

GOVERNANCE & AUDIT COMMITTEE
26 JULY 2017
7.30 - 8.00 PM



Bracknell Forest Borough Council:

Councillors Allen (Chairman), Thompson (Vice-Chairman), Heydon, Leake, McLean, Ms Miller and Worrall

Independent Members:

David St John Jones

Apologies for absence were received from:

Councillors Mrs Temperton

10. Declarations of Interest

There were no declarations of interest.

11. Minutes - 28 June 2017

RESOLVED that the minutes of the meeting of the committee held on the 28 June 2017 be approved as a correct record and signed by the Chairman.

12. Urgent Items of Business

There were no urgent items of business.

13. External Audit: Audit Results Report

Helen Thompson and Malcom Haines, Ernst and Young, presented a report to the Committee from the External Auditors summarising the work carried out to discharge their statutory audit responsibilities.

The detailed work on the audit had just started at the last meeting in June 2017 with the audit opinion due to be signed off by 31 July 2017. It was reported that there were small parts outstanding which aimed to be resolved in the next couple of days. As there had been no objections received from the public, an unqualified audit opinion on the Councils financial statements would be given and the audit would be certified as closed subject to the completion of the outstanding parts.

The representation letter would be signed by the Borough Treasurer at the conclusion of the Committee with the audit being submitted to Government Accounts once everything had been signed off to confirm that the Council was below the threshold.

The focus of the audit had not changed since the Committee meeting March 2017. Management override was still a high risk but at present there were no problems to report. There was one Value for Money risk in the plan, which was similar to the previous year. Plans were in place to address the budget gap were much stronger than in the previous year and the auditors were content that with constant monitoring and review that this was a good plan. Control observations had not been tested this year

due to a fully substantive approach being adopted and there were no issues to report surrounding independence. It was also noted that there was no differences over the reporting thresholds to report.

Helen Thompson expressed their thanks to the Finance Team for producing such high quality accounts which allowed for a clean audit to happen within the three and a half week timescale.

The Chairman echoed Helen's thanks to the Finance Team for such a quick audit process this year and it was commented that for the past four years there had been few if any issues to report.

As a result of the Members questions, the following points were made:

- Materiality was a standard term used by auditors. There were certain parts of the audit that were generally always looked at by members of the public and the press. This included officers salaries and members expenses. These areas were always audited and always fell below the materiality.
- If an error or a series of errors were found in the audit then they would be reported to management and would require to be amended or the audit would be qualified opinion. If an error was identified that management didn't want to adjust then this would be brought to Committee to determine.
- The spelling of "Councillor" would be amended in the final audit version.

14. **Financial Statements 2016/17**

The Committee considered a report of the Borough Treasurer presenting the draft 2016/17 Financial Statements, which had been subject to audit by the External Auditors, Ernst & Young. The report summarised the key elements within the accounts and the findings of the audit.

The Borough Treasurer praised the Finance Team for their impressive performance in the shorter timescale this year, and mentioned that the team had coped admirably throughout the support services review and a long term sickness which had both impacted on the team.

It was noted that the Council had underspent by £3.515m in 2016/17 and as a result of this underspend had only withdrawn £1.659m from General Reserves rather than the £5.174m which had been budgeted. The in year savings programme had reduced reliance on the General Reserve.

For the first time the cost of services had been analysed on a departmental basis.

The loss on the disposal of Property, Plant & Equipment was largely due to the conversion of Brakenhale School to an academy, this was also highlighted on the balance sheet.

There had been significant movement on the balance sheet, this included:

- £18m in Assets Under Construction which comprised of the work being undertaken on both Binfield Learning Village and Coral Reef.
- £19m on Investment Property where three commercial properties had been purchased.
- A loan had been given to Downshire Homes Ltd to purchase twenty properties.

- It was the first year that the Council had borrowed money, with £25m being borrowed from two different lenders.

Pension liability had increased. This was always a volatile area as it depended on the stock market. As the projection of inflation increased the discount rate decreased and last year the discount rate had meant that the liability was larger.

As a result of Members questions, the following points were made:

- The Council would still be responsible for any redevelopment debts that schools may still have after converting to Academy. A similar position may occur with Binfield Learning Village.
- Pension liability was very volatile as a small percentage change had a large impact in the increased liability.
- Academy schools were not part of the Councils Pension scheme but could choose to re-join the scheme as a separate entity which would have no affiliation with Bracknell Forest Council.

RESOLVED that the Committee:

1. Approved the Financial Statements for 2016/17 attached at Annexe A
2. Authorise the Chairman of the meeting to sign and date the Statement of Accounts on behalf of the Committee.
3. Authorise the Chairman of the meeting to sign and date the Letter of Representation set out in Annexe B.

CHAIRMAN