

GOVERNANCE & AUDIT COMMITTEE
31 OCTOBER 2018
7.30 - 8.05 PM



Present:

Bracknell Forest Borough Council:

Councillors Allen (Chairman), Thompson (Vice-Chairman), Heydon, Mrs Temperton and Worrall

Independent Member:

David St John Jones

Apologies for absence were received from:

Councillors Ashman, Leake and McLean

17. Declarations of Interest

There were no declarations of interest.

18. Minutes of previous meeting

RESOLVED that the minutes of the meeting of the committee held on the 25 July 2018 be approved as a correct record, and signed by the Chairman.

19. Urgent Items of Business

There were no urgent items of business.

20. Annual Audit Letter for the Year Ended 31 March 2018

The Committee received the Annual Audit Letter for the Year Ended 31 March 2018 from the Council's External Auditor Ernst & Young.

Helen Thompson, Associate Partner Ernst & Young attended the meeting and introduced the Annual Audit Letter.

The Committee were advised that:

- The Annual Audit Letter was the final report that concluded the audit procedures for the year ended 31 March 2018.
- The auditor had issued an unqualified opinion on the financial statements for 2017/18 and an unqualified opinion on Value for Money.
- No objections had been received from members of the public.
- The Audit had been closed and the Audit Certificate had been issued on the day of the deadline which was 31 July 2018.
- 15% of audits across all Councils had not met the deadline of 31 July 2018. The efforts of Bracknell Forest Council in working to meet the deadline were acknowledged and credited.
- Work was still progressing with the 2017/18 assurance review into housing benefit subsidy. The work itself was completed and the external auditor was

about to issue the draft qualification letter. The report would be submitted before 30 November 2018.

Helen Thompson, Associate Partner Ernst & Young advised the Committee that this was her final meeting as the Bracknell Forest Council Governance and Audit Committee Engagement Lead. Andrew Brittain had been appointed as her successor as the Committee's Engagement Lead.

Helen gave thanks to the committee for all their support over the last 7 years.

The Chairman thanked Helen for her service to the Committee.

In response to questions, Helen Thompson, Associate Partner Ernst & Young advised the Committee that:

- The report on housing benefit subsidy would be provided to the Committee in January 2019. It was rare to not find some form of error in this type of report due to the complex and changing nature of the housing benefit system. Bracknell Forest had significantly improved the processing of housing benefit internally and the level of errors had reduced significantly, but the housing benefit system was more complex as a result of changes to the benefit system. Overall, the housing benefit work was done well by the team at Bracknell Forest and there was nothing specifically that warranted concern.
- The number of qualified value for money conclusions was slightly increasing overall which was a reflection of the challenging and difficult financial environment Councils were operating in.
- Bracknell Forest had not received qualified financial statements or an adverse value for money opinion during her tenure.

Members of the Committee thanked the Director: Finance and his team for their diligence.

21. **Interim Internal Audit Report April to September 2018**

Sally Hendrick, Head of Audit and Risk Management attended the meeting to present the Committee with the Internal Audit Interim Report April to September 2018 which provided a summary of internal audit activity during that period.

The Committee were advised that:

- The report was the first report for 2018/19
- Progress was being made in delivering the audit plan that was agreed in March 2018.
- This report looked at the assurances found and the work to date.

Sally Hendrick, Head of Audit and Risk Management drew the Committee's attention to:

- Section 3. Summary of Internal Audits to Date, point 3.2 which described the progress on the audits and the performance to date.
- Section 3. Summary of Internal Audits to Date, point 3.4 Major Control Issues, which described audit areas where major weaknesses had been identified.

In response to questions from Members, Sally Hendrick, Head of Audit and Risk Management advised the Committee that:

- The audit process had identified that in 2017/18 and into 2018/19 there had been some weakening in financial control within the Council including debt management issues that were largely outside of the main corporate team, for example housing rents and deposits which are Housing managed themselves. In particular,

- There was a need to make improvements in debt management processes around the Council. Debtors were normally audited with a focus on corporate finance but it had been decided to conduct a Council wide audit of debt management processes to identify particular areas of weakness in debt recovery procedures. This was an ongoing process. The findings of this audit would be fed back to the Committee in January 2019.
- The Major Control Issues Audits had all been conducted since April 2018 with the exception of the Adult Social Care Pathway which was audited in Q4 2017/18 but had not been reported in June 2018.

In response to a Member question relating to Council Wide Audits and Officers' Expenses IT system, Stuart McKellar, Director: Finance assured the Committee that controls were in place whilst the new IT system was updated and tested.

