



CORPORATE GOVERNANCE COMMITTEE

YOU ARE REQUESTED TO ATTEND A MEETING OF THE CORPORATE GOVERNANCE COMMITTEE TO BE HELD IN THE JOHN MEIKLE ROOM, THE DEANE HOUSE, BELVEDERE ROAD, TAUNTON ON MONDAY 15TH SEPTEMBER 2008 AT 18:15.

AGENDA

1. Apologies
2. Minutes of the meeting of the Corporate Governance Committee held on 26 June 2008 (attached)
3. Public Question Time
4. Declaration of Interests. To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct
5. Changes to the Constitution. Report of the Legal and Democratic Services Manager (attached) Tonya Meers
6. South West Audit Partnership (SWAP) Financial Performance 2007/2008. Report of the Strategic Director (attached) Shirlene Adam
7. Internal Audit Plan - Progress Review. Report of the Group Auditor, South West Audit Partnership Chris Gunn

Tonya Meers
Legal and Democratic Services Manager
08 September 2008

Corporate Governance Committee Members:-

Councillor Williams (Chairman)
Councillor Henley (Vice-Chairman)
Councillor Beaven
Councillor Brockwell
Councillor Critchard
Councillor Denington
Councillor Govier
Councillor Paul
Councillor Mrs Smith
Councillor A Wedderkopp
Councillor Mrs Whitmarsh



Members of the public are welcome to attend the meeting and listen to the discussion. Lift access to the main committee room on the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is a time set aside at the beginning of the meeting to allow the public to ask questions



An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact Greg Dyke on:



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Website: www.tauntondeane.gov.uk (Council, Executive, Review Board & Review Panel Agenda, Reports and Minutes are available on the Website)

Corporate Governance Committee – 26 June 2008

Present: Councillors Beaven, Denington, Govier, Horsley, Paul, Mrs Smith, A Wedderkopp, Mrs Whitmarsh and Williams

Officers: Ms S Adam (Strategic Director)
Mr P Carter (Financial Services Manager)
Mrs G Croucher (Democratic Services Officer)
Mr C Gunn (Group Auditor, South West Audit Partnership)
Mrs T Meers (Legal and Democratic Services Manager)
Mr R Sealy (Contract Client Manager)

Also Present: Councillors House and Morrell, Mr T Bowditch, Mr S Clarke and Mr M Allen (Audit Commission)

12. Appointment of Chairman

Resolved that Councillor Williams be appointed Chairman of the Corporate Governance Committee for the remainder of the Municipal Year.

13. Appointment of Vice-Chairman

Resolved that Councillor Henley be appointed Vice-Chairman of the Corporate Governance Committee for the remainder of the Municipal Year.

14. Apology/Substitution

Apology: Councillor Critchard; Substitution: Councillor Horsley.

15. Minutes

The minutes of the meeting held on 17 March 2008 were taken as read and were signed subject to the addition of Councillor Stuart-Thorn to the list of those Councillors present.

16. Declarations of Interest

Councillor Govier declared personal interests as a Member of Somerset County Council and a Non-Executive Director of the Somerset Primary Care Trust. Councillor Paul declared a personal interest as a Member of Somerset County Council. Councillor Mrs Smith declared a personal interest as an employee of Somerset County Council.

15. Review of Southwest One

Mr M Allen, the Senior Technical Manager, Audit Commission presented a review of Southwest One.

An overview of the contract found this to be a complex and large sized procurement that was unique in local government. To achieve value for

money from the contract would require commitment from both Members and officers and ongoing investment in Council capability.

Procurement had provided reductions in price at the preferred bidder stage. Although no challenge from other bidders provided significant risk under current EU law a reasonableness of process had been demonstrated.

Arrangements in place during procurement had provided:-

- Clear governance arrangements;
- Key issues had been consulted upon;
- Appropriate officer involvement;
- Appropriate reports to support the decision making; and
- A Joint Member Advisory Panel.

