

GOVERNANCE & AUDIT COMMITTEE
31 JULY 2012
7.30 - 8.50 PM



Bracknell Forest Borough Council:

Councillors Ward (Chairman), Wade (Vice-Chairman), Allen, Ms Brown, Thompson, Worrall and Blatchford (Substitute)

Present:

Independent Members:

Gordon Anderson

In Attendance:

Rachel Cobley, Audit Commission
Sally Hendrick, Head of Audit & Risk Management
Alex Jack, Borough Solicitor
Alan Nash, Borough Treasurer
Nicola Thoday, Assistant Solicitor

Apologies for absence were received from:

Councillors Heydon and McCracken.

4. Declarations of Interest

There were no declarations of interest.

5. Minutes

RESOLVED that the minutes of the meetings held on 27 March 2012 and 16 May 2012, be approved as a correct record and signed by the Chairman.

6. Internal Audit Annual Assurance Report 2011/12

The Head of Audit and Risk Management presented the Internal Audit Annual Assurance Report 2011/12. In particular, she highlighted pages 10 and 11 of the report which detailed her opinion.

Based on the work of Internal Audit during the year, she gave the following opinion:

- From the internal audit work carried out during the year, 72 out of 76 cases had been given a significant or satisfactory assurance opinion, a limited assurance opinion was given in four cases and no cases arose where no assurance was given.
- She was able to provide reasonable assurance that for most areas the Authority had systems of internal control in place in accordance with proper practices and there were only four areas found to have significant weaknesses.

- Key systems of control were operating satisfactorily except for the four areas referred to above.
- There were adequate arrangements in place for risk management and corporate governance.

In response to members' queries, she reported that the four areas of limited assurance opinion were detailed on pages 19 and 20 of the agenda papers:

- Binfield CE Primary School – The school was re-audited in May 2012 and the final report had now been issued with a satisfactory assurance opinion.
- The Zone at Great Hollands Youth Centre – Youth services were currently being restructured with new financial processes, procedures and controls being put into place. The restructured service was scheduled for audit during quarter two.
- Headspace – Given that it had been proposed that the Council would be seeking expressions of interest from suitably experienced organisations to take responsibility for management of the Headspace Community Arts Project, no further audit work had been scheduled, although provision had been made for a follow up audit should this transfer not take place.
- Emergency Duty Team – A detailed follow up audit was scheduled to commence on 25 September 2012. Issues had included expenses claims, recording of overtime hours worked and weaknesses in the database being used by the team. Significant action had been undertaken to address these issues and an update would be brought back to the Committee in November 2012.

RESOLVED that the Committee noted the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit's Opinion for 2011/12.

7. **Annual Governance Statement Report**

The Borough Solicitor presented a report that detailed the Annual Governance Statement (AGS) and the Action Plan to address weaknesses identified in the AGS. He reported that the main purpose of the AGS was to review governance arrangements and ensure that they were fit for purpose.

The Borough Solicitor reported that the Localism Act permitted councils to adopt different models of governance. Over the course of the next few months, the Council would be considering whether it wished to adopt an alternative model or retain its existing arrangements. It was intended that a cross-party working group should be formed to consider whether the Council should change its governance model. It was noted that a report would also be submitted to the Committee for its consideration before being put before Council.

The Borough Solicitor reported that the Localism Act 2011 had removed the former legislative framework relating to Members Conduct and replaced it with a new structure. The Act provided that that each Council must have a Code of Conduct but did not prescribe a form for the Code of Conduct. An interim Code of Conduct had been put in place and a more in depth review would take place in the autumn by a member working group. The Localism Act also amended the law relating to pre-determination, which was a key issue covered by the Planning Protocol for Members.

The Chairman reported that all local authority Leaders had received a letter from the Secretary of State which detailed the Secretary of State's view on local Codes of Conduct. The Secretary of State had stated in his letter that it was important that

councils did not feel the need to seek external legal advice when establishing their codes of conduct, nor was it necessary to replicate the previous framework for dealing with complaints. The new legislation provided councils with the opportunity to move away from overly bureaucratic codes and start afresh. The Borough Solicitor agreed to circulate the letter from the Secretary of State to Committee members.

The Borough Solicitor advised that, in his view, whilst the previous regime for dealing with complaints had been bureaucratic, the code itself was not overly bureaucratic. The new procedure for complaints had now made the process quicker, more flexible and effective.

