

## **NOTICE OF MEETING**

### **Governance & Audit Committee**

**Wednesday 24 June 2015, 7.30 pm**

**Council Chamber, Fourth Floor, Easthampstead House, Bracknell**

### **To: Governance & Audit Committee**

Councillor Allen (Chairman), Councillor King OBE (Vice-Chairman), Councillors Heydon, McLean, Ms Miller, Mrs Temperton, Thompson and Worrall

### **Independent Member**

Gordon Anderson

### **cc: Substitute Members of the Committee**

Councillors Mrs Hayes MBE, Hill, Leake, McCracken and Mrs McKenzie-Boyle

ALISON SANDERS  
Director of Corporate Services

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If you require further information, please contact: Katharine Simpson  
Telephone: 01344 352308  
Email: [katharine.simpson@bracknell-forest.gov.uk](mailto:katharine.simpson@bracknell-forest.gov.uk)  
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**Wednesday 24 June 2015, 7.30 pm**  
**Council Chamber, Fourth Floor, Easthampstead House,**  
**Bracknell**

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**AGENDA**

Page No

**1. Apologies for Absence**

To receive apologies for absence and to note the attendance of any substitute members.

**2. Declarations of Interest**

Members are requested to declare any disclosable pecuniary or affected interest in respect of any matter to be considered at this meeting.

*Any Member with a Disclosable Pecuniary Interest or an affected interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.*

**3. Minutes of Previous Meetings**

To approve as a correct record the minutes of the meetings of the Committee held on 25 March 2015 and 27 May 2015.

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**4. Urgent Items of Business**

Any other items which, pursuant to Section 100B(4)(b) of the Local Government Act 1972, the Chairman decides are urgent.

**5. Internal Audit Annual Assurance Report**

To receive a report setting out the Head of Audit's annual audit report.

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**6. Annual Governance Statement**

To consider a report setting out the Council's Annual Governance Statement 2014/15 and its associated action plans prior to its submission for approval by Full Council.

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7. **Risk Management Strategy**

To consider a report setting out the Council's updated Risk Management Strategy.

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8. **CIPFA Audit Committee Guidance Covering Report**

To consider a report setting out the latest best practice guidance in relation to audit committees.

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**Date of Next Meeting**

The next scheduled meeting of the Governance and Audit Committee will take place on 23<sup>rd</sup> September 2015 at 7.30pm

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**GOVERNANCE & AUDIT COMMITTEE  
25 MARCH 2015  
7.30 - 8.23 PM**



**Bracknell Forest Borough Council:**

Councillors Heydon (Chairman), Ms Brown, Leake, Ward and Worrall

**Present:**

**Independent Members:**

Gordon Anderson

**Apologies for absence were received from:**

Councillors Allen, Blatchford, McCracken and Thompson

**37. Apologies for Absence**

Councillor Leake substituted for Councillor Allen.

**38. Declarations of Interest**

There were no declarations of interest.

**39. Minutes - 28 January 2015**

**RESOLVED** that the minutes of the Governance and Audit Committee meeting held on 28 January 2015 be approved as a correct record and signed by the Chairman.

**Matters arising**

The Committee noted that the Council had adopted the recommendations as regards:

- Amendments to the Constitution: Health Overview and Scrutiny (minute 29)
- Amendment to the Constitution: Sealing of Documents (minute 31)

With reference to Delegated Powers for Community Infrastructure Levy (CIL) (minute 32), the Borough Solicitor reported that following further work on this, the Leader would be asked to finalise the delegations for decision making during week commencing 30 March 2015 in order to implement CIL with effect from 6 April 2015. An Executive Decision notice would be issued in due course.

**40. Urgent Items of Business**

There were no items of urgent business.

**41. Audit Plan 2014/15**

Helen Thompson, Ernst and Young attended the meeting to present the External Audit Plan for 2014/15.

The Plan set out the proposed audit approach and scope for the 2014/15 audit and covered the work planned to provide the Council with:

- An audit opinion on the financial statements of Bracknell Forest Council; and
- A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

The Audit Plan also outlined the principle financial statement risks facing the Council, as identified in discussion with officers, as

- The risk of management override
- Valuation of property, plant and equipment
- Non-domestic rates (NDR) rateable value appeals provision

In approaching the value for money (VFM) conclusion for the Council, the Auditors proposed an extension of last year's work around the significant risks associated with the major town centre redevelopment project being carried out by the Council and the continued implementation of the Better Care Fund. Finally, the Audit Plan set out a breakdown of the agreed fees for the audit, subject to variation if the level of work required was different to the anticipated.

Arising from questions, the Committee noted that review of the valuation of property, plant and equipment would have particular regard to the revaluation of school assets, where the external valuers engaged had used an estimation methodology that would have a significant impact on the asset values arrived at. Accordingly, the External Auditors would look carefully at the methodology adopted and assumptions made to assess accuracy and reasonableness. It was suggested that an update on this review be made to the Committee at its next meeting.

**RESOLVED** that the External Audit Plan for 2014/15 be noted.

#### 42. **Preparation of Annual Governance Statement**

The Committee considered a report seeking the nomination of a Member to assist the Governance Working Group in the formulation of the statutory Annual Governance Statement.

Councillor Thompson had joined the Governance Working Group in previous years and had indicated his willingness to participate again.

**RESOLVED** that Councillor Thompson be nominated to join the Governance Working Group during formulation of the Annual Governance Statement for 2013/14.

#### 43. **Annual Internal Audit Plan**

The Committee considered a report setting out the underlying principles applied in the Internal Audit planning process and seeking approval of the Internal Audit Plan for 2015/16.

The Audit Plan had been developed in consultation with the Chief Executive, Directors and Chief Officers and input was also sought from IT managers, our internal audit service providers and external audit. The Plan is risk driven to target resources on those areas of the Council's business that have the greatest influence on achievement of the Council's Medium Term Objectives. The main differences from the 2014/15 Plan were:

- An increase in the number of audit days of around 50 to a total of 687

- A reduction in IT audits
- An increase in the number of Council wide audits, including, for instance, a review of governance arrangements for major projects
- An increase in the number of school audits to 16 (compared to the usual number of 11 or 12) owing to the large number of changes / new Head Teachers in schools

Arising from questions and discussion, the Committee noted that the audit for schools focussed on their financial arrangements and procedures for ensuring the Governing Body received adequate and appropriate information to carry out its duties. It was noted that the Council had much less control over schools than in the past since Governing Bodies now had the prime responsibility for good governance.

Appendix 2 of the report contained a summary of the audits proposed to address the 12 areas of highest risk (graded red and amber) from the strategic risk register. Reference was made to the strategic risk 'Council unable to maintain buildings/highways' which referred to 'CIL set too high'. The Committee considered this wording should be amended since if the CIL was set too low this would also represent a risk.

**RESOLVED** that, subject to an appropriate amendment to the strategic risk register summary as referred to above, the Internal Audit Plan for 2015/16 be approved.

#### 44. **Local Government Audit Briefing**

The Committee received the latest issue of the Local Government Audit Committee Briefing, a periodic paper produced by the Ernst and Young Government and Public Sector team. The paper contained articles and information relevant to the local government sector as well as wider matters of potential interest to Council members.

In relation to forthcoming changes to the Accounts and Audit Regulations, a compressed timetable for the publication of annual accounts would be introduced to come into effect for the 2017/18 year. This would require accounts to be closed by 31 May following the end of the financial year rather than 30 June. The Borough Treasurer reported that the Council would be piloting a 31 May close down in the coming year in preparation for this future statutory requirement.

The Committee noted the briefing paper.

#### 45. **Alex Jack**

This was the last meeting of the Committee to be attended by Alex Jack prior to his retirement at the end of May. On behalf of the Committee the Chairman thanked Alex for his work for the Committee over the years and extended best wishes for a long and happy retirement.

#### 46. **Date of Next Meeting**

The Committee noted that its annual meeting would be held on 27 May 2015.

**CHAIRMAN**

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**GOVERNANCE & AUDIT COMMITTEE  
27 MAY 2015  
8.35 - 8.36 PM**



**Present:**

Councillors Allen (Chairman), King OBE (Vice-Chairman), Heydon, Ms Miller, Mrs Temperton, Thompson and Worrall

**Apologies for Absence were received from:**

Councillor McLean  
Mr G S Anderson

**1. Election of Chairman**

**RESOLVED** that Councillor Allen be appointed Chairman of the Governance and Audit Committee for the Municipal Year 2015 - 2016.

**COUNCILLOR ALLEN IN THE CHAIR**

**2. Appointment of Vice-Chairman**

**RESOLVED** that Councillor King OBE be appointed Vice-Chairman of the Governance and Audit Committee for the Municipal Year 2015 - 2016.

**3. Appointment of Advisory Group**

**RESOLVED** that the following be appointed:

**Standards Committee**

**Conservative**

Finnie  
King OBE  
Thompson

**Non Council Members**

Mr G Anderson (Chairman Elect)  
Mr D St. John Jones  
Mrs H Quillish  
To be advised

**Parish / Town Council Member**

Bracknell Town Council – Cllr M Phillips

**Independent Person**

Dr L Lee

**Reserve Independent Person**

Mr E Hopkin

**CHAIRMAN**

TO: GOVERNANCE AND AUDIT COMMITTEE  
24 JUNE 2015

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**INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2014/15**  
**Head of Audit and Risk Management**

**1. PURPOSE OF REPORT**

- 1.1 Under the Public Sector Internal Audit Standards, the Head of Audit is required to deliver an annual internal audit opinion. This is timed to inform review of the Annual Governance Statement (AGS).

**2. RECOMMENDATION**

- 2.1 **The Governance and Audit Committee note the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit's Opinion for 2014/15.**

**3. REASONS FOR RECOMMENDATION**

- 3.1 To support assurances set out in the Annual Governance Statement and ensure compliance with the Public Sector Internal Audit Standards.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The Committee could choose not to receive the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit's Opinion but would then not be aware of the relevant assurances from Internal Audit supporting the Annual Governance Statement and would not be complying with the Public Sector Internal Audit Standards.

**5. SUPPORTING INFORMATION**

- 5.1 The Council is required under the Accounts and Audit (England) Regulations to "undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".
- 5.2 The Public Sector Internal Audit Standards applicable to local government require 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, a summary of the work that supports the opinion and a statement on conformance with the Public Sector Internal Audit Standards (PSIAS).
- 5.3 The attached report sets out the Head of Internal Audit's Opinion for 2014/15 summarising the results and conclusions of Internal Audit's work for 2014/15 and a statement on compliance with PSIAS. No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that

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assurance. This opinion can, therefore, only provide reasonable and not absolute assurance based on the work undertaken and areas audited.

### 6. ADVICE FROM STATUTORY OFFICERS

#### 6.1 Borough Treasurer

Nothing to add to the report.

#### 6.2 Borough Solicitor

Nothing to add to the report.

#### 6.3 Equalities Impact Assessment

Not applicable.

#### 6.4 Strategic Risk Management Issues

The Head of Internal Audit's Annual Report provides her opinion on the control environment in place at the Council. 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.

### 7 CONSULTATION

7.1 Not applicable.

#### Contact for further information

Sally Hendrick – 01344 352092

[Sally.hendrick@bracknell-forest.gov.uk](mailto:Sally.hendrick@bracknell-forest.gov.uk)

#### Doc. Ref

HOIAO 14/15

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

## **1. BACKGROUND**

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

The Public Sector Internal Audit Standards require 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

- Includes an opinion on the overall adequacy and effectiveness of the organisation’s control environment;
- Discloses any qualifications to that opinion together with the reasons for that qualification;
- Presents a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- Draws attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- Compares 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
- Comments on compliance with Public Sector Internal Audit Standards and communicates 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 2013/14

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

- The Head of Audit and Risk Management is able to provide reasonable assurance that the Authority has sound systems of internal control in place in accordance with proper practices except for those areas of significant weaknesses as set out in Section 4.3;
- Key systems of control are operating satisfactorily except for the areas referred to in Section 4.3; and
- There are adequate arrangements in place for risk management and corporate governance.