A number of challenges to the service had been highlighted. These included maintaining the current service delivery, managing the impact of procurement savings and the maintenance of knowledge.

The overview concluded that the process was reasonable. The challenges faced could be met but would need ongoing commitment.

The way forward would require investment in the partnership. The challenge of business expansion and the management of knowledge and skills would also need to be met.

The Chairman thanked Mr Allen for his interesting presentation.

16. The Constitution

A Members' Steering Group had been set up to enable a full review of the Constitution to take place.

The recommendations of the review on the proposed changes to the Articles of the Constitution was presented to Members by the Legal and Democratic Services Manager, Mrs Tonya Meers.

Members discussed the recommendations and agreed the proposed changes subject to the amendment of Article 16(15(2)) to read:-

Any Councillor, upon giving 2 works days written notice to the Democratic Services Manager, may ask the Leader of the Council, a Portfolio Holder, Chairman of a Committee or another Member who has been appointed to an outside body, a question which concerns the Executive's or Committee's functions, powers and duties or the work of the outside body and which affects the Borough".

Resolved that Full Council be recommended to agree the proposed amendments to the Articles of the Constitution.

17. Annual Audit and Inspection Plan 2008/2009

Mr Terry Bowditch, Audit Manager, the Audit Commission (AC) introduced Taunton Deane Borough Council's Annual Audit and Inspection Plan 2008/2009.

The plan set out the audit work proposed to be undertaken by the AC. It had been drawn up from the AC's risk based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA) and reflected:-

- the audit and inspection work specified by the AC for 2008/2009;
- current national risks relevant to the Council's local circumstances; and
- the Council's local risks and improvement policies.

Following the Council's classification as an "excellent" Council in the 2004 Comprehensive Performance Assessment (CPA), the AC had applied the principles of strategic regulation recognising the key strengths and areas for improvement in the Council's performance.

From April 2009 the AC would be implementing CAA. Therefore this was the last year in which corporate assessments and programme service inspections would be undertaken as part of the CPA framework.

The Council had faced a number of challenges over the last twelve months that included the forming of new partnerships, a new political leadership since May 2007 and a number of regeneration projects. These had had a significant impact on the Council's capacity and a number of areas had deteriorated. However, the review found some positive developments and signs of recovery in some areas which included:-

- the development of better arrangements to deal with diversity and equalities issues;
- business planning continued to provide a clear sense of place based on a well grounded understanding of local needs; and
- the restructure of the Council to ensure that its services and partnerships made a positive impact on all its communities.

The AC would also be carrying out an audit of the 2008/2009 financial statements and in accordance with the International Standards on Auditing. A value for money conclusion would also be issued.

Noted that the audit of the 2007/2008 had yet to be completed and the audit planning process for 2008/2009, including the risk assessment, would continue as the year progressed.

The total indicative fee for the audit and inspection work included in the Audit and Inspection Plan for 2008/2009 was £102,154. Details as to how this fee had been determined were submitted.

Resolved that the report be noted.

18. Statement of Accounts

Considered report previously circulated, concerning the annual Statement of Accounts for 2007/2008 which was required to be approved by the Corporate Governance Committee prior to the accounts being signed by the Council's Section 151 Officer and Strategic Director, Shirlene Adam, and by the Chairman of the Committee, Councillor Williams. The statutory deadline for the signing of the accounts was the end of June.

The 2007/2008 Accounts presented were subject to audit which would shortly be undertaken by the Audit Commission.

The format of the Statement of Accounts was largely the same as last year with only minor changes to the content of the Annual Accounts when compared to 2006/2007.

A detailed presentation was made to Members by the Financial Services Manager, Paul Carter on the Statement of Accounts which included information on the following topics:-

- Income and Expenditure Account;
- Statement of Movement on the General Fund Balance;
- Statement of Recognised Gains and Losses;
- Consolidated Balance Sheet;
- Housing Revenue Account;
- Collection Fund;
- Group Accounts.