The Borough Solicitor reported that a number of sanctions under the previous regime had been repealed; this included the disqualification and/or suspension of members. The member working group would be looking at these provisions in further detail.

The Borough Solicitor reported that during 2011/12 the Council approved new information management policies, which would be communicated to staff in 2012/13. There had been a number of stringent fines imposed on other local authorities for breaches of in data protection recently and it was important that the Council kept its information management protocols under review.

The Head of Audit and Risk Management advised that page 42, paragraph 4.6 of the agenda papers detailed her opinion on internal audit and had been slightly revised since the publication of the papers and was reflected accurately on page 10 of the agenda papers.

The Borough Treasurer reported that a review of procurement procedures and how they could be simplified would be a major priority in the autumn. The Chairman stated that the message from Government ministers was that procurement should be simplified and not overly bureaucratic. The Committee also felt it was important to support small local businesses when looking at procurement processes.

It was **RESOLVED** that;

- i) the draft Annual Governance Statement included as Annex A to the report be approved subject to the amendments proposed by the Head of Audit & Risk Management.
- ii) the Action Plan included as Annex B to the report be approved.

8. **Strategic Risk Register**

The Head of Audit and Risk Management reported that in line with the Risk Management Strategy, the Strategic Risk Register had been reviewed quarterly by the Strategic Risk Management Group and every six months by the Corporate Management Team. Any feedback from the Committee would inform the next update.

Committee members stated that whilst the Council was a key partner in the Town Centre Regeneration, it had minimal control of the progress of the regeneration. The Head of Audit and Risk Management agreed to revisit the risk detailed on page 64 for Town Centre Regeneration.

The Committee also felt that there should be an overarching emphasis on value for money and that this should run throughout the risk register.

RESOLVED that the comments of the Committee as outlined above be fed into the next update of the Strategic Risk Register.

9. **External Audit Report**

The Borough Treasurer reported that the District Auditor had been unable to attend the meeting and as a result he would present the report on the behalf of the District Auditor.

The Borough Treasurer reported that on page 73 of the report there was a Progress Report which reflected that early signs were encouraging and that there were no significant issues emerging from the current audit.

It was reported that the Audit Commission Service had been outsourced and Ernst and Young had been appointed as the Council's external auditor. For the first year personnel would remain the same, there would also be a change in focus and approach.

It was highlighted that the fee for external audit services for Bracknell Forest Council in 2012/13 would be £138,564.

It was reported that the National Audit Office eventually expected to assume the Audit Commission's role in setting the framework for local audit, through a code of audit practice. The Audit Commission were likely to operate for another five years, but with a reduced role, local authorities would take over the appointment of their own external auditors after this..

RESOLVED that the Committee noted the update report attached as Annex A of the report.

10. **Amendment to the Overview & Scrutiny Procedure Rules**

The Borough Solicitor reported that the report before the Committee sought approval to an amendment to the Overview and Scrutiny Procedure Rules to seek compliance with the legislation relating to Overview and Scrutiny Committees.

In response to members' queries, the Borough Solicitor agreed to investigate why crime and disorder was listed as an 'excluded matter' and whether 'members' included co-optees.

RESOLVED that paragraph 9 of the Overview and Scrutiny Procedure Rules in Section 9 Part 4 of the Councils Procedure Rules be amended to provide that any Member may refer to the Overview and Scrutiny Commission or to an Overview and Scrutiny Panel any matter which was relevant to the functions of the Commission or Panel and which was not an "excluded matter".

11. **Amendment to the Scheme of Delegation**

The Borough Solicitor reported that the report before the Committee proposed an amendment to the Council's Scheme of Delegation to provide that confirmation of decisions to remove Permitted Development rights should **not** be delegated to the Chief Officer: Planning and Transport.

The Borough Solicitor reported that at present Article 4: Permitted Development Rights involved a two stage process. The Council would make an Order and then a decision would need to be taken as to whether to confirm the Order. Currently both

stages of the process were delegated to the Chief Officer: Planning and Transport, it was proposed that the confirmation of Orders become a member level decision.

RESOLVED that the Scheme of Delegation to Officers in Table 1 Part 2 of the Council's Constitution be amended by including in the "Exceptions and Limitations" to the delegated powers of the Chief Officer: Planning and Transport confirmation of decisions to remove or restrict Permitted Development rights.

12. **Date of Next Meeting**

Tuesday 25 September 2012.

CHAIRMAN