### 4. INTERNAL CONTROL

#### 4.1 Internal Audit Performance

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 2014/15 was considered and approved by the Governance and Audit Committee on 1<sup>st</sup> April 2014.. The delivery of the individual audits in the Internal Audit Plan for 2014/15 was mainly undertaken by Mazars Public Sector Internal Audit Limited. Fifteen reviews and grant claims were audited in house (2013/14: 10) and 23 audits (2013/14:24) were undertaken by Reading or Wokingham Borough Councils Internal Audit teams under an agreement under S113 of the Local Government Act 1972 which permits local authorities to provide staffing resources to other authorities.

Some alterations were made to the original plan during the year in response to information gained during the year combined with known changes. These are clearly shown in Appendix 1. At the time of writing this report, memos, grant certifications or reports for 84 audits had been finalised, 3 were in draft awaiting final agreement and 3 audits were still in progress or received in draft for review. The outcome for each audit is summarised at Appendix 1.

#### 4.2 Summary of the Results of 2014/15 Audits

ASSURANCE	FINAL AND DRAFT 2014/15	FINAL AND DRAFT 2013/14	FINAL AND DRAFT 2012/13
Significant	1	3	-
Satisfactory	55	59	59
Limited	15	6	4
<b>Total for Audits Including an Opinion</b>	<b>71</b>	<b>68</b>	<b>63</b>
Grant Claim Certifications	12	8	3
Memos and reports with no opinion	4	12	6
<b>Total</b>	<b>87</b>	<b>88</b>	<b>72</b>

### Assurance Opinion Classifications

Assurance Level	Definition
Significant	There is a sound system of internal controls to meet the system objectives and testing performed indicates that controls are being consistently applied
Satisfactory	There is basically a sound system of internal controls although there are some minor weaknesses in controls and/or there is evidence that the level of non-compliance may put some minor systems objectives at risk.
Limited	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 2014/15, there were no audits where no assurance was given but the number of limited assurance opinions increased from 6 to 15. Audits on the following areas resulted in limited assurance opinions. Management have advised that actions are underway to address all recommendations.

DIRECTORATE	AUDITS WITH LIMITED ASSURANCE CONCLUSION
<b>ADULT SOCIAL CARE, HEALTH AND HOUSING</b>	<p><u>HEATHLANDS</u> Four priority 1 recommendations were raised to address weaknesses in financial procedures, controls over residents monies, income and implementing previous recommendations. Heathlands will be re-audited during quarter 1 of 2015/16</p> <p><u>DIRECT PAYMENTS</u> Two priority one recommendations were raised to ensure signed direct payment agreements are in place and to refer queries arising from financial monitoring to social care practitioners. Direct Payments is scheduled to be re-audited in quarter 3.</p>
<b>CORPORATE SERVICES</b>	<p><u>COUNCIL WIDE PROCUREMENT</u> A limited assurance opinion was given due to a priority 1 recommendation in respect of waivers to Contract Standing Orders. Requirements for waivers have been re-iterated to officers. Procurement will be re-audited in quarter 1 of 2015/16.</p> <p><u>SURVEYORS SERVICES</u></p>

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	<p>A priority 1 recommendation was raised in respect of weaknesses in both the billing by the reactive maintenance contractor and subsequent checking of amounts billed. The service will be re-audited in quarter 4 of 2015/16 following the re-tender of reactive maintenance</p> <p><u>DEBTORS</u> A priority one recommendation was raised to address weaknesses in the segregation of duties within the debtors IT system for the write off of debts. Debtors will be re-audited in quarter 3.</p> <p><u>CREDITORS</u> Two priority 1 recommendations were raised to address weaknesses found in the payment without invoice and the workflow approval processes within the accounting system. Creditors will be re-audited in quarter 3 of 2015/16.</p> <p><u>COUNCIL WIDE PAYMENT CARD INDUSTRY (PCI) STANDARDS</u> Five priority 1 recommendations were raised to address weaknesses in allocation of responsibilities, management of risk, inconsistency of processes and procedures, gap analysis in compliance with standards and action to address previous recommendations PCI is scheduled to be re-audited in quarter 3.</p>
<p><b>CHILDREN, YOUNG PEOPLE AND LEARNING-SCHOOL AUDITS</b></p>	<p><u>SCHOOLS</u> Limited assurance opinions were given on five school audits during 2014/15. Senior officers from the Education Authority are providing support to the Schools to enable them to address weaknesses in their control environments and the schools will be re-audited during quarters 3 and 4 of 2015/16.</p> <p><u>WARFIELD SCHOOL</u> Two priority one recommendations were raised in response to weaknesses in the bank reconciliation process and the arrangements for the WASPS nursery.</p> <p><u>ST MICHAEL'S EASTHAMPSTEAD</u> A priority one recommendation was raised in respect of the private fund not being audited for three years.</p> <p><u>COLLEGE TOWN JUNIOR SCHOOL</u> A priority one recommendation was raised to improve controls over authorisation of payments and in addition a large number of weaknesses were found across the control environment.</p> <p><u>HOLLY SPRING JUNIOR SCHOOL</u> A priority one recommendation was raised in respect of weaknesses in the tendering of a leasing agreement and due to the large number of weaknesses found across the control environment.</p> <p><u>CROWN WOOD SCHOOL</u></p>



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	Three priority one recommendations were raised due to weaknesses found in respect of pre-employment checks, bank reconciliations and procurement of a photocopying lease. In addition, a large number of other weaknesses were found across the control environment. The new bursar is taking action to address the weaknesses found.
<b>CHILDREN, YOUNG PEOPLE AND LEARNING- OTHER AUDITS</b>	<p><u>DIRECT PAYMENTS</u> One priority one recommendation was raised to address weaknesses in financial monitoring and control of direct payments. An audit to follow up the weaknesses in financial monitoring will be undertaken in quarter 3.</p> <p><u>PUPIL REFERRAL SERVICE</u> A priority one recommendation was raised regarding the need to determine the strategic direction of the service. A follow up audit is scheduled for quarter 3 of 2015/16.</p>
<b>ENVIRONMENT, CULTURE AND COMMUNITIES</b>	<p><u>EASTHAMPSTEAD PARK CONFERENCE CENTRE</u> A priority 1 recommendation was raised in response to miscoding of expenditure. The Centre will be re-audited in quarter 2.</p>

### 5. OTHER WORK PERFORMED BY INTERNAL AUDIT

In October 2014, the Head of Audit and Risk Management, together with the Borough Solicitor, delivered a presentation on counter fraud and corruption measures to a Chinese delegation from Hunan province.

### 6. REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

#### 6.1 Compliance with Public Sector Internal Audit Standards

The Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013. These standards provide a consistent framework for all internal audit services in the public sector across the UK. There is a requirement in the Standards for the Head of Audit and Risk Management to report on conformance with the PSIAS in her annual report.

During 2013/14, the Head of Audit and Risk Management assessed the level of compliance with PSIAS using a detailed checklist for compliance produced by CIPFA. Assurance on compliance with PSIAS has also been sought from Mazars and Reading and Wokingham internal audit teams who provide internal audit services to Bracknell Forest. During 2014/15, the self-assessment was reviewed and updated. Based on internal self-assessment, the Head of Audit and Risk Management has established that Bracknell Forest Internal Audit is broadly compliant with PSIAS and no changes are required to our day to day operation. Some actions were identified in 2013/14 and progress against these is set out below.

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SELF-ASSESSMENT	ACTION REQUIRED	ACTION UPDATE
<p><u>Quality Assessment and Improvement Programme</u></p> <p>PSIAS introduced a formalised quality and assurance programme that must include both internal and external assessments with an external assessment being conducted at least once every five years. Our existing processes fulfil the internal assessment requirement. Initial indications are that the cost of an external assessment would be significant. The possibility of peer reviews with other local authorities has been proposed at audit forums.</p>	<p>Given the cost of formal external assessment, uncertainty around the qualifications required to undertake this assessment and lack of clarity about what form of peer review would be acceptable to ensure compliance with requirements, the external assessment will be deferred until later in the 5 year cycle.</p>	<p>As noted last year, this will be deferred until later in the 5 year cycle. The deadline is 31<sup>st</sup> March 2018.</p>
<p><u>The "Board"</u></p> <p>The PSIAS require that the term 'Board' be defined for each individual PSIAS standard. At Bracknell Forest Council the Governance and Audit Committee performs the role of the board for the majority of functions specified within the PSIAS including management arrangements. The Standards are designed to is includes measures to safeguard the independence of the Head of Audit and Risk Management by ensuring that performance assessment is not unduly influenced by those subject to audit.</p>	<p>In Bracknell Forest, this will be achieved by ensuring in future that the Chief Executive contributes feedback on the performance appraisal of the Head of Audit and Risk Management which is undertaken by the Borough Treasurer and as line manager and Section 151 Officer and by seeking feedback from the Chair of the Governance and Audit Committee.</p>	<p>Feedback on the Head of Audit and Risk Management's performance has been sought from the Chief Executive and the Chair of Governance for 2014/15.</p>

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SELF ASSESSMENT	ACTION REQUIRED	ACTION UPDATE
<p><u>The Audit Charter</u></p> <p>The Standards require the Council to have an Internal Audit Charter which must be approved by the Corporate Management Team (CMT) and the Governance and Audit Committee. The Charter defines the purpose, authority and responsibility of Internal Audit. It also sets out the nature of the Head of Audit's functional relationship with the Governance and Audit Committee. The Council's existing Internal Audit Strategy already covered most aspects of the requirements of an Audit Charter.</p>	<p>The Council Internal Audit Strategy will be reviewed and updated to ensure it includes all the requirements for an Audit Charter as set out in the PSIAS.</p>	<p>The Internal Audit Charter was produced and approved by the Governance and Audit Committee on 28<sup>th</sup> January 2015.</p>
<p><u>Follow Up</u></p> <p>The Head of Audit must establish a follow up process to ensure implementation of agreed recommendations or that senior management has accepted the risk of not taking action. Given limited resources, follow up of recommendations has been restricted to limited assurance reviews or otherwise undertaken at the next audit review.</p>	<p>The Head of Audit and Risk Management will explore options for monitoring recommendations.</p>	<p>As in previous years, limited assurance audits from the preceding year were followed up during 2014/15 and every audit included follow up of any previous recommendations. In addition, for the remaining audits finalised between April 2013 and September 2014, reports have been re-circulated in May 2015 to Chief Officers and Head of Service who have been asked to confirm that recommendations have been implemented.</p>

## **6.2 Summary of Internal Audit Performance 2014/15**

	Client Questionnaires		Draft Report Produced within 15 Days of Exit meeting
	Received	Satisfactory	
2014/15	35	94%	71%
2013/14	46	96%	66%

## **6.3 Feedback from Client Quality Questionnaires**

The overall response from client questionnaires for 2014/15 was positive with only 2 responses returned where the auditee did not find the audit satisfactory. 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. The unsatisfactory responses for 2014/15 related to delays in the issuing of reports and both audits had been carried out by the same auditor who has since left the contractor's employment.

## **7. EXTERNAL INSPECTIONS**

### **7.1 Consideration of the Outcome of External Inspections**

The Head of Audit and Risk Management considers the outcome of the external auditors' inspections and assessments to inform the development and ongoing review of the Internal Audit Plan for the current and future years and assess if there are any issues relating to the control environment which need to be taken into account in drawing up the annual Head of Internal Audit Opinion. The findings of the various external auditors' assessments considered when finalising the Head of Internal Audit Opinion for 2014/15 are as follows:

### **7.2 External Auditors' Annual Audit Letter 2013/14**

The Annual Audit Letter 2013/14 was presented to the Governance and Audit Committee by the Helen Thompson from Ernst and Young on 28<sup>th</sup> January 2015. Ernst and Young's work on the financial statements resulted in them concluding that the statements were free from material error and issuing an unqualified audit opinion for the year ended 31 March 2014. They also issued an unqualified opinion on whether the Council had put in place proper arrangements for securing financial resilience and has proper arrangements in place for challenging how it secures economy, efficiency and effectiveness.