Reported that following the conclusion of the audit to be undertaken by the Audit Commission, the Committee would be informed if any significant amendments arose.

Resolved that:-

- 1) The Statement of accounts for 2007/2008 be approved;
- 2) The following determinations in respect of the year ended 31 March 2007 be made:-

1. **Section 42(2)(g)** – that £2,091k of expenditure for capital purposes, which was financed by grant, be capitalised; and
2. **Section 60(2)** – that £690k of useable capital receipts be applied to meet capital expenditure.

19. Review of the Effectiveness of Internal Audit Arrangements

Considered report previously circulated, updating Members on the effectiveness of the internal audit service provided by the South West Audit Partnership during 2007/2008.

The review was an annual requirement and looked at the audit service as well as the system of internal audit. This included the staffing arrangements, the audit strategy and planning, the approach to risk and the quality and effectiveness of report as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit.

The review concluded that the Internal Audit service performed well in terms of delivery against audit plan and customer feedback.

The priority areas for focus during 2008/2009 included:-

- The implementation of an audit recommendation management software package to all partner members;
- The development of a clear business plan for a second 5 year phase of the partnership; and
- To ensure the recently implemented risk management framework was embedded in the governance arrangements of the partnership.

Resolved that:-

1. The report be noted; and
2. The Corporate Governance Committee commend the work of the South West Audit Partnership.

20. Annual Governance Statement 2007/2008

Considered report previously circulated, concerning the Annual Governance Statement 2007/2008. This was a new requirement and was prepared in accordance with the corporate governance framework and covered all significant corporate systems, processes and controls.

A detailed presentation was made to Members by the Strategic Director, Shirlene Adam and included the following topics:-

- Focusing on the purpose of the Council and on outcomes for the community creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which were subject to effective scrutiny and risk management arrangements;
- Developing the capacity and capability of members and officers to be effective in their roles;
- Engaging with local people and other stakeholders to ensure robust public accountability;
- Review of effectiveness; and
- Significant governance issues.

The Annual Governance Statement was required to be approved by the Corporate Governance Committee and then signed by the Leader of the Council and the Chief Executive.

Resolved that:-

1. The Annual Governance Statement 2007/2008 be approved; and
2. The recommendations of the Annual Governance Statement 2007/2008 be reported to the next meeting of the Corporate Governance Committee.

21. Internal Audit Annual Report 2007/2008

Submitted for consideration the Annual Report 2007/2008 of the Council's Internal Audit Services.

A total of 14 operational audits had been planned for 2007/2008. However, three reviews had not been completed during the year and, with the agreement of the Head of Financial Services, one review had been rescheduled for 2008/2009. A further three audits had been completed from the previous year.

The following was a summary of the work undertaken during the year:-

- 3 audits had been completed from the previous year;

- 7 audits had been completed and final reports issued;
- 4 audits were at the draft stage;
- 2 audits had completed testing;
- 1 audit had not been completed.

A number of managed audits had been undertaken to assist the External Auditor which had resulted in a number of actions for improvements. These would be monitored through to completion. The review of the Managed Audits had not identified any serious concerns and reasonable assurance had been given that key financial controls were in place and working as intended.

A further two additional reviews had been completed that had not been included in the plan.

A number of significant areas that had been identified included:-

- Quality of systems and procedural documentation;
- Main accounting system; and
- Payroll.

Resolved that the report be noted.

22. Internal Audit Plan 2008/2009 – Progress Report

Considered report previously circulated, which provided an update on the significant finds and recommendations since March 2008.

Details were also reported of the audits completed for the period between April and June 2008 which included any significant findings or recommendations.

Resolved that the report be noted.

(The meeting ended at 9.03 p.m.)



CORPORATE GOVERNANCE COMMITTEE - 15TH SEPTEMBER 2008

CHANGES TO THE CONSTITUTION

Report of LEGAL & DEMOCRATIC SERVICES MANAGER

(This matter is the responsibility of Councillor Ross Henley, Leader of the Council)

EXECUTIVE SUMMARY

This report details the proposed changes to the Constitution following the Full Council meeting held on 15th July 2008 and the Constitutional Sub-Committee held on 4th September 2008.

