committee should make recommendations to the Committee or to full Council.

The Chairman invited the three members of the Standards Committee to contribute to the debate as they had been present at its meeting on 19 March 2012. The Standards Committee meeting had considered the future composition of the Committee and had indicated a preference to be an advisory committee to Governance and Audit Committee on the understanding that the receiving body would accept its recommendations.

The Committee discussed at length the shortcomings of the current Standards Framework and sought clarification of the details of how allegations that a Member had contravened the Code would be dealt with. Members of the Committee debated whether all future reports regarding the Standards Committee should be considered by the Committee prior to submission to Council and as the Committee were not able to be advised of all the details of the future procedures for the proposed Standards Committee a motion was proposed to defer the item.

**RESOLVED** to defer the item.

**CHAIRMAN**