### **7.3 External Auditors' Certification of Claims and Returns Annual Report 2013/14**

This report was presented to the Governance and Audit Committee by Helen Thompson from Ernst and Young on 28<sup>th</sup> January 2014. The report summarised the findings from the external auditors' certification of 2013/14 grant claims and included the key messages arising from the external auditors' assessment of the Council's arrangements for preparing claims and returns. Ernst and Young certified 1 claim (the Housing and Council Tax Benefits Subsidy Claim) for

2013/14. Whilst the claim audited was qualified due to errors identified, Ernst and Yong noted that the number of errors was less than in 2012/13.

## **8. RISK MANAGEMENT**

A fundamental refresh of the Risk Management Strategy and Risk Management Toolkit was undertaken in quarter 3 of 2013/14 and the revised Strategy was formally approved by the Governance and Audit Committee on 1<sup>st</sup> April 2015. The strategy has now been reviewed again and feedback was sought from the Corporate Management Team on 10<sup>th</sup> June 2015. The key priorities identified in the updated Strategy are:

- To ensure there are adequate risk management arrangements in place for all major projects being undertaken at the Council;
- To identify the key potential fraud risks to the Council and develop a fraud risk management plan; and
- To carry out a test exercise on the Disaster Recovery.

During 2014/15, the Strategic Risk Register was reviewed quarterly by SRMG and twice by the Corporate Management Team (in May and December 2014) as agreed in the Risk Management Strategy. The Register was subject to Member review at both the Executive Briefing in June 2014 and January 2015 and by the Governance and Audit Committee in July 2014 and January 2015.

Directorate Risk Registers are in place and were generally reviewed and updated quarterly by Departmental Management Teams during 2014/15. These record the significant operational risks for each directorate and inform the update of the Strategic Risk Register. Risk registers are in place for all the major projects at the Council and these are reviewed regularly.

Risk awareness is also being continually raised through the internal audit process, for example by drawing attention to managers' responsibilities for assessing fraud risks and putting controls in place to prevent, deter and detect fraud and focussing on risk management within the contract management process.

## **9. CORPORATE GOVERNANCE**

### **9.1 Governance Working Group**

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 2014/15, the Group oversaw the drafting of the Annual Governance Statement and the development of action plans to address governance weaknesses identified by the review of effectiveness of governance arrangements.

### **9.2 CIPFA – Audit Committees: Practical Guidance for Local Authorities and Police**

The Governance and Audit Committee at Bracknell Forest Council has been in place since April 2009 and was broadly compliant with best practice in existence at the time it was established.

CIPFA have issued revised guidance for audit committees- ***Audit Committees: Practical Guidance for Local Authorities and Police***. The requirements under the previous guidance were less prescriptive and Committee has not carried out a formal self assessment of its performance hence it may be appropriate now for the Committee to consider if this should now be carried out. This has been set out in a separate paper to the Committee.

## **10. FRAUD AND IRREGULARITY**

### **10.1 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. Data was submitted to the Audit Commission in October 2014. Matches have now been received and are in the process of being investigated by the relevant departments.

### **10.2 Single Person Discount**

In order to identify potential mis-claiming of Council Tax Single Person Discount (SPD), the Revenues team procured external consultants to carry out a data matching exercise. The exercise was undertaken during quarter 3 and matched credit records to households claiming SPD to highlight cases where there appeared to be more than one occupant at the property. In such cases, letters were sent to the recipient of the SPD to query if they were the sole occupier. The exercise has resulted in SPD being removed from 400 households who were not entitled to the discount which resulted in a reduction of £143k in SPD awards.

### **10.3 Benefits Investigation**

Up to 30 November 2014 the Council had a Benefits Investigation team which was located within the Benefits section of Housing and therefore outside of the management of the Internal Audit Team. The Investigation team consisted of a Senior Investigation Officer and one Investigation Officer and was responsible for the investigation of potentially fraudulent claims for benefits with a view to taking prosecution action. On 1st December 2014, the Investigation Officers transferred to the Single Fraud Investigation Service (SFIS) within the Department for Work and Pensions as part of the national government programme of centralising the investigation of welfare benefit fraud.

Up to their date of transfer, the Team received 432 referrals. During 2014/15, in total the Council identified 45 fraudulent cases of Housing Benefit and Council Tax fraud with value of £145,285. Four of these cases were successfully prosecuted and the remainder were subject to Formal Caution or an Administrative Penalty.

Going forward, Bracknell Forest fraud cases for housing benefit will be investigated by SFIS. At this stage the full impact of SFIS is still unclear. SFIS may set minimum levels for fraud investigation which could mean that potential frauds that would have been investigated by our in-house team will not be pursued by SFIS. Authorities will refer potential fraud cases that they become aware of to SFIS for investigation and will be required to provide information to support these investigations as SFIS will have no access to our benefit records. With regards to NFI data matches, local authorities are similarly expected to carry out an initial review and sift of the matches to identify cases for investigation by SFIS.

**10.4 Other Irregularities**

During 2014/15, a number of issues were raised with Internal Audit. These were generally minor in nature and advice was given and action taken as appropriate.

During quarter 2 of 2013/14, the Royal Borough of Windsor and Maidenhead identified 2 cases of abuse of Bracknell Forest blue badges. Both badges were confiscated and returned to Bracknell Forest Council and in one case the individual was given a formal caution.

## APPENDIX 1

## 2013/14 AUDIT REPORTS ISSUED DURING 2014/15

\* Draft report issued within 15 working days of the exit meeting to discuss audit findings and recommendations

Audit	Start Date	Date Draft Report	Key Indicator Met *	Assurance Level				Recommendations			Status
								Priority			
				Significant	Satisfactory	Limited	None	1	2	3	
Children, Young People and Learning											
SEN	27/03/14	03/07/14	Yes		✓				3	2	Final
Corporate Services											
Council Wide Procurement	22/04/14	12/6/14	Yes			✓		1	7	1	Final

## 2014/15 AUDIT PLAN

Audit	Start Date	Date Draft Report	Key Indicator Met*	Assurance Level				Recommendations			Status
								Priority			
				Significant	Satisfactory	Limited	None	1	2	3	
Grants											
Better Bus Grant	18/3/14	21/3/14	Yes	N/A – Grant certification							Final
Bus Subsidy Grant	01/07/14	17/07/14	Yes	N/A – Grant certification							Final
IER Grant	12/06/14	23/06/14	Yes	N/A – Grant certification							Final
Troubled Families Grant (May)	13/05/14	15/05/14	Yes	N/A – Grant certification							Final
Sustainable Transport Grant	03/07/14	17/07/14	Yes	N/A – Grant certification							Final
Pinch Point Grant	14/07/14	17/07/14	Yes	N/A – Grant certification							Final
Public Health Preliminary Assessment	25/4/14	10/7/14	Yes	N/A – Grant certification							Final



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## Unrestricted

Audit	Start Date	Date Draft Report	Key Indicator Met*	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	1	2	3	
Remote working	12/9/14	22/10/14	No		✓				2		Final
ICT Helpdesk	26/8/14	12/11/14	No		✓				6		Final
School Back-Ups	24/4/14	18/6/14	Yes		✓				4		Final
Library IT System	23/3/15	28/5/15	No								Draft received
E+ card and system (IT/ general audit)	19/1/15	11/3/15	No		✓				3	2	Final
Leisure Management System											Deferred to 2015/16 as a new system is now being procured.
Information security in schools follow ups	2/3/15										WIP
<b>Corporate Services</b>											
Budgets/Budgetary Control	8/10/14	27/11/14	No		✓				2	1	Final
Cash Management	22/9/14	16/10/14	Yes		✓				1		Final
Treasury Management	15/07/14	4/8/14	Yes		✓				1		Final
Creditors	13/10/14	11/12/14	Yes			✓		2			Final
Debtors	15/9/14	16/10/14	No			✓		1	7	3	Final
Main Accounting inc recs	29/09/14	17/11/14	No		✓						Final
Payroll	30/10/14	2/2/15	Yes		✓				1	6	Final
NHS Pension Scheme Assurance	31/3/14	28/4/14	Yes	N/A – Assurance memo provided in respect of NHS Pensions							Final
Insurance	23/06/14	29/07/14	Yes		✓				1	2	Final
Members Allowances & Expenses	17/11/14	6/2/14	No		✓				1	4	Final
Data protection	11/9/14	30/9/14	Yes		✓				3	2	Final
Surveying Services	3/9/14	16/10/14	Yes		✓	✓		1	4		Final
Commercial Properties	12/05/14	14/07/14	No		✓				2	3	Final

# Unrestricted

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Audit	Start Date	Date Draft Report	Key Indicator Met*	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	1	2	3	
inc. Rents and estates management											
Council Tax	30/9/14	14/10/14	Yes		✓				5	3	Final
Business Rates	3/11/14	15/12/14	Yes		✓				2	1	Final
Health & Safety	9/6/14	1/8/14	Yes		✓				6		Final
<b>Children, Young People and Learning School Audits</b>											
School Funding	23/6/14	20/6/14	Yes	✓							Final
Ascot Heath CE Junior	9/3/15	25/3/15	Yes		✓				9	4	Final
Birch Hill Primary	3/3/15	29/4/15	Yes		✓				6	3	Final
College Town Infants	26/1/15	9/2/15	Yes		✓				4	2	Final
College Town Junior	21/1/15	9/2/15	Yes			✓		1	12	3	Final
Crownwood Primary	16/3/15	5/5/15	Yes			✓		3	17	4	Final
Foxhill Primary	05/06/14	03/07/14	Yes		✓				7	11	Final
Garth Hill	24/2/15	29/5/15	Yes		✓				8	5	Draft issued
Harmanswater Primary	1/2/15	20/3/15	Yes		✓				7	6	Final
Holly Spring Junior	12/1/15	30/4/15	Yes			✓		1	14	3	Final
Owlsmoor Primary	15/1/15	10/2/15	Yes		✓				1	3	Final
St Joseph's RC Primary	7/1/15	4/2/15	Yes		✓				2	3	Final
St Michael's Sandhurst CE Primary	19/05/14	03/07/14	No		✓				4	9	Final
St Michael's E'hampstead CE Primary	13/10/14	4/11/14	Yes			✓		1	7	2	Final
Warfield CE Primary	09/06/14	18/9/14	No			✓		2	5	6	Final
Wildmoor Heath	30/3/15	30/4/15	Yes		✓				9	5	Final
<b>Children, Young People and Learning Cross-Cutting School Audits</b>											
Procurement in Schools follow up											Deferred to 2015/16
<b>Children, Young People and Learning – Other Audits</b>											
Life Long Learning	23/06/14	11/07/14	Yes	Follow up of previous audit no opinion given						1	Final

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Audit	Start Date	Date Draft Report	Key Indicator Met*	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	1	2	3	
Pupil referral services excl PRU	22/09/14	18/11/14	Yes			✓		1	1	2	Final
SEGL											Audit no longer required
After/Leaving Care Team	21/02/14	17/4/14	Yes		✓				4	2	Final
Direct Payments	16/9/14	14/10/14	Yes			✓		1	4		Final
Larchwood Unit	7/10/14	13/10/14	Yes		✓				6	2	Final
Monies in Trust Looked After Children											Audit no longer required
<b>Environment, Culture and Communities</b>											
Reconciliations	16/2/15	15/4/15	No		✓				6	2	Final
Library Central processes(incl stock control)	23/3/15	15/4/15	Yes		✓				6	2	Final
Coral Reef	30/09/14	2/12/14	No		✓				11	3	Final
Easthampstead Park Conference Centre	4/12/14	13/3/15	No			✓		1	7	4	Final
Leisure cash spot checks	1/3/15	5/5/15	No	Memos issued- no opinion given							Final
S106/ CIL	16/2/15	31/3/15	Yes		✓				13	3	Final
Public Transport (following Bus Strategy)	9/11/14	19/12/14	Yes		✓				2		Final
Building control and land charges	22/04/14	16/9/14	No		✓				3	3	Final
Car Parking- follow up	22/04/14	20/06/14	Yes	Follow up of previous limited assurance no opinion given						1	Final
Cemetery & Crematorium	06/05/14	20/8/14	No		✓				3	2	Final
Highways Management											Audit deferred to 2015/16t
Waste Collection	28/08/14	22/10/14	No		✓				8	3	Final
Open for Business –											Audit no