1. Purpose of the Report

- 1.1 The Corporate Governance Committee is required to approve the changes as set out in this appendix in order for the Constitution to be referred to full council for the changes to be approved for inclusion into the constitution.

2. Background

- 2.1 Every local authority is required to have a constitution and that constitution should be kept up to date with all relevant information on how the Council operates and gives details of its political and management structures.

3. The current position

- 3.1 The constitution has been undergoing a review for some time and as a result a number of changes have been suggested in order to ensure it properly reflects how this Council wants to operate.
- 3.2 The Full Council meeting on the 15th July approved a number of changes but required some other amendments to be further discussed at the Constitutional sub committee before it would consider them further.
- 3.3 The Constitutional sub committee met on the 4th September and discussed the amendments as detailed in Appendix 1 and commends these changes to the Corporate Governance Committee for approval prior to the Full Council Meeting to be held in October.

4. Recommendations

- 4.1 The Committee is recommended to approve the amendments to the Constitution as set out in Appendix 1.

ARTICLE 16

16.0 Suspension of the Constitution

(c) Rules capable of suspension

The following rules may be suspended in accordance with the above provision:

The council's procedure rules apart from SO22 and SO26 and financial procedure rules

PART I REPORTS OF EXECUTIVE COUNCILLORS

8. (1) An Executive Councillor shall submit a report to each Full Council meeting. The report shall be in two parts.
- (2) Part I shall contain recommendations and Part II shall contain reports as to current and future business for the information of and comment from the Council.
- (3) Each recommendation shall be proposed separately by the Executive Councillor, or, in his/her absence, by the Leader of the Executive; it shall not need to be seconded before being discussed.
- (4) The normal rules of debate will apply to the recommendations contained in Part I

PART II OF EXECUTIVE COUNCILLORS' REPORTS

9. (1) When Part II of an Executive Councillor's report is being considered, Councillors may, upon items referred to in that report :-

(a) submit written questions to be received by the Democratic Services Manager by 4pm 2 working days before the Council meeting;

(b) Responses will be given to these questions and 1 further supplementary question will be allowed related to the question arising from the answer to seek further clarification;

Comment [11]: As per amendment at full council 15/07/08

(c) Verbal questions will be allowed which may be answered verbally or in writing within 5 working days.

Comment [12]: As per amendment agreed at full council on 15/09/08

- (2) Part II items are for information, discussion and comment only and no motion shall be put to the meeting as to any such item - other than those closure motions described in Standing Order 13.
- (3) A councillor may not speak on Part II of a report if a recommendation relating to that same item has already appeared in Part I of a report submitted at that meeting.
- (4) The Executive Councillor may introduce Part II of his report and update the Council on developments that have taken place since the report was dispatched.

QUESTIONS FROM COUNCILLORS

- 15** (1) At a Full Council meeting any Councillor, upon giving 5 working days written notice to the Democratic Services Manager, may ask the Mayor a question on a matter which concerns the Council's functions, powers, duties and which affects the borough.
- (2) Any Councillor, upon giving 2 working days written notice to the Democratic Services Manager, may ask the Leader of the Council, a portfolio holder, chairman of a committee or another member who has been appointed to an outside body, a question which concerns the Executive's or committee's functions, powers and duties or the work of the outside body and which affects the borough.
 - (3) The leader, portfolio holder, or committee chair may direct the question to be answered by the Chairman of the appointed sub-committee which has been delegated the subject matter of the question.
 - (4) The member asking the question may ask a supplementary question related to the question or arising from the answer to seek further clarification.

- (5) Questions are to be asked and answered without further discussion by other members present. The Leader of the Council or a committee chairman to whom the question has been addressed may ask another member or officer to answer it if they are of the opinion that a discussion is required or they may refer it to another relevant meeting of the Executive or Committee.