The Chairman thanked Sally Hendrick, Head of Audit and Risk Management for the Interim Internal Audit Report.

RESOLVED that the Head of Audit and Risk Management report that provides a summary of Internal Audit Activity during the period April to September 2018 be noted.

22. **Review of the Constitution**

The Committee reviewed the recommended changes to the Constitution for approval by the Council.

The Chairman of the Governance and Audit Committee advised the Committee that no legal support was available during consideration of this item due to the absence of the Borough Solicitor following a medical procedure.

The changes to the Constitution were necessary to reflect the changes in the Council's organisational structure to match the changes in personnel and executive structures now in place following the transformation process.

Following a request for clarity from Members, Stuart McKellar, Director: Finance clarified that within the monitoring officer section, although specific mention of a Section 1-51 Officer is not mentioned, the Chief Finance Officer is referred to which is the same statutory role.

It was **RECOMMENDED** that Council:

1.1 Adopt the changes to Part 1/Section 8.1 (Officer roles and Statutory Officer Functions) set out in Appendix A to the agenda report.

1.2 Adopt the changes to Part 2/Section 4 (Employment Committee Terms of Reference) set out in Appendix B to the agenda report.

1.3 Adopt the changes to Part 2/Section 6 (Powers exercisable by Officers) set out in Appendix C to the agenda report.

1.4 Agree to the Borough Solicitor making such other consequential changes as are necessary to ensure that the constitution properly reflects the reshaped senior management structure.

23. **Governance: Bracknell Forest Council and the Voluntary Sector**

The Committee reviewed the Council's future role in the governance of voluntary sector organisations that may or not be in receipt of revenue grant aid from the Authority.

The Chairman of the Governance and Audit Committee advised the Committee an earlier report had been withdrawn from the Committee meeting on 27 June 2018 as it had required changes. The changes had been made and the report was ready for consideration by the Committee.

The Committee discussed the recommendations. Members felt that:

- Residents valued the Council's input within the voluntary sector and that Council representation demonstrated to residents that the Council cared and took voluntary bodies seriously.
- It was important that Members supported their community, and the recommendations in the report provided transparency to demonstrate that Councillors are not running voluntary organisations but are supporting them.
- The recommendations do not represent a removal or pulling back of support for the voluntary sector.
- It is important that representatives of the Council cannot hold positions of responsibility. The recommendations sought to avoid situations where there could/would be a conflict of interest.

The Vice Chairman of the Committee advised the Committee of some corrections to the report which should be recorded.

5.7 Age Concern.

It should be recorded that Councillor Cliff Thompson resigned as a trustee of Age Concern on 21 August 2018.

It should be recorded that Age Concern has no Council Trustee.

5.5 Shopmobility

It should be recorded that Councillor Mattick and Councillor Mrs Angell have both resigned their roles at Shopmobility. Councillor Mattick had been an observer and Councillor Mrs Angell was a Director.

The Chairman requested that a press release be prepared to describe the changes in more detail to the voluntary sector.

The Committee considered the recommendations set out within the report. Following debate it was proposed that there should be minor changes made to recommendation 2.2 and 2.4.

These changes were:

2.2 - The insertion of the word "voting" into the last line of the text after the words "Director or" but before the word "member"

2.4 - The insertion of the word "a" into the first line of the text after the word "is" but before the word "nominated"

- The deletion of the words "as a" on the first line of text after the word "nominated" but before the word "representative"

- The insertion of the words "hold or" on the second line of the text after the words "they may not" but before "subsequently"

The Committee voted on the amended recommendations and it was **RESOLVED** that:

2.1 That the Council continues to support the voluntary sector and recognises the important role Members play in its continued success;

2.2 That with immediate effect the Council no longer agrees nominations to any voluntary sector organisation where that role is as a Trustee, Director or voting member of the management board/committee

2.3 The Council may continue to nominate Members to voluntary sector organisations as representatives in a non management capacity with no role in the governance of the organisation. Such roles will be limited to Members being nominated to act as conduits for communication between the Council and the organisation or as observers at its meetings.

2.4 Where a Member is a nominated representative pursuant to 2.3 above, they may not hold or subsequently accept a role on the organisation's board as a Trustee/Director or in any other management capacity such as Treasurer.

Nb: The term "Voluntary Sector Organisations" for the purposes of this report expressly excludes Council owned companies, all maintained, VA and VC schools, academies and local authority consortiums. For the avoidance of doubt representation by Members on school governing bodies is therefore not affected by this report's recommendations.

CHAIRMAN

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