# Unrestricted

Audit	Start Date	Date Draft Report	Key Indicator Met*	Assurance Level				Recommendations			Status
				Significant	Satisfactory	Limited	None	1	2	3	
Regulatory Services											longer required
<b>Adult Social Care, Housing and Health</b>											
Performance Financial Assessments & Benefit Checks	30/06/14	1/10/14	No		✓				2	2	Final
Controcc payments and receipts	13/1/15	17/2/15	Yes		✓				1	2	Final
Deputyships & Appointees	29/1/15	12/3/15	Yes		✓				2	2	Final
Older people and long term conditions	24/2/15	1/6/15	Yes		✓				4		Draft issued
Heathlands – residential & day services	02/06/14	04/08/14	Yes			✓		4	7	1	Final
Bridgewell Unit	24/11/14	14/1/15	Yes		✓				10	4	Final
Direct payments	1/12/14	27/1/15	No		✓			2	2	1	Final
Learning Disability Provider Service	23/06/14	08/08/14	No		✓				1	8	Final
Housing and Council Tax Benefits	1/12/14	12/3/15	No		✓				1		Final
Housing Applications etc.	4/8/14	26/9/14	No		✓				6		Final
Housing Rents and Deposits	12/05/14	8/12/14	No			✓		1	6	2	Final
Forestcare	09/06/14	07/08/14	No		✓				6	2	Final

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**TO: GOVERNANCE AND AUDIT COMMITTEE**  
**24 JUNE 2015**

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**ANNUAL GOVERNANCE STATEMENT**  
**Director of Corporate Services – Legal**

**1 PURPOSE OF REPORT**

- 1.1 To consider the Annual Governance Statement (AGS) 2014/15 and the Action Plan to make the improvements identified in the AGS prior to submission for approval by Full Council.

**2 RECOMMENDATIONS**

- 2.1 **That the draft Annual Governance Statement (“AGS”) shown as Appendix 1 to this report be approved.**
- 2.2 **That the Action Plan shown as Appendix 3 to this report be approved.**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure the Council complies with the statutory requirements to produce an Annual Governance Statement.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 It is a statutory requirement for the Council to approve an AGS and Action Plan and therefore no alternative options have been considered.

**5 SUPPORTING INFORMATION**

- 5.1 In England, the preparation and publication of an AGS is necessary to meet the statutory obligation set out in Regulation 4(3) of the Accounts and Audit Regulations 2011. This requires authorities to prepare a statement in accordance with “proper practices” and the guidance in the Framework recommending an AGS constitutes “proper practice”. The AGS will be signed by the Chief Executive and the Leader of the Council.
- 5.2 The CIPFA/SOLACE publication “Delivering Good Governance in Local Government: Framework 2007” recommends that authorities produce an AGS to report publicly on the key elements of the governance framework the authority has in place, to review the effectiveness of the governance framework and the steps which will be taken over the next year to enhance governance arrangements. The AGS and Action Plan were prepared in accordance with the revised CIPFA/SOLACE Guidance Note 2012 and subsequent addendum. These provide that the AGS should include a brief description of the key elements of the governance framework the authority has in place.
- 5.3 The Action Plan attached to last years AGS identified a number of areas for improvement, in particular in relation to communicating with and raising staff awareness of information management policies, taking a proactive approach to counter-fraud, and updating the Council’s website to comply with the requirements of the Coalition Governments’ revised Data Transparency Code. Considerable progress was made during 2014/15 on implementing those actions (see Appendix 2). Where these issues are still ongoing they have been included again in the Action Plan attached to the 2014/15 AGS (Appendix 3).

- 5.4 The primary source of assurance for the AGS, as advised in CIPFA/SOLACE guidance, is the Compliance Assessments completed by
- the Assistant Chief Executive and each Director on compliance with internal controls and governance arrangements across their departments;
  - the Monitoring Officer in respect of legal and regulatory functions;
  - the Borough Treasurer in respect of financial controls; and
  - the Borough Treasurer and Head of Audit and Risk Management in respect of risk management.
- 5.5 The draft AGS attached at Appendix 1 is based on the declarations in the compliance assessments. An Action Plan has been drawn up to address the issues highlighted in the 2014/15 AGS and this is attached at Appendix 3.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 The Borough Solicitor is the author of this report.

### Borough Treasurer

- 6.2 The Annual Governance Statement is a statutory requirement under the Accounts and Audit Regulations 2011 and will be incorporated within the Council's annual Statement of Accounts.

### Equalities Impact Assessment

- 6.3 Not applicable.

### Strategic Risk Management Issues

- 6.4 Risk management is a key part of good governance, as outlined paragraph 3.3 of the draft AGS in Appendix 1.

### Other Officers

- 6.5 None.

## **7 CONSULTATION**

### Principal Groups Consulted

The Corporate Governance Working Group (including Councillor Cliff Thompson).

### Method of Consultation

Meeting.

### Representations Received

Suggested amendments included in this report.



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Contact for further information

Simon Heard – 01344 353107 – [simon.heard@bracknell-forest.gov.uk](mailto:simon.heard@bracknell-forest.gov.uk)

Doc. Ref

SH/f/reports/Governance and Audit Committee – June 2015

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**ANNUAL GOVERNANCE STATEMENT 2015/16****1 Scope of Responsibility**

- 1.1** Bracknell Forest Borough Council ("The Council") is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2** In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3** The Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government published in 2007. This Statement explains how the Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

**2 The Purpose of the Governance Framework**

- 2.1** The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled. It underpins its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the appropriate delivery of services and value for money.
- 2.2** The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3** The governance framework has been in place at Bracknell Forest Council for the year ended 31 March 2015 and up to the date of approval of the 2014/15 statement of accounts.

**3 The Governance Framework**

The CIPFA/SOLACE Framework and 2012 Addendum - Delivering Good Governance in Local Government suggest that this Annual Governance Statement should include a brief description of the key elements of the governance framework that the Council has in place. Further detail is set out in the Council's Code of Governance that is publically available.

### **3.1 Bracknell Forest Council's Vision and delivery of objectives**

- 3.1.1 The Council's vision of its purpose and intended outcomes for citizens and service users is set out in six overarching corporate priorities which are underpinned by 11 medium term objectives and 72 key actions. The main ways it is communicated are via the Council's public website, intranet, Town and Country magazine (the Council's news paper for residents) and Chief Executive Briefings.
- 3.1.2 The corporate priorities set out in the Annual Report 2012 were developed after extensive consultation with the community, residents, employees, strategic partners and local businesses in order for the priorities to be consistent with their needs and aspirations.
- 3.1.3 Objectives and key actions are cascaded internally through service plans, team business plans and individual performance development reviews. Delivery is monitored through:
- Quarterly Service Reports reviewed by the Executive Members, Chief Executive and the Corporate Management Team.
  - Quarterly Corporate Performance Overview Report considered by the Executive.
  - Quarterly reports for Corporate Services and the Chief Executive's Office together with the quarterly Corporate Performance Overview Report are then considered by the Overview and Scrutiny Commission. Quarterly Service Reports for the other directorates are reviewed by the relevant Overview and Scrutiny Panel for their area.

All these reports are available on the Council's website and intranet. The Council's performance reporting process measures quality of service for users, ensuring services are delivered in accordance with objectives and represent the best value for money.

- 3.1.4 Partnership groups have agreed joint targets that they monitor quarterly; for example, the Community Safety Partnership. Adult Social Care also produces an Annual Report referred to as the Local Account. Major partnership projects are monitored on a regular basis by the Corporate Management Team, the Executive and the Health and Wellbeing Board.
- 3.1.5 The Council needs to be confident that it has accurate, complete and timely performance information in order to plan and manage services to the public; ensure good decision-making and to effectively provide feedback and report on the quality of Council services to service users, residents, partners and Government. To ensure this, the Council has a Data Quality Statement, which is reviewed annually. The Data Quality Statement provides details on how the Council aims to achieve a consistently high level of data quality. Good quality data is the responsibility of every member of staff who collects, calculates, inputs or uses performance data during the course of their work. The various roles are outlined within the statement.

### **3.2 Roles and Responsibilities**

- 3.2.1 The Constitution of the Council establishes the roles and responsibilities of the Executive, the full Council and its committees and sub-committees along with Overview and Scrutiny arrangements, the role and functions of Champions and officer functions (set out in the Scheme of Delegation). As well as Procedure Rules, it contains Standing Orders and Financial Regulations that define clearly how decisions are taken and where authority lies for the decision. It includes Members and Employee Codes of Conduct and Protocols for Member/officer relations. The Council's Constitution is regularly reviewed and updated

with substantive changes highlighted to all staff and Members. The Constitution is available on the public website.

- 3.2.2 The Monitoring Officer advises the Governance and Audit Committee on proposals to update the Council's Constitution (including arrangements between officers and Members), its Executive Arrangements/decision making and Procedure Rules to ensure that they are fit for purpose and the Committee subsequently make recommendations on those matters to full Council.
- 3.2.3 The work of the Executive is supported by the Overview and Scrutiny Commission and four Overview and Scrutiny Panels (plus one Joint Committee in respect of Health). They are comprised of non-Executive Members and review and scrutinise both Executive and non-Executive decisions. In addition to scrutinising such decisions working groups of the Panel conduct in-depth investigations into particular topic areas which result in reports setting out detailed recommendations.
- 3.2.4 The Council's financial management arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* (2010). Further, the Council's assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2010).
- 3.2.5 Effective arrangements are in place for the discharge of the Monitoring Officer function, Head of Paid Service and Section 151 Officer. The Borough Treasurer (Section 151 Officer) is a member of Corporate Management Team and the Borough Solicitor has access to Corporate Management Team in his role as Monitoring Officer.
- 3.2.6 The Governance and Audit Committee is responsible for reinforcing effective governance, particularly through reviewing the activities of the external and internal auditors and the Council's risk management arrangements. It undertakes the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*. During 2014/15 the Committee received summary reports on progress on the delivery of the Internal Audit Plan and key outcomes on completed work. The Internal Audit Plan for 2015/16 was approved by the Committee.

### **3.3 Risk Management**

- 3.3.1 The Council has a strong risk management function. Decisions made by the Council are subject to risk assessments which are made in accordance with the organisation's risk management processes. The Risk Management Strategy includes the Council's priorities for developing risk management arrangements.
- 3.3.2 The Strategic Risk Management Group (SRMG) chaired by the Borough Treasurer meets quarterly and oversees all aspects of risk management at the Council including health and safety, business continuity and information security risks. During 2014/15 the Strategic Risk Register was updated and considered by SRMG on a quarterly basis and reviewed and approved twice by the Corporate Management Team, by the Executive and by Governance and Audit Committee. Actions to address strategic risks were monitored during 2014/15 and key changes and developments on strategic risks were summarised in the quarterly Corporate Performance Overview Report.
- 3.3.3 There is a process for recording and monitoring significant operational risks through directorate risk registers which were generally reviewed quarterly during 2014/15 and used to inform the Strategic Risk Register. The Strategic Risk Register includes an overarching risk on major projects and in addition separate risk registers are in place for all major projects.

- 3.3.4 Members are engaged in the risk management process through the Executive's and Governance and Audit Committee's review of the Strategic Risk Register and Member review of the Corporate Performance Overview.