TIME LIMITS FOR ALL MEETINGS*

29.
 - (1) A meeting of full council or other committees/panels including Overview and Scrutiny committees shall not exceed three hours in duration except in accordance with SO 30 below.
 - (2) If the business of the meeting has not been completed within that time the Mayor or Chairman will interrupt the debate to announce the time and call for a vote to be taken immediately on the item under discussion.
 - (3) No member will be able to address the meeting after the Mayor's or Chairman's interruption on any item appearing on the agenda.
 - (4) Any items remaining on the agenda, which have not been considered, will be adjourned to the next scheduled meeting or a date to be fixed before the meeting adjourns.

SUSPENSION OF COUNCIL PROCEDURE RULES*

30.
 - (1) A motion to suspend a particular procedural rule shall state the particular purpose and require a majority of at least half the total number of members appointed to that Council Meeting or Committee.
 - (2) on occasions that rule 29(1) (guillotine) is being waived, the duration of the suspension shall not exceed 30 minutes and shall, if seconded, be put to the vote without discussion.
 - (3) Rule 29(1) can only be suspended once per meeting. However the Mayor, Chairman of Planning Committee or Chairman of the Licensing Committee may decide otherwise in respect of the meeting they are chairing. This will generally only occur in exceptional circumstances.
 - (4) Rules 22 and 26 cannot be suspended. But section 13 still applies.

Part IV – Public Question Time

16. (1) Subject to paragraph (10) of this Standing Order, questions from Taunton Deane electors shall be taken in accordance with the procedure in this Standing Order at the beginning of each meeting.
- (2) The period allowed for questions and answers shall not exceed 15 minutes except with the consent of the Mayor; each individual questioner shall be restricted to speaking for a total of four minutes.
- (3) Questions shall be directed to the Mayor, who may request the appropriate member or officer to reply.
- (4) Every question shall relate to matters over which the Council has powers or duties and which particularly affect the Borough and shall be put and answered without discussion.
- (5) However, if a question relates to a ward-based issue, the Mayor shall invite a contribution from one councillor representing that ward before calling for the formal reply.
- (6) Questions shall not be disallowed merely because advance notice in writing has not been given. Such questions may not be answered immediately but later in writing. However it is always preferred that questions are put in writing in order to assist members and officers to be able give answers at the meeting.
- (7) An answer may take the form of:-
 - (a) an immediate oral answer; or
 - (b) a written answer where the necessary information is not readily available.
- (8) Subject to the time limit in paragraph (2) above, and to the discretion of the Mayor, the questioner shall be permitted to ask one supplementary question relating to the issue raised.
- (9) Any question shall be disallowed which the Mayor believes to be scurrilous, offensive, improper, repetitious, capricious, irrelevant or otherwise objectionable.

Comment [13]: Discussed and agreed at Constitutional Sub committee 4/09/08

(10) The procedure for taking questions or statements from members of the public at meetings of the Planning Committee shall follow such pattern as agreed from time to time by that Committee to best take account of its needs for public involvement.

19. (1) All motions and amendments, unless the law otherwise requires, shall be decided by affirmation or by a show of hands, as the Mayor shall choose.

(2) If before the Mayor calls for the vote, either,

- (a) the mover and seconder of the motion - or of the amendment, or,
- (b) any councillor supported by the votes of at least a quarter of the councillors present,

request that a Recorded Vote be taken, then votes shall be publicly declared, and recorded in the minutes.

(3) In addition to the option under SO 19(2), any member may require - immediately after a vote is taken - that the manner in which that member's vote was cast (for, against or abstaining) shall be recorded in the minutes.

(4) Where a vote is taken upon the choice of more than two candidates for an appointment and there is not an absolute majority in favour of one candidate, the candidates receiving the least number of votes shall be excluded and a further vote taken, the procedure being continued until there is an absolute majority in favour of one candidate.

