

GOVERNANCE & AUDIT COMMITTEE
28 JANUARY 2014
7.30 - 9.35 PM



Bracknell Forest Borough Council:

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

Independent Members:

Gordon Anderson

Apologies for absence were received from:

Councillors McCracken

In attendance:

Sally Hendrick, Head of Audit and Risk Management

Alex Jack, Borough Solicitor

Victoria Jackson, Senior Investigating Officer, Wokingham Borough Council

Catherine Morganti, Ernst and Young

Bobby Mulheir, Chief Officer: Customer Services

Alan Nash, Borough Treasurer

Calvin Orr, Chief Technical Accountant

Helen Thompson, Ernst and Young

21. Declarations of Interest

There were no declarations of interest.

22. Minutes - 30 September 2013

RESOLVED that the minutes of the Governance and Audit Committee meeting held on 30 September 2013 be approved as a correct record and signed by the Chairman.

23. Urgent Items of Business

There were no urgent Items of business.

24. Independent Review of Telephone Usage by the Leader

Victoria Jackson, Senior Investigations Officer, Wokingham Borough Council, presented a report on the independent review of the telephone usage of the Leader.

The review had been commissioned following the publication of a number of articles in the local press based upon the outcomes of a number of Freedom of Information requests and the receipt of a formal complaint alleging that the extremely high costs of telephone usage by the Leader constituted a breach in the Code of Conduct for Members. No evidence had been found to support claims of misuse. However, the Review found weaknesses in the Council's policies and procedures relating to

telephone usage by members and a number of recommendations to strengthen these were proposed in the Review Report.

It was reported that there was an omission in paragraph 6.6.25 of the Review Report and the Committee noted that the paragraph's final sentence should have read "Whilst Councillor Bettison did advise that he 'very rarely' made personal calls using the Council' mobile phone on the balance of probabilities an occasional call cannot be deemed as misuse."

Arising from the Committee's questions and comments the following points were noted:

- It was clarified that the reference to raw data in paragraph 6.6.3 referred to fully itemised phone bills where all numbers called were shown. When processing the bills Democratic Services separated personal calls to nominated prefix codes from the main bill so that these could be invoiced to the Leader
- The review covered 5 non consecutive quarters covering the periods: January – March 2009, April – June 2010, July – October 2011, September – December 2012 and January – March 2013
- The LGA provided the Leader with a Blackberry which was to be used for LGA business only
- Analysis of the phone bills showed the presence of a large number of text messages that had been sent to groups made up of multiple recipients
- The figures for Roaming SMS data analysis and roaming call data analysis related to calls to and from the Isle of Man. Costs which were recovered by the Council
- Whilst scoping the review it was decided the volume of calls logged meant that it would be impossible to identify every individual number so a sampling approach was taken. Of the sample of 92 numbers all were identified as being connected to the Council
- The total annual bill for all officers and members across the Council was approximately £250,000 for telephone rental and call charges
- The review found that there had been no reduction in the volume of calls made following the Leader's receipt of a Blackberry from the LGA
- The Council's current telephony standards were not explicit about their audience and the fact that they applied to both officers and members needed to be made clear
- Phones were only automatically issued to those members who fulfilled a particular role members falling outside these parameters had to make a business case justifying why they required a mobile phone for council purposes
- It was acknowledged that automatic connection to a number via Directory Enquiry services was expensive and it was felt that protocols ought to be put in place to provide guidance on this area
- Under the terms of the Leader's new phone contract overseas call should be monitored and if these incurred additional cost then the contract should be reviewed with the contract provider

The Committee acknowledged that with the benefit of hindsight the initial decision to allow the Leader to use his own mobile phone for Council business rather than issuing a Council phone and to not require the full scrutiny of all bills had been a mistake. It was accepted that no exceptions to Council policy should be made for individuals.

The Committee thanked Victoria Jackson for her comprehensive report and requested that their thanks be formally sent to Wokingham Borough Council.

RESOLVED that:

- i. The report on telephone usage by the Leader be noted
- ii. The recommendations set out in Section 7 of the Independent Reviewer's report be endorsed
- iii. A report on the implementation of the Independent Reviewer's recommendations be brought to the next meeting of the Governance and Audit Committee

25. External Audit Matters

Helen Thompson, Ernst and Young and Catherine Morganti, Ernst and Young, attended the meeting to present the certification of claims and returns report for 2012/13.