### **3.4 Policies and Procedures**

- 3.4.1 The Council's Anti-Fraud and Corruption Policy is consistent with Financial Regulations and has been communicated to all staff.
- 3.4.2 A corporate complaints procedure and whistle-blowing policy are maintained and kept under review, providing an opportunity for members of the public and staff to raise issues when they believe that appropriate standards have not been met. An annual report analysing complaints received and their resolution is presented to Corporate Management Team and to the Executive.
- 3.4.3 The Council takes information security very seriously. The Information Management Group consists of senior officers and ensures that the Council has in place a co-ordinated and coherent framework for managing information. During 2014/15 it continued to implement the Information Management Strategy, monitor information security incidents that occurred, communicate policies to staff and provide training. During the year, internal audit carried out a further review of information security arrangements in schools.

### **3.5 Change Management**

The Council ensures effective management of change. It conducts Equality Impact Assessments when appropriate and has put in place a Privacy Impact Assessment Procedure for all new projects involving personal information. The Council has a robust process in place to ensure office moves between buildings are carried out with minimal disruption to service users.

### **3.6 Assurance on compliance**

- 3.6.1 Assurance on compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful is sought through internal audit reviews and the work of external audit.
- 3.6.2 All decisions made by the Council are made in light of advice from the Borough Treasurer and Borough Solicitor.

### **3.7 Developing the capacity and capability of Members and officers to be effective**

- 3.7.1 The Council has a comprehensive induction and training process in place for both Members and officers joining the Council. During 2014/15 all new officers received personalised inductions. In addition, both Members and officers attend external training courses where training needs cannot be met internally.
- 3.7.2 The Council has a Members Development Programme which takes the form of internal training workshops and Member briefing seminars on specific topics. Members also offered 360° feedback. The Council has been awarded the Charter Plus Standard for Member Development. The charter provides a robust framework which ensures Members are supported during their time on the Council. Member development is now an embedded part of the Council's culture.

- 3.7.3 A broad internal training programme of courses is run each year for officers as well as specific professional training and this is supplemented by regular lunchtime manager briefing sessions.
- 3.7.4 Compliance with Continuing Professional Development requirements of staff is monitored by individual officers; the Council provides sufficient resources to fund this. As part of the performance appraisal process, each officer is required to complete their own Personal Development Plan which forms the basis for the Council's internal training course programme.
- 3.7.5 The Council has in place an ongoing Management Assessment and Development Programme and Diversity training for its Members, senior and middle level managers.

### **3.8 Communication and engagement**

- 3.8.1 The Council establishes clear channels of communication with all sections of the community, other stakeholders and local partners, ensuring accountability and encouraging open consultation.
- 3.8.2 During 2014/15 a number of consultations sought the views of the community. In line with the Community Engagement Strategy to ensure access and quality of consultations, the Council utilises a corporate consultation portal.
- 3.8.3 The Council enhances the accountability for service delivery and effectiveness of other public service providers as it is a key member of the Bracknell Forest Partnership which brings together agencies that deliver public services including, inter alia, Parish Councils, Police, Fire and Rescue Service, and the Clinical Commissioning Group and with businesses and people that represent voluntary organisations and the community. Bracknell Forest Partnership is underpinned by a Governance Protocol and Memorandum of Agreement between the organisations and has a single purpose, namely to improve the quality of life for local people. During 2014/15 the Council continued to implement its Partnership Community Engagement Strategy.
- 3.8.4 The Council's Partnership Governance and Framework Toolkit ensures good governance arrangements are incorporated in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships. A strategic risk register and associated action plans were developed for the Bracknell Forest Partnership and during 2014/15 the Council implemented action plans to mitigate key risks.
- 3.8.5 The Council has approved Public Participation Schemes for the Overview and Scrutiny Commission, and its Panels and the Health and Well Being Board. The schemes aim to enhance public engagement and give residents a further opportunity to inform Councillors about the things that concern them.
- 3.8.6 During 2014/15, to increase transparency, make information more readily accessible to the citizen and to hold service providers to account the Council created an additional website which holds information the Council publishes. This includes the sets of information required by The Code of Recommended Practice for Local Authorities on Data Transparency (updated 2014).

## **4 Review of Effectiveness**

4.1 Bracknell Forest Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 During 2014/15, the review of effectiveness of the governance framework was evaluated and informed by the following key elements:

### **Internal Audit**

4.3 Internal Audit provides an independent and objective opinion to the organisation on the control environment by objectively examining, evaluating and reporting on its adequacy.

4.4 The Head of Audit and Risk Management develops the Annual Internal Audit Plan which is then delivered by an external contractor and by Reading and Wokingham Borough Council's internal audit teams under an agreement made under Section 113 of the Local Government Act 1972.

4.5 Based on the work of Internal Audit during the year 2014/15, the Head of Audit and Risk Management gave the following opinion:-

- from the internal audit work carried out during the year, the Head of Audit and Risk Management is able to provide reasonable assurance that for most areas the Authority has sound systems of internal control in place in accordance with proper practices but some areas with significant weaknesses were identified where a limited assurance opinion has been given;
- key systems of control are operating satisfactorily except for the areas of limited assurance; and
- there are adequate arrangements in place for risk management and corporate governance

4.6 Where limited assurances have been concluded, the Head of Audit and Risk Management reports the detailed findings to the Governance and Audit Committee and follow-up audits are carried out within the following year to ensure that actions have been implemented. In addition, the Chief Executive meets with the Head of Audit and Risk Management on a quarterly basis and the Corporate Management Team receive six monthly progress reports on Internal Audit.

### **The Governance and Audit Committee**

4.7 The Governance and Audit Committee is responsible for reinforcing effective governance, particularly through reviewing the activities of the internal auditors and the Council's risk management arrangements. During 2014/15, the Committee received summary reports on progress on the delivery of the Internal Audit Plan and key outcomes on completed work. The Internal Audit Plan for 2015/16 was approved by the Committee.

### **The Governance Working Group**

4.8 The Corporate Management Team has established a Governance Working Group, chaired by the Borough Solicitor. The Group oversees the implementation of the actions identified in the Annual Governance Statement Action Plan



## **The Constitution**

- 4.9 The Constitution is subject to regular review. The Monitoring Officer advises the Governance and Audit Committee which reports to full Council.

## **Annual Compliance Assessment**

- 4.10 Compliance Assessments review the adequacy of governance arrangements. Each Director provides assurances about their directorate along with the Assistant Chief Executive in relation to the Chief Executives department. The Borough Treasurer provides assurances in relation to financial services and risk management. This includes advising whether the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)* as set out in the Application Note to Delivering Good Governance in Local Government: Framework. Compliance Assessments are also completed by the Head of Audit and Risk Management who provides assurances in relation to risk management and the Borough Solicitor in relation to legal and regulation.

## **External Audit**

- 4.11 On 25<sup>th</sup> September 2014 the Council's external auditors issued an unqualified audit report on the Council's accounts for 2014.

The Annual Audit Letter for 2013/14 was presented to Governance and Audit Committee on 28th January 2015..

The Key Findings set out in the Audit letter were:-

- the process for producing the 2013/14 accounts, including the supporting working papers, was good and there were very few issues arising from the audit.
- the Council has proper arrangements in place both for securing financial resilience and for challenging how it secures economy, efficiency and effectiveness
- no major areas of concern were identified as regards whole of government accounts but one inconsistency relating to the disclosure of pensions was reported
- no areas of concern were identified as regards the Annual Governance for 2013/14.

## **5. The Ethical Culture**

- 5.1 The Council has approved and published on the Council's web-site a set of values which underpin the work of the Council.
- 5.2 As required by the Localism Act 2011, the Council has adopted a Code of Conduct for Members. The Council has also put in place other protocols relating to the way in which Members should conduct themselves in carrying out their work as Councillors, notably the Planning Protocol for Members and the Member and officer Protocol. The Council has an approved Code of Conduct for Employees together with a number of policies and procedures which regulate how Council officers should discharge their duties. Observance of such policies and procedures by Council employees is ensured through management overview and, if necessary, the disciplinary process.
- 5.3 The Council has retained a Standards Committee with a strong independent representation to consider complaints that Members may have contravened the Council's Code of Conduct for Members. The Standards Committee is constituted as an advisory committee reporting to the Governance and Audit Committee. Although meetings of the Committee were scheduled for the 2014/15 municipal year no such meetings took place as there was no business for the Committee to transact apart from consideration in April

2015 of its own Annual Report. This reflects the commendably low level of complaints against Members of both the Borough and Parish/Town Councils but also indicates a pause in the review of Codes of Conduct and Protocols.

## **6. NHS Pension Scheme**

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring deductions from salary, employer's contributions and payments to the scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with timescales detailed in the Regulations.

## **7 Review of the effectiveness of the governance framework**

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance Working Group and Governance and Audit Committee on 24<sup>th</sup> June 2015 and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

## **8 Significant Governance Issues**

### **8.1 Actions taken during 2014/15 to improve governance.**

The Council has progressed implementation of most of the actions identified in the 2013/14 Annual Governance Statement and 2013/14 Action Plan. This included:-

- adopting a new Planning Protocol for Members.
- implementing the policy approved by Corporate Management Team as to mandatory training of officers on Data Protection and Information Security
- raising awareness of Information Management policies with staff
- raising awareness of requirements regarding the registration of gifts and hospital

Following review by the Borough Solicitor and by the Borough Treasurer it was decided that an update on the gifts and hospitality section of the Employee Code of Conduct was not required.

### **8.2 Actions identified during the review of effectiveness to be taken during 2015/16**

#### **8.2.1 On-going Actions for Previous Action Plans**

The Council has adopted a number of Information Management Policies in order to prevent breaches of information security breaches and comply with applicable legislation. Raising staff awareness of such policies and providing appropriate training is a continual process as are taking a proactive approach to fraud and updating the Business Continuity Plan.

#### **8.2.2 Updating the Data Transparency Code**

CLG has extended the Data Transparency Code to further categories of information. The Council's website will be updated in line with the Regulations.

8.2.3 Review CIPFA Guidance on Audit Committees

The Audit Committee will be appraised of the new CIPFA guidelines in June 2015.

8.2.4 Review of Members Code of Conduct

A review will be undertaken and training will be provided to all members.

8.2.5 Training for members on key areas

As part of the Council's ongoing commitment to Member Development an induction programme has been put in place following the May 2015 elections. The programme includes an introduction to the Council's governance structure and performance monitoring processes with briefings on the Members' Code of Conduct, Member/Officer Protocol and Planning Protocol.

Signed:

Cllr P.D. Bettison  
Leader of the Council

T.R. Wheadon  
Chief Executive

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## ANNUAL GOVERNANCE STATEMENT 2014-15 ACTION PLAN

## Appendix 2

Item	Governance Point Raised In Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline	Update
1.	<u>Implement on-going actions from previous Action Plans</u>	<p>To communicate and raise staff awareness of information management policies.</p> <p>Continue to take a proactive approach to counter fraud and whistle blowing, promoting the Council's policies and focussing internal audit activity on areas of high risk.</p>	<p>Information Management Group</p> <p>Head of Audit and Risk Management and Borough Treasurer</p>	<p>31 March 2015</p> <p>31 March 2015</p>	<p>Programme of communication and training throughout 2014/15.</p> <ul style="list-style-type: none"> <li>SPD data matching in Revenues, all audits including specific objectives on fraud controls, specific probity audits around higher risk areas (e.g. cash spot checks at leisure sites), fraud health check checklist circulated to all schools, promoted at Bursars meeting and further promoted at all school audits carried out during 2014/15.</li> <li>Anti Fraud and Corruption Policy and Anti Money Laundering Policy updated and re-issued April 2014</li> <li>During quarter 4 explored options for consultants to assist with assessing fraud risks and developing fraud response plan. Consultant appointed after the year end to carry out this work.</li> <li>Participated in 2 successful bids for counter fraud funding with Reading BC and Pendle BC for data matching and</li> </ul>

Item	Governance Point Raised In Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline	Update
		Keep Corporate Business Continuity Management Plan updated.	Borough Treasurer and Emergency Planning Officer	31 March 2015	Council Tax Reduction counter fraud work. Currently trying to see how these can be taken forward at BFC  Business Continuity Plan refreshed and re-issued in December 2014
2.	<u>Implement the requirements of the revised Data Transparency Code</u>  CLG have issued notice of their intention to include additional requirements in the Data Transparency Code	Update Council's web-site to comply with additional requirements	Borough Solicitor	As required by DCLG	DCLG Guidance issued in April 2015. No significant immediate changes required to data published.
3.	<u>Review CIPFA guidance on Audit Committee</u>	Present report to Governance and Audit Committee	Borough Treasurer	31 March 2015	Report going to the Governance and Audit Committee on 24 June 2015.