(5) (a) in the case of an equality of votes, the Mayor shall have a second or casting vote.

or (b) The Mayor shall have unfettered discretion as to its use for against the proposition.

Comment [14]: 5(a) has been amended to clarify the position with second and casting vote for the mayor.

PART I – MEETINGS OF THE COUNCIL

ORDER OF BUSINESS

1. At meetings of the Council, the order of business shall be as follows:-
 - (1) To elect a councillor to preside if the Mayor and Deputy Mayor are absent;
 - (2) To transact any business required by statute to be done before any other business;
 - (3) To receive the minutes of the preceding meeting and, if agreed, to order that they be signed as a correct record;
 - (4) To receive any communications;
 - (5) To deal with questions from Taunton Deane electors under Standing Order 16;
 - (6) To receive petitions or deputations from Taunton Deane electors under Standing Orders 17 & 18;
 - (7) To transact any business adjourned from previous meetings;
 - (8) To consider Motions received under Standing Order 4;
 - (9) To consider reports from Executive Councillors;
 - (10) To consider any reports submitted by the Review Board, a Review Panel, Standards Committee or from an Officer;
 - (11) To deal with questions asked under Standing Order 15(2);
 - (12) To transact any other business which the Mayor is prepared to certify as of such urgency that it must be disposed of at this meeting.

Comment [15]: O&S committees?

Comment [16]: Agreed at Constitutional sub committee 4/09/08

MOTIONS DURING A DEBATE *

5. (1) The only proposals which may be moved during a debate are:-

- (a) to amend the motion;
- (b) to postpone consideration of the motion;
- (c) to adjourn the meeting;
- (d) to adjourn the debate;
- (e) to proceed to the next business;
- (f) that the question be now put;
- (g) that Councillor _____ be not further heard;
- (h) that Councillor _____ do leave the meeting;
- (i) that the (identified) recommendation be referred back for further consideration;
- (j) that the press and public be excluded;
- (k) to suspend any one or more Standing Orders during all or part of the meeting;
- (l) to refer a petition which has been presented to a meeting of the Council to a Panel for consideration;

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5 (2) A councillor who has not previously spoken in the debate may, at the conclusion of a speech of another councillor, move without comment one of the following closure motions:-

- (a) "that the meeting do now adjourn"
- (a) "that the debate be adjourned",
- (b) "that the meeting do now proceed to the next business", or
- (d) "that the question be now put".

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(3) If the closure motion is seconded then (subject to the proviso set out in (c) below) the Mayor shall proceed as follows:-

- (a) the closure motion shall be put to the vote forthwith and without discussion;
- (b) then - subject only to the right of reply of the councillor who either presented the report or who proposed the original motion - the closure motion shall be immediately acted upon;

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(c) The Mayor shall have the discretion not to accept such a closure motion when of the opinion that the matter before the meeting has not yet been sufficiently discussed.

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Comment [17]: This is an amalgamation of clause 5 and 13 in the existing constitution

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE

REPORT OF THE STRATEGIC DIRECTOR (Shirlene Adam)

This matter is the responsibility of Councillor Smith

SOUTH WEST AUDIT PARTNERSHIP (SWAP)

FINANCIAL PERFORMANCE 2007/08

Executive Summary

This report updates the Corporate Governance Committee on the 2007/08 financial performance of the South West Audit Partnership.

1. Background

South West Audit Partnership (SWAP) was formed in April 2005 to provide an effective internal audit service to Taunton Deane Borough Council and South Somerset District Council. Later in 2005/06 Mendip District Council and West Somerset District Council joined the partnership. During 2007/08 Sedgemoor District Council and Somerset County Council joined the partnership.

The Partnership is operated as a Joint Committee. The Statement of Accounts 2007/08 was formally considered by the SWAP Joint Committee on 24 June 2008.