For the period 1 April 2012 to 31 March 2013 one claim and two returns had been certified with a total value of £90.390million. Submission deadlines had been met for two of the returns and the Housing Benefit and Council Tax Benefit Subsidy claim had been submitted very shortly after the deadline. A qualification letter had been issued in respect of the Housing Benefit claim. Arising from the Committee's questions and comments the following points were noted:

- The certification work on the housing and council tax benefit subsidy claim had found 9 errors in a sample of 60 calculations audited
- The DWP had responded to the qualification letter and Auditors were working with officers to address the issues identified
- The software programme used to calculate benefits payments was checked annually and it was considered that the most likely source of error would originate when data is inputted into the system
- Benefits calculations were complex and the majority of councils received qualifications of some form or another when they were audited
- The reporting and monitoring process for benefits claims was prescribed by the DWP and any error had to be reported regardless of how small the sum of money involved

RESOLVED that the Committee note the Certification of Claims and Returns Annual Report 2012/13.

26. Annual Audit Letter 2012-13

The Committee received a report containing the external auditor's Annual Audit Letter for 2012/13. The letter summarised the findings from the 2012/13 audit which contained two main elements:

- An audit of financial statements; and
- The external auditor's assessment of the Council's arrangements to achieve value for money in its use of resources

It was noted that an unqualified opinion had been given on the Council's financial statements and an unqualified conclusion had been given on the Council's arrangements for securing value for money.

The External Auditors commended officers for their willingness to work late in order to meet the final submission deadlines set by Government and requested that their thanks be passed on to all officers involved in helping to support the External Audit Team's work.

RESOLVED that the Governance and Audit Committee note the Annual Audit Letter 2012/13.

27. **Internal Audit Risk Assurance**

The Committee received a report providing a summary of Internal Audit activity during the period April to December 2013.

During the period covered by the report 6 grants had been certified, 35 reports finalised, 9 reports had been issued in draft and were awaiting management responses and audit work was in progress in 11 cases. Following publication of the report 6 more reports had been finalised and 2 further reports were awaiting review.

Key weaknesses had been identified in the 3 finalised audits with a limited assurance opinion to date:

- A review of car parking identified weaknesses in contract monitoring processes. The Chief Officer had met with officers and the contractor to determine how these matters might be addressed and these actions had been implemented
- Due to staffing changes a statutory self assessment had not been submitted in 2012/13 and a limited assurance conclusion had been given on an audit of arrangements for ensuring compliance with Payment Card Industry Standards. Protocols had now been put in place to ensure that this situation does not reoccur. It was noted that failure to comply with these Industry Standards could result in the Council being prevented from taking payments via debit and credit cards however local authorities were considered to be low risk by the industry and the risk to the Council was considered low
- There were continuing historic issues around delays in the auditing and certification of private fund accounts at Wildmoor Heath Primary School and officers were working with the school to resolve the situation

It was clarified that data provided to the Audit Commission under the National Fraud Initiative was cross matched with data gathered from across the Country in order to identify any areas of potential fraud. Any potential matches were then referred back to the Council for investigation.

RESOLVED that the Internal Audit Assurance Report (April to December 2013) be noted.

28. **Treasury Management Report**

The Committee considered a report setting out the Council's Annual Treasury Management Strategy and a Mid-year Review of Treasury Management activities.

The report was made up of four documents which together were the Treasury Management Strategy and Policies for 2014/15:

- Capital Prudential Indicators 2014/15-2016/17
- Minimum Revenue Provision (MRP) Policy
- Treasury Management Strategy

- Investment Strategy 2014/15-2016/17

RESOLVED that:

- i. That Mid-Year Review Report be shared with members of the Full Council
- ii. The Treasury Management Strategy be approved for submission to the Full Council

29. **Minor Amendment to the Code of Conduct**

The Committee considered a report seeking the endorsement of a proposed amendment to the list of 'Affected Persons' in the Code of Conduct for Members.

It had been recognised that the current category of Affected Interest relating to Member connection with a company was cast too narrowly and that in order to prevent inappropriate involvement in decision making it should be extended to cover those companies to which the Member or his or her spouse, partner, parent grandparent, child or grandchild had been appointed to the Board or was a Director. An amendment that had been approved by the Council's Standards Committee at its meeting on 30 October 2013.

Whilst endorsing the recommendation of the Standards Committee the Committee expressed the view that a Member's siblings (and those of their spouse or partner) should also be included in the category of Affected Person.

RESOLVED that the Committee recommend to Council that the Code of Conduct for Members be amended as proposed in Section 5 of the Director of Corporate Services' report.

CHAIRMAN

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