## DRAFT ANNUAL GOVERNANCE STATEMENT 2015-16 ACTION PLAN

## Appendix 3

Item	Governance Point Raised In Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline
1.	<u>Implement on-going actions from previous Action Plans</u>	<p>To communicate and raise staff awareness of information management policies and implement a programme of refresher training on information security/data protection for staff and members.</p> <p>Continue to take a proactive approach to counter fraud and whistle blowing, promoting the Council's policies and focussing internal audit activity on areas of high risk.</p> <p>Keep Corporate Business Continuity Management Plan updated and communicate this cross Council and include testing of Disaster Recovery plan.</p>	<p>Information Management Group/CO:HR</p> <p>Head of Audit and Risk Management/ Borough Treasurer/ Borough Solicitor</p> <p>Borough Treasurer and Emergency Planning Officer</p>	<p>31 March 2016</p> <p>31 March 2016</p> <p>31 March 2016</p>
2.	<u>Implement the requirements of the revised Data Transparency Code</u>  DCLG have issued a new Data Transparency Code (2015)	Continue to update the Council's website to comply with requirements.	Borough Solicitor	January 2016
3.	<u>Review CIPFA guidance on Audit Committee</u>	Present report to Governance and Audit Committee.	Borough Treasurer	June 2015

Item	Governance Point Raised In Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline
4	<u>Review Members' Code of Conduct</u>	Review Code of Conduct and ensure any changes are agreed by the Council and that training is provided for members	Borough Solicitor	March 2016
5	<u>Raised In AGS - Members' induction</u>	Delivery of Members' induction programme to newly elected members including appropriate refresh topics for returning Councillors	Director of Corporate Services	March 2016  Programme started on 11 May 2015 with some sessions still to be scheduled



Questionnaire	Further Actions Required in 2015/16
ASCHH	Department Business Continuity Plan awareness raising
CS	Refresh Information Security training Cross Council
ECC	None
ACE	None
CYPL	None
Borough Solicitor	Members' Code of Conduct to be reviewed in 2015/16
Borough Treasurer	None
Borough Treasurer & HARM	<ul style="list-style-type: none"> <li>– Consider retraining in Strategic Risk Management.</li> <li>– Clarify whether there are any partnership risks and if so how they should be managed.</li> <li>– Develop counter fraud response plan.</li> <li>– Test Disaster Recovery plan.</li> </ul>

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**TO: GOVERNANCE AND AUDIT COMMITTEE**  
**24 JUNE 2015**

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## **RISK MANAGEMENT STRATEGY**

### **Head of Audit and Risk Management**

#### **1 PURPOSE OF REPORT**

- 1.1 This report presents the updated Risk Management Strategy to the Governance and Audit Committee for approval.

#### **2 RECOMMENDATION**

- 2.1 **That the Governance and Audit Committee review and agree the updated Risk Management Strategy at Appendix 1.**

#### **3 REASONS FOR RECOMMENDATION**

- 3.1 To ensure that the Risk Management Strategy is consistent with current procedures and focuses on the relevant priorities for risk management.

#### **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The decision could be taken to not update the Strategy but it would then not reflect progress made in risk management, would be inconsistent with current procedures for managing risk and would not include the present risk management priorities.

#### **5 SUPPORTING INFORMATION**

##### Risk Management Strategy

- 5.1 The Risk Management Strategy was last approved by the Governance and Audit Committee on 1st April 2014. It has now been reviewed to update the priorities for risk management at the Council. Where changes have been made to the updated Strategy, these are flagged in Appendix 1. The current priorities as set out in the updated Strategy can be summarised as follows:

1.	To ensure there are adequate risk management arrangements in place for all major projects being undertaken at the Council.
2	To identify the key potential fraud risks to the Council and develop a fraud risk management plan
3.	To carry out a test exercise on the Disaster Recovery Plan

- 5.2 Feedback was sought on the updated Strategy from Strategic Risk Management Group (SRMG) and the Corporate Management Team (CMT). All comments received have been incorporated in the updated Strategy attached at Appendix 1 for the Governance and Audit Committee to review and approve.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 Nothing to add

### Borough Treasurer

- 6.2 The Council's approach to risk management has a direct impact on the minimum level of reserves and balances that it needs to maintain to ensure it remains financially sound. In the current financially challenging climate, the implementation of an effective Risk Management Strategy will ensure that resources can be directed towards the provision of front line services, rather than held in reserve to deal with the potential consequences of unmitigated risks.

### Equalities Impact Assessment

- 6.3 Not applicable.

### Strategic Risk Management Issues

- 6.4 An up to date Risk Management Strategy setting out the current priorities for embedding risk management is essential for setting out the direction for effective risk management at the Council.

## **7 CONSULTATION**

### Principal Groups Consulted

- 7.1 The principal groups consulted were CMT and SRMG.

### Method of Consultation

- 7.2 The draft updated Risk Management Strategy was circulated to SRMG members for comment March and reviewed by the CMT on 10<sup>th</sup> June 2015. All amendments suggested have been included in the Strategy attached at Appendix 1.

### Contact for further information

Sally Hendrick – 01344 352092

[Sally.hendrick@bracknell-forest.gov.uk](mailto:Sally.hendrick@bracknell-forest.gov.uk)

### Doc. Ref

Risk Management Strategy

## APPENDIX 1



# BRACKNELL FOREST BOROUGH COUNCIL

## RISK MANAGEMENT STRATEGY

The Framework for Managing Opportunity and Risk

VERSION	DATE	APPROVED BY
Version 1	29/11/2011	Governance and Audit Committee
Version 2	1/4/2014	Governance and Audit Committee
Version 3	1/6/2015	

June 2015

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## BACKGROUND

The Council has developed its Vision "To make Bracknell Forest a place where all people can thrive; living, learning and working in a clean, safe and healthy environment." To reflect local needs based on the Borough's population demographic, the following six Priorities for delivering this Vision have been identified:

Priority 1: A Town Centre fit for the 21st Century

Priority 2 : Protecting and enhancing our environment

Priority 3 : Promoting health and achievement:

Priority 4: Create a Borough where people are, and feel, safe

Priority 5: Provide Value for Money

Priority 6: Sustain economic prosperity

The Council recognises that we live in an uncertain world, where the people, environment and communities of Bracknell Forest may be at risk: To help deliver our corporate and future objectives we must ensure that the management of risk is embedded in the day to day operation of the Council.

## RISK MANAGEMENT

Risk is an unexpected event or action that can adversely affect the Council's ability to achieve its objectives and successfully execute its strategies. The event may be foreseeable but one over which the Council has little or no control other than to manage or mitigate its impacts. It can be a positive (an opportunity) or negative (a threat). The Council recognises that as an organisation accountable to the public we have a duty to manage risks. Risk Management is a framework by which the Council can view, manage and respond to risk, both threats and opportunities, in a robust, systematic and documented way. It is about making the most of opportunities by making the right decisions and about achieving objectives once those decisions are made through

controlling, transferring and living with risks.

## AIMS AND OBJECTIVES OF THE RISK MANAGEMENT STRATEGY

The Risk Management Strategy provides focus by clarifying the Council's policy, priorities and approach to identifying and minimising those risks that might hinder the Council in meeting its Vision.

Staff, residents and partners will be better informed about the role of the Council, the direction of travel and the sought after outcomes. This will help the Council and partners deliver a better service to residents, and increase the ability of residents to be involved in the work of the Council.

## BENEFITS OF RISK MANAGEMENT

Effective risk management improves strategic, operational and financial management, continuity of knowledge and information management processes, improved statutory compliance, meeting best practice and ultimately improving the services we deliver.

Successful implementation of Risk Management will produce many benefits for the Council if it becomes a living tool. Figure 1 below sets out just a few of the benefits to be gained:

**FIGURE 1. BENEFITS OF EFFECTIVE RISK MANAGEMENT**





## RISK MANAGEMENT POLICY STATEMENT

The Council is committed to adopting best practices in the identification, evaluation and control of risks in order to:

- strengthen the ability of the Council in achieving its vision, priorities, underlying principles and objectives and enhance the value of the services it provides;
- enable Members and senior management to make the best informed decisions based on full knowledge of all known threats and opportunities;
- heighten the understanding of all the positive risks (opportunities) as well as negative risks (threats) that the Council faces;
- help enable the Council to be less risk adverse
- integrate and embed proactive risk management into the culture of the Council;
- manage risks cost-effectively and to an acceptable level;
- reduce the risk of injury and damage;
- protect the Council's reputation;
- help secure value for money;
- enhance partnership and project working; and
- raise awareness of the need for risk management.

In terms of the basic principles which underpin our approach to risk management, it is the Council's policy to ensure that:

- There is a single corporate approach to risk management which is adopted consistently by services, projects and partnerships;
- The roles and responsibilities for risk management are

clearly defined, communicated and understood by all staff;

- Risk assessments are undertaken as part of all strategic decision-making;
- Risk assessment is an integral part of the corporate and service planning process;
- Risks are identified, evaluated and recorded;
- Risks the Council faces are managed by implementing measures to avoid, reduce and control them to within the Council's risk tolerance level;
- Action plans to address risks are documented and fit for purpose;
- Collaborative arrangements are subject to risk assessments
- Projects and programmes manage risk throughout their life cycles in line with the corporate programme and project management approaches.

The Council's Strategic Risk Management Group is responsible for the implementation of a unified risk management strategy, the promotion of risk awareness and the monitoring of the effectiveness of risk management measures undertaken.

This policy requires officers and all elected Members to take responsibility for the identification, control and mitigation of risk to minimise the possibility and impact of losses or disruption. Risk management is a continuous process that demands awareness and action. It is the responsibility of each Service Area to comply with the Council's Risk Management Policy and the corporate approach to risk management. Senior Managers are accountable for managing risks to which their area is exposed whilst all employees have a duty to support the Council's initiative by managing risks within their control.

Figure 2



## RISK MANAGEMENT FRAMEWORK

The Civil Contingencies Act 2004 places a duty on local authorities to assess the risk of emergencies occurring and use this to inform contingency planning.

The Accounts and Audit Regulations 2015 place a statutory duty on local authorities to ensure the system of internal control “includes effective arrangements for the management of risk.” The Council recognises that risk and risk management is a wider issue and in response to this has put in place a range of measures which feed into an overarching framework for managing threats and opportunities. The key elements of the risk management framework are shown in Figure 2.

Comment [SH1]: Updated for Regulations 2015

# KEY ELEMENTS OF THE RISK MANAGEMENT FRAMEWORK

## Strategic Risk Management

Strategic risks are those risks that could potentially have a fundamental impact for the Council and its objectives and hence need to be owned and managed by the Corporate Management Team (CMT) and overseen by Members. These risks are included in the Strategic Risk Register. This Register is maintained by the Head of Audit and Risk Management and is reviewed and updated quarterly by the Strategic Risk Management Group (SRMG), at least twice a year by CMT and at least once a year by the Executive and Governance and Audit Committee.

Update of the Strategic Risk Register is informed by the other risk registers in place across the Council as it is recognised that some service, project and collaborative arrangement risks may have the potential to impact on corporate objectives.

## Operational Risk Management

Risks that are more appropriate to manage at service level should be included in Directorate Risk Registers. These should be maintained within each directorate and reviewed on a regular basis, ideally once a quarter, by the Departmental Management Team (DMT) and should be made available to the Head of Audit and Risk Management to inform the Strategic Risk Register.