2.0 Performance 2007/08

The partnership required £60,000 of start-up funding. This Council contributed £20,000 towards this, and agreed that this would be repaid in four annual instalments starting in 2006/07. The Partnership has repaid £10,000 and is on track to repay the remaining start up funding to us, as agreed. The Partnership's financial performance is robust as is its business plan. The Partnership made an operating surplus of £47,819 for 2007/08. This has been added to the Partnership reserve which stands at a healthy £65,059.

It is also pleasing to report that the Partnership has largely delivered against its performance targets, despite a number of staffing vacancies during the year.

3. Recommendation

The Corporate Governance Committee is requested to note the 2007/08 financial performance update on SWAP.

Contact Officers:-

Shirlene Adam

Strategic Director, 01823 356310, s.adam@tauntondeane.gov.uk

Maggie Hammond

Strategic Finance Officer, 01823 358698, m.hammond@tauntondeane.gov.uk

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 15th September 2008

INTERNAL AUDIT PLAN – PROGRESS REVIEW

REPORT OF THE GROUP AUDITOR (South West Audit Partnership) This matter is the responsibility of Councillor Henley, the Leader of the Council.

EXECUTIVE SUMMARY

This report highlights significant findings and recommendations that have occurred since the Committee last considered the findings of Internal Audit reports in June 2008.

1. Purpose of Report

To provide members with an update on the activities of the Internal Audit team for the period July 2008 to September 2008.

2. Work undertaken by Internal Audit July 2008 to September 2008

Operational Audits - Operational audits are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated. For Operational Audits SWAP aim to provide management and Members with a level of assurance on the robustness of the internal control environment. The following categories of assurance have been agreed:

<p>▲ ★ ★ ★ Full Assurance</p>	<p>The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively at all times and risks against the achievement of objectives are well managed.</p>
<p>▲ ★ ★ ★ Reasonable Assurance</p>	<p>Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives</p>
<p>▲ ★ ★ ★ Partial Assurance</p>	<p>Most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>
<p>▲ ★ ★ ★ No Assurance</p>	<p>The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>

The following operational audits have been finalised since the Committee last met in July 2008 as below:-.

Democratic Services ▲★★★ **Reasonable Assurance** - I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed and although there were a number of issues raised in the report these are in the main opportunities for improvement in the system of controls rather than significant control failures.

Housing Benefits Fraud ▲★★★ **Reasonable Assurance** - I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed, there were a number of issues raised in the report including the lack of a comprehensive business continuity plan and out of date service information on the Council's website.

Insurances ▲★☆☆ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Generally risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

The Insurance Officer has only been in post for less than a year, much of her time and resource has been dedicated to preparing information papers for the tender exercise as well as dealing with new and existing claims. She has been receptive to all the issues raised during this audit and had already identified many areas that need improvement. Now that the tendering process has been concluded it is anticipated that the Insurance Officer will be able to dedicate time to addressing the issues raised during the audit. The main areas of concern identified during the audit were poor record keeping, retention of evidence and processes required to be able to demonstrate a complete audit trail from notification of incidents through to claim settlement. It is anticipated that as a result of the changeover of insurance providers the administration of the insurance function and the general awareness of the service amongst Council managers will improve.

Housing Renovation Grants ▲★★★ I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives. There were a number of issues raised in the report including the lack of a reconciliation between the Housing Grants and the Council's Main Accounting System and some procedural weaknesses that will be addressed by management.

Action plans have been agreed with management to address the issues raised in the above reports.

3. Workload Update

The following reviews are in progress or are going through the reporting process :-

Audit area	Type of review	Progress
Housing Repairs	Operational Review	Draft Report
Cemetery & Crematorium	Operational Review	Production of Draft Report
Stores	Operational Review	Testing
Partnership Arrangements	Operational Review	Testing
Procurement	Operational Review	Testing
Economic Development	Operational Review	Testing
Transport Policy	Operational Review	Audit underway

4. Recommendation

The Committee should note the content of this report.

Contact Officer:-

Chris Gunn - Group Auditor – South West Audit Partnership
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