## Project Risk Management

Project Managers should ensure that risk register are in place for all major projects. These should be reviewed on

a regular basis throughout the lifecycle of the project as part of the project management process and should be made available to the Head of Audit and Risk Management to inform the Strategic Risk Register.

## Collaborative Arrangements

In local government collaborative arrangements including, for example: contracts, strategic delivery partnerships, Joint Ventures, shared service arrangements and so on. Whilst such arrangements can bring significant benefits, they also bring threats and opportunities that must be managed. Risks should be monitored and reported throughout the life-cycle of the partnership arrangement in accordance with a formal documented approach and timetable agreed by all partners.

## Risk Management in Reports for Decision

Reports for decision making should include an assessment of risk. Officers must consider any significant risks relating to the proposals contained in the report and provide details of these in the Strategic Risk Management Issues Section together with any action being taken to mitigate these risks.

## Health and Safety

The Corporate Safety Team provides support, assistance and guidance to managers on a wide range of health and safety issues. This is achieved mainly via a programme of audits, development of procedures and best practice, proactive project work, promotion and awareness, attendance at a variety of meetings and accident and incident investigation.

## Business Continuity

The Council has a statutory duty under the Civil Contingencies Act 2004 to have business continuity plans and ensure they are maintained, exercised and reviewed.

Business continuity management is a process that helps manage risks and ensures the smooth running of an organisation or delivery of a service.

Our plans ensure that we can respond to a significant interruption to key services and continue to provide critical functions. Corporate and departmental plans are now in place for the Council with departmental leads identified to coordinate the planning process and in the event of need.

In order to be successful, business continuity must be regarded as an integral part of our organisation's normal ongoing management processes therefore ownership and responsibility for ensuring effectiveness of the process rests with the Strategic Risk Management Group and is administered in Emergency Planning.

## Emergency Planning

The Civil Contingencies Act 2004 requires each local authority to work with other agencies in order to plan, prepare, respond to and recover from emergencies in the community.

The objectives of Emergency Planning, as defined by the Bracknell Forest Council Emergency Planning framework, are to:

- save life
- prevent escalation of an emergency.
- relieve suffering.
- safeguard the environment.
- protect property.
- continue to maintain services at an appropriate level.
- inform the public.
- promote self help and recovery.

- restore normality as soon as possible.
- evaluate the response and identify lessons to be learned.
- facilitate criminal investigations or other inquiries.

The emergency planning function identifies the procedures and organisation necessary to ensure the provision, mobilisation and co-ordination of Bracknell Forest Council services and resources when dealing with an emergency. This is achieved through a program of training and exercising so that staff are prepared.

## Public Health

Responsibility for improving health and minimising the risk and impact of illness in the local population was transferred to the Council with effect from 1 April 2013 under the Health and Social Care Act 2012. The Act also placed responsibility on the Council to provide public health advice and intelligence to the local Clinical Commissioning Groups and NHS England for the commissioning of health services to meet local needs.

## Insurance

The purpose of insurance is to provide financial protection against specified contingencies such as injury, damage, or loss. However, the availability of insurance is no substitute for good risk management. By managing risk effectively, service managers can minimise the number and severity of losses and subsequent insurance claims.

The Insurance Section provides specialist expertise in all areas of insurance practice, assisted by external insurance brokers and consultants. This includes:

- Identification of risks to be covered by the purchase of insurance from an external provider
- The maintenance of all insurance databases, including detailed

information in respect of claims and losses, together with the production of appropriate reports to service managers and the Strategic Risk Management Group.

- Giving information and advice to the Council's service managers on insurance matters, including potential risks and liabilities which may need to be considered.
- The processing of insurance claims made on behalf of or brought against the Council, including working with the Council's Insurance Brokers, insurance companies, loss adjusters or solicitors, as appropriate.
- Advise on a funding strategy and management of internal insurance schemes.
- Providing a range of dedicated insurance covers and services for schools.

## Reserves and Balances

Reserves and balances provide a financial safety net enabling the Council's services to be maintained following an unexplained event. The level of reserves and balances is linked directly to risk. In short, the greater the unmitigated risks, the more the Council needs to retain in reserves and balances.

## Internal Audit of Controls

The responsibility for putting in place satisfactory internal controls to protect assets and maintain effective stewardship of public monies rests with managers.

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. Internal audit is an assurance function that feeds into the

risk management framework in providing an independent and objective opinion to the organisation on the adequacy of the control environment. Internal Audit identifies weaknesses in controls and patterns of non-compliance and raises recommendations for improvement in action plans agreed with management.

## External Audit and Inspections

External audit provides further assurance on the Council's stewardship of public monies by reporting on the arrangements put in place to ensure the proper conduct of the Council's financial affairs.

The Council's schools and services are subject to inspections by external bodies such as OFSTED and the Care Quality Commission. External inspections provide independent assurance on the effectiveness of risk management, particularly the safeguarding of children and vulnerable adults.

## RISK MANAGEMENT PROCESSES

The Council has in place a methodology for evaluating risks using a five by five scoring system as set out in Figure 3. These are then analysed as low risk to the Council (shaded green) where no action is required and medium risks (shaded amber) and high risks (shaded red) both of which need to be managed and monitored. Greatest effort needs to be focussed on the red risk which have a higher likelihood of materialising and a greater impact should this arise.

Figure 3

Likelihood	5						<u>LIKELIHOOD:</u> 5 Very High 4 High 3 Significant 2 Low 1 Almost Imp
	4						
	3						
	2						
	1						
		1	2	3	4	5	<u>IMPACT:</u> 5 Catastrophic 4 Critical 3 Major 2 Marginal 1 Negligible
	Impact						

Detailed guidance on identifying and scoring risks in line with the methodology is set out in a separate Risk Management Toolkit.

## RISK APPETITE AND TOLERANCE

The Institute of Risk Management (IRM) has sought to refine its guidance on assessing capacity for risk to enable organisations to determine the nature and extent of risk it is willing to take. The IRM considers risk in terms of:

### Risk Universe

The full range of risk that could impact, either positively or negatively, on the ability of an organisation to achieve its long term objectives.

### Risk Appetite

Risk appetite is about the pursuit of risk. It is the amount of risk that an organisation is willing to seek or accepts in order to meet its long term objectives.

### Risk Tolerance

This is the maximum amount of risk that an organisation can deal with and is generally greater than the risk appetite. In many cases an organisation can, if necessary, cope with more risk than it considers prudent to pursue.

## RISK MANAGEMENT PRIORITIES

The following three key priorities going forward

Comment [SH2]: Updated priorities

1	To ensure there are adequate risk management arrangements in place for all major projects being undertaken at the Council
2	To identify the key potential fraud risks to the Council and develop a fraud risk management plan
3	To carry out a test exercise on the Disaster Recovery Plan

# RISK MANAGEMENT ROLES AND RESPONSIBILITIES

## APPENDIX 1

### Executive

- The Executive will be presented with an updated Strategic Risk Register at least once a year for consideration and approval;
- Significant changes to strategic risks and key progress on actions to address them will be summarised in the quarterly Corporate Performance Overview Report (CPOR) considered by the Executive;
- Members will be expected to attend any appropriate training to ensure they have a sound understanding of the risk management process within the Council and adequate knowledge of risk management to perform their various roles; and
- Risk management considerations should be assessed on each report presented to Members, in the same way as financial and legal implications.

### Lead Member for Risk Management

- A Member "Lead" for risk management will be nominated by the Leader;
- The role of Lead Member will include promoting the application of risk management and related training to Members;
- The Lead Member will promote robust risk management in decision making by Members;
- The use of risk assessments within reports for decision making will be encouraged by the Lead Member; and
- The Lead Member will promote robust risk management reporting

- to the Executive and Governance and Audit Committee.

### Members

- Take reasonable steps to consider the risks involved in the decisions taken by them
- Have an understanding of the risks facing the Council and the Borough.

### Governance and Audit Committee

- Changes identified as part of CMT's review of the Risk Management Strategy and Guidance incorporating the Risk Management Policy will be considered by the Governance and Audit Committee;
- The Governance and Audit Committee will be responsible for monitoring the adequacy of the governance arrangements, including risk management processes, to ensure that the Council is complying with its statutory and regulatory obligations;
- On an annual basis the Governance and Audit Committee will review and approve the Annual Governance Statement (AGS). The AGS is an assessment of the effectiveness of the Council's governance arrangements during the previous financial year which includes review of risk management arrangements as an integral part of good governance;
- The Governance and Audit Committee will receive updates on risk management prepared by the Head of Audit and Risk Management;
- The Governance and Audit Committee will seek assurance

**Comment [SH3]:** Updated from once a year as this is now more frequently reviewed by Members



that officers are developing and progressing Action Plans to address risks;

- Members will be expected to attend any appropriate training to ensure they have sufficient knowledge of risk management to perform their role on the Governance and Audit Committee.

### Chief Executive

The Chief Executive takes overall responsibility for risk management as head of paid service.

### Borough Treasurer

- Acts as the Lead Officer for risk management;
- Chairs the Strategic Risk Management Group;
- Provides assurance to the Governance and Audit Committee and Governance Working Group on the adequacy of risk management arrangements
- Ensures there is adequate staff resource in place to maintain the Strategic Risk Register and provide central risk management support and advice;
- Promotes the application of risk management to CMT; and
- Ensure that a programme of training for officers is developed to facilitate the embedding of risk management throughout the organisation.

### Corporate Management Team (CMT)

- The Risk Management Strategy and Guidance incorporating the Risk Management Policy will be reviewed annually by CMT;
- Risk management arrangements and initiatives proposed by the Head of Audit and Risk Management will be considered by and agreed with CMT;
- CMT will review the Strategic Risk Register twice a year;
- CMT will seek assurance that strategic and directorate

operational risks and actions to mitigate risk are identified and documented;

- Adequacy and progress of actions to address strategic risks will be overseen by CMT and recommendations made to relevant Directors where appropriate to address gaps in assurance;
- Recommendations will be made by CMT to the Head of Audit and Risk management where operational risks need to be escalated to the Strategic Risk Register;
- CMT will recommend any risk management issues to be reported to the Governance and Audit Committee; and
- CMT members will be expected to attend any appropriate training to ensure they have adequate knowledge to perform their various roles

### Directors/Chief Officers

- All Directors will promote risk management in their Departments and ensure that risks are properly assessed and managed at all levels in all their services;
- Each Director will ensure that there are adequate actions in place to mitigate strategic risks for which they are the risk owner;
- Directors will ensure that their directorates risk register is a complete and up to date record of all significant risks within their directorate consistent with the methodology in the Toolkit, that appropriate actions are identified to address these risks and that the register is reviewed quarterly by their DMT, updated to address changes in risks and progress in actions and copied to the Head of Audit and Risk Management;
- Each Director will ensure that risk management is considered in any partnerships so that risks are understood and the responsibility for each risk is clear;

- Each Director will ensure that his/her representative on the Strategic Risk Management Group is at the appropriate level (i.e. an officer who sits on the directorate's DMT) and that they contribute actively to the Group's activities and within the Department on all risk management issues;
- Directors will ensure that reports for decision making include an assessment of risk; and
- Risk management performance will be reflected in the competency frameworks.
- Each director will be trained and be an active member of the Council's Emergency Management Team (EMT) in order to effectively respond to an emergency situation or business disruption
- Directors will ensure the Corporate Health and Safety Policy and any guidance/procedures are implemented and managed effectively within their areas of responsibility

### Strategic Risk Management Group (SRMG)

- The SRMG acts as a "Strategic Risk Board," taking the lead in updating the Strategy, reviewing the Strategic Risk Register and reporting to CMT and Members on progress on risk management;
- SRMG will oversee all aspects of risk affecting the Council including but not limited to the Strategic Risk Register, Health and Safety and Emergency Planning;
- SRMG will seek to research good practice in risk management and to adopt appropriate good practice in the Council;
- To approve the Annual Health and Safety Work Plan
- SRMG members must act as the risk management champions in their own Departments and raise awareness of risk management;
- Terms of reference for SRMG are attached at Appendix 2.

### Head of Audit and Risk Management

- The Head of Audit and Risk Management has a key role in ensuring that the Strategic Risk Register is up to date/comprehensive and that actions are being taken to address strategic risks;
- The Head of Audit and Risk Management also plays an important part in ensuring Departments have processes in place to identify and address significant operational and project risks;
- The Head of Audit and Risk Management will provide assurance on the risk management process and highlight necessary improvements;
- The risk management arrangements will be reviewed as required under the Internal Audit Plan;
- Internal Audit Plans must be risk-based, with strategic risks being prioritised when reviewing systems;
- Internal Audit reports must identify the perceived risks clearly and make SMART recommendations for mitigating or eliminating those risks.

### Emergency Planning Manager

- To update and maintain the Council's Civil Emergency Plan and to provide the framework and coordinating role to its Business Continuity planning process to ensure the Council is able to respond at corporate level in the event of an emergency or critical incident;
- To report to SRMG quarterly on business continuity strategies, plans and procedures to ensure the organisation can respond to a business critical incident;

**Comment [SH4]:** Added - this has always been done by SRMG and should have been included previously

- To ensure coordination and training across all departments of the Council to ensure the ability to implement plans;
- To ensure adequate liaison with all other appropriate agencies and neighbouring authorities in respect of their emergency response plans and the interaction with this Council; and
- To facilitate periodic training and testing of the plans.

### Corporate Health and Safety Manager

- To advise and assist line managers throughout the Council's operation on matters relating to their duties and obligations under the provisions of the Health and Safety at Work etc Act 1974 and related legislation;
- To liaise with managers in investigating accidents and in carrying out risk analysis and safety audits and to produce reports as required;
- To provide a lead role in the production and maintenance of the Council's safety policy;
- To develop and implement action plans to reduce health and safety risks identified by risk assessments and inspections; and
- To report to SRMG on a six monthly basis on health and safety inspection visits and incidents reported and investigated
- To submit an Annual Health and Safety Work Plan for approval by SRMG.

### The Chief Officer: Information Services

- The Chief Officer: Information Services advises CMT and SRMG on the risks associated with information technology and information security.

### Insurance Officer

- Provide advice and guidance with regard to insurance requirements,

indemnities and liabilities and ensure adequate insurance is put in place

- Work with the Council's insurer and provide claims management and investigation services for claims made by and against the Council under its insurance policies.
- Manage the day to day use of the internal insurance fund for payment of self-insured losses

### Legal Services

- To support officers in ensuring the Council meets its legal responsibilities by advising on statutory obligations;
- To provide legal advice on potential liabilities; and
- To advise on legal responsibilities connected with collaborative arrangements such as contracted out services and partnership agreements.

### Public Health Team

- To promote health awareness and preventative measures to minimise the risk and impact of illness;
- -To work with Emergency planning in responding to consequences arising from public health emergencies such as infectious diseases, mass casualties or disruption to medical supplies.

### Heads of Service/Cost Centre Managers/Project Managers

- These managers are the experts on their services and projects and they must make regular and thorough risk assessments to identify significant strategic risks and mitigation where appropriate;
- Significant risks must be included in Directorate Risk Registers, Project Risk Logs and in any key decision report, report requesting budget provision or proposing

**Comment [SH5]:** Added as this has always been done and was previously omitted in error

savings, changes to service levels etc.

- Risks must be monitored regularly and significant new or changed risks recorded ;
- Risk management topics should be on the agenda for team meetings regularly and at least quarterly. Project teams would expect to consider risk management at most, if not all, of their team meetings;
- Managers will ensure that risk management is considered in any partnerships so that risks are understood and the responsibility for each risk is clear;
- Managers will be expected to attend any appropriate training to ensure they have adequate knowledge to perform their role; and
- Risk management will be included in competency frameworks.

### Partnership Leads

- Partnerships Leads should ensure that partnerships comply with the Partnership Governance Toolkit which incorporates risk management responsibilities;
- Arrangements for risk management for each partnership must be agreed with the partners;
- There should be processes in place to review partnership risks and progress on risk action plans at least twice a year; and
- Procedures must be put in place for identifying partnership risks that have a Council wide impact and for reporting these to the Head of Audit and Risk Management

### All Staff

- Staff will carry out risk assessments as appropriate;
- Draw to management's attention any risks to the achievement of day-to-day objectives that have not been identified previously so that these can be recorded and

action take to mitigate them where required;

- Will be expected to attend any appropriate training to ensure they have adequate knowledge to perform their role; and
- Risk management will be reflected in competency frameworks

### Partners and Contractors

The Council expects third parties upon which it relies (including contractors, partners, associates and commissioned independents) to

- work safely, comply with all relevant health and safety legislation and have in place appropriate sources of health and safety advice and training; and
- Provide and evidence all Business Continuity procedures that relate to services provided and additional support that has been agreed

## APPENDIX 2

### STRATEGIC RISK MANAGEMENT GROUP TERMS OF REFERENCE

#### 1. Object and Functions

The Strategic Risk Management Group shall make recommendations to CMT, the Governance and Audit Committee or any other committee of the Council on matters affecting or likely to affect the organisation's exposure to significant risk. The Strategic Risk Management Group shall:

- I. Be responsible for risk assessment matters that relate to Bracknell Forest Council's services, programmes, projects and/or to employees and all other people who may be affected by the Council's activities;
- II. Receive reports in respect of Health and Safety and Emergency and Business Continuity Planning,
- III. Receive and review updates of the Strategic Risk Register, receive reports on risk management and monitor the effectiveness of risk management policies and procedures;
- IV. Ensure that risk management becomes embedded across the Council; and
- V. Report to the Corporate Management Team (CMT) as required.

#### 2. Membership

The membership of the Strategic Risk Management Group shall be determined by CMT and shall include

- I. The Borough Treasurer;
- II. Representatives from each Directorate's DMT;
- III. The Council's Emergency Planning Officer;
- IV. The Corporate Health and Safety Manager;
- V. The Head of Audit and Risk Management;
- VI. The Chief Officer: Information Services; and
- VII. The Information Security Officer.

#### 3. Chairman

The Group shall be chaired by the Borough Treasurer.

## 4. Meetings

The Group shall meet at least four times a year but a special meeting may be called if 24 hours notice is given in the case of emergency. All meetings shall be convened during normal working hours. Additional meetings shall be arranged if necessary as agreed by the Chairman.

## 5. Agendas

- I. All items should be submitted to the Secretary of the Group at least ten working days before the meeting for inclusion on the agenda.
- II. Each Member of the Group shall receive a copy of the agenda and papers at least three working days before the meeting.

## 6. Reporting

- I. Minutes of the meetings of the Group shall be documented as soon as possible after the meeting.
- II. Copies of minutes shall be circulated to all members of the Group
- III. The Borough Treasurer will ensure that the Strategic Risk Register considered by SRMG is reviewed by CMT at least twice a year.
- IV. The Borough Treasurer will ensure that regular updates on risk management are provided to the Executive and the Governance and Audit Committee.

TO: GOVERNANCE AND AUDIT COMMITTEE  
24 JUNE 2015

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**CIPFA : AUDIT COMMITTEES – PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES  
AND POLICE**

**Head of Audit and Risk Management**

**1 PURPOSE OF REPORT**

- 1.1 To ensure that the Governance and Audit Committee are aware of the latest best practice guidance.

**2 RECOMMENDATIONS**

- 2.1 **The Governance and Audit Committee consider undertaking self-assessment of compliance with Audit Committees: Practical Guidance for Local Authorities and Police at Appendix 1.**
- 2.2 **A workshop to be set up to be led by the Chairman and Sally Hendrick, to which all members of the Committee would be invited, to undertake the self-assessment.**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure the Council is complying with the latest best practice.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 None

**5 SUPPORTING INFORMATION**

- 5.1 The Governance and Audit Committee at Bracknell Forest Council has been in place since April 2009 and was broadly compliant with best practice in existence at the time it was established. CIPFA have issued revised guidance for audit committees- ***Audit Committees: Practical Guidance for Local Authorities and Police***. This sets out the latest best practice for audit committees in local authorities.
- 5.2 The Guidance states that audit committees are a key component of an authority's governance framework and defines the core functions of an audit committee as
- To be satisfied that the assurance statement, including the Annual Governance Statement, properly reflect the authority's risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives.
  - In relation to internal audit functions
    - Oversee its independence, objectivity, performance and professionalism
    - Support the effectiveness of the internal audit process
    - Promote the effective use of internal audit within the assurance framework
  - Consider the effectiveness of the authority's risk management arrangements and control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations.

- Consider the reports and recommendations of external audit and inspection agencies and the implications for governance, risk management or control.
- Monitor the effectiveness of the control environment including arrangements for ensuring value for money and for managing the authority's exposure to the risk of fraud and corruption.
- Support the effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
- Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

5.3 Whilst the Guidance notes that no single model of audit committee is prescribed, it states that all audit committees should:

- Act as the principal non-executive advisory function supporting those charged with governance
- Be independent of both the executive and scrutiny function.
- Have clear right of access to other committees/functions
- Be properly accountable to the authority's board or equivalent bodies
- Meet regularly- at least 4 times a year
- Be able to meet privately and separately with the external auditor and with the head of internal audit.
- Include, as regular attendees, the chief financial officer, the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the Monitoring Officer for standards issues and the head of resources where this post exists. These officers should also be able to access the committees and the committee should have the right to call any other officers or agencies of the authority as required.
- Report regularly on their work and at least annually report on assessment of their performance.

5.4 The Committee has not carried out a formal self assessment of its performance since it was established as the requirements under the previous best practice guidance was less prescriptive. Hence it may be appropriate now for the Committee to consider undertaking a self assessment of compliance with best practice. The Guidance provides a checklist for self-assessment that is attached at Appendix 1.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

6.1 Nothing to add.

### Borough Treasurer

6.2 Nothing to add.



Equalities Impact Assessment

- 6.3 Not applicable

Strategic Risk Management Issues

- 6.4 The Governance and Audit Committee is a key component of the Council's governance frame work providing those charged with governance independent assurance on the adequacy of the risk management arrangements.

**7 CONSULTATION**

Principal Groups Consulted

- 7.1 Not applicable.

Background Papers

CIPFA Audit Committees- Practical Guidance for Local Authorities and Police

Contact for further information

Sally Hendrick - 01344 352092

Sally.hendrick@bracknell-forest.gov.uk

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## Appendix 1

### Self-assessment of Good Practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police and this publication. Where an audit committee has a high degree of performance against the good practice principles then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

Good practice questions		Yes	Partly	No
<b>Audit committee purpose and governance</b>				
1	Does the authority have a dedicated audit committee?			
2	Does the audit committee report directly to full council? (Applicable to local government only)			
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?			
4	Is the role and purpose of the audit committee understood and accepted across the authority?			
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?			
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?			
<b>Functions of the committee</b>				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?			
	• good governance			
	• assurance framework			
	• internal audit			
	• external audit			
	• financial reporting			
	• risk management			

Good practice questions		Yes	Partly	No
	<ul style="list-style-type: none"> <li>value for money or best value</li> </ul>			
	<ul style="list-style-type: none"> <li>counter-fraud and corruption</li> </ul>			
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?			
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?			
10	Where coverage of core areas has been found to be limited, are plans in place to address this?			
11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?			

### Membership and support

12	<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>separation from the executive</li> <li>an appropriate mix of knowledge and skills among the membership</li> <li>a size of committee that is not unwieldy</li> <li>where independent members are used, that they have been appointed using an appropriate process.</li> </ul>			
13	Does the chair of the committee have appropriate knowledge and skills?			
14	Are arrangements in place to support the committee with briefings and training?			
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?			
17	Is adequate secretariat and administrative support to the committee provided?			

Good practice questions		Yes	Partly	No
<b>Effectiveness of the committee</b>				
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			
19	Has the committee evaluated whether and how it is adding value to the organisation?			
20	Does the committee have an action plan to improve any areas of weakness?			

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