

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 25 June 2012 at 18:15.

Agenda

- 1 Appointment of Chairman.
- 2 Appointment of Vice-Chairman.
- 3 Apologies.
- 4 Minutes of the meeting of the Corporate Governance Committee held on 12 March 2012 (attached).
- 5 Public Question Time.
- 6 Declaration of Interests
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
- 7 Audit Commission Report - Audit of Financial Controls. Report of the Strategic Director (attached).

Reporting Officers: Shirlene Adam
Peter Lappin
- 8 SAP Controls Update. Report of the Strategic Finance Officer (attached).

Reporting Officer: Maggie Hammond
- 9 The Localism Act 2011 – The Amended Standards Regime. Report of the Legal and Democratic Services Manager (attached).

Reporting Officer: Tonya Meers
- 10 Health and Safety Strategy for 2012-13. Report of the Corporate Health and Safety Advisor (attached).

Reporting Officer: David Woodbury
- 11 Debt Recovery Update. Report of the Corporate and Client Services Lead (attached).

Reporting Officer: Paul Harding

- 12 Internal Audit Plan - Annual Opinion 2011-12 and Progress Quarter 1 2012-13.
Report of the Group Audit Manager, South West Audit Partnership (attached).
Reporting Officers: Alastair Woodland
Chris Gunn
- 13 Internal Audit - Review of Effectiveness. Report of the Strategic Director
(attached).
Reporting Officer: Shirlene Adam
- 14 Corporate Governance Action Plan Update. Report of the Performance Lead
(attached).
Reporting Officer: Paul Harding
- 15 Annual Governance Statement. Report of the Strategic Finance Officer
(attached).
Reporting Officer: Maggie Hammond
- 16 Corporate Governance Committee Forward Plan - details of forthcoming items to
be considered by the Corporate Governance Committee and the opportunity for
Members to suggest further items (attached)

Tonya Meers
Legal and Democratic Services Manager

16 September 2013

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under “Public Question Time” is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

This is more usual at meetings of the Council’s Planning Committee and details of the “rules” which apply at these meetings can be found in the leaflet “Having Your Say on Planning Applications”. A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

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For further information about the meeting, please contact the Corporate Support Unit on 01823 356414 or email r.bryant@tauntondeane.gov.uk

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Corporate Governance Committee Members:-

- Councillor A Beaven
- Councillor S Coles
- Councillor B Denington
- Councillor E Gaines
- Councillor A Govier
- Councillor T Hall
- Councillor J Hunt
- Councillor L James
- Councillor R Lees
- Councillor D Reed
- Councillor V Stock-Williams
- Councillor P Tooze
- Councillor A Wedderkopp

Corporate Governance Committee – 12 March 2012

Present: Councillor Denington (Chairman)
Councillor A Wedderkopp (Vice-Chairman)
Councillors Beaven, Coles, Hall, Hunt, Miss James, R Lees, D Reed,
Mrs Reed and Tooze.

Officers: Shirlene Adam (Strategic Director), Debbie Arscott (Leisure Services Manager), Tonya Meers (Legal and Democratic Services Manager), David Woodbury (Health and Safety Advisor), Alastair Woodland (Audit Manager), Dan Webb (Client and Performance Lead), Chris Gunn (Internal Audit Manager) and Natasha Williams (Corporate Support Officer).

Also Present: Peter Lappin (Audit Commission).

(The meeting commenced at 6.15 pm)

72. Apologies/Substitution

Apologies: Councillors Gaines and Mrs Stock-Williams.

Substitution: Councillor Mrs Reed for Mrs Stock-Williams.

73. Minutes

The minutes of the meeting held on 12 December 2011 were taken as read and were signed.

74. Health and Safety Update Report

Considered report previously circulated concerning progress in implementing the Health and Safety Action Plan. The Corporate Health and Safety Advisor explained that overall progress was good, with no new significant risks or incidents to report.

Members requested more information on the one 'near miss' at the DLO. The Health and Safety Advisor would circulate a more detailed written response to Members.

Resolved to note that there were no significant risks or incidents.

75. Audit Commission – Audit of Grant Claims

Mr Peter Lappin of the Audit Commission introduced the Certification of Claims and Returns report for 2010/2011.

The report summarised the Audit Commissions findings from their review work and highlighted several areas where improvements could be made and the action plan reflected this. The action plan would be monitored to ensure the issues were progressed.

Members were advised that the Housing and Council Tax Benefit Scheme had required a reduced level of additional testing in 2010/11 compared with 2009/10 as a result of fewer errors being identified. In turn, a reduced fee had been charged.

The fee for the audit of grant claims in 2010/11 was £31,869.

Resolved to note the Certification of Claims and Returns report from the Audit Commission.

76. Audit Commission – External Audit Plan 2011/2012

Mr Peter Lappin of the Audit Commission introduced Taunton Deane Borough Council's Annual Audit Plan.

The report set out an overall summary of the Audit Commission's assessment of the Council and outlined the following:-

- The Statement of Accounts and Annual Governance Statement;
- Value for Money;
- The fees charged by the Audit Commission compared to those budgeted; and
- Current and future challenges.

Resolved that the Audit Plan 2011/12 from the Audit Commission be noted.

77. Risk Management Update

Considered report previously circulated, updating Members on the current position of Risk Management.

The annual review of the Corporate Risk Register had been drafted by the Corporate Management Team for 2012. Members of the Corporate Governance Committee were invited to contribute to the process of refreshing the Corporate Risk Register by identifying strategic risks.

Also reported that Operational Risk Registers had been produced for each of the Council's Themes as part of the 2011/12 service planning process.

Resolved that the progress with Corporate Risk Management be noted.

78. Section 106 Update

Considered report previously circulated, which provided details of the progress made against the recording of the centralisation of the Section 106 Agreement Developer Contributions.

A 2011 report from Audit, commissioned by Shirlene Adam, advised that the Section 106 Agreements for this Authority should be centrally monitored from the creation of an agreement through to implementation, collection of contributions and spending of funds.

Members were advised that the Community Leisure Officer had developed a master spreadsheet. The Council was therefore now complying with the recommendations made in the Audit report. The start date for centralisation was August 2011.

Members were advised that once a year, it would be possible for a statement to be sent out to Ward Members outlining details of Section 106 Agreements in their Ward area.

Resolved that the report be noted.

79. New Standards Regime

Considered report previously circulated, concerning The Localism Act 2011 which had made fundamental changes to the system of regulation of standards of conduct for elected and co-opted Councillors.

The date for implementation of these changes was the 1 July 2012.

Taunton Deane would remain under a statutory duty to promote and maintain high standards of conduct for its elected and co-opted Members.

The Act repealed Section 55 of the Local Government Act 2000, which provided for the current statutory Standards Committee.

Although there would be no requirement for a Council to have a Standards Committee, there would still be a need to deal with standards issues and case-work. In such circumstances, it was felt that it would be convenient to retain a Committee but without the unique features which were conferred by the previous legislation.

Reported that the current ten General Principles and Model Code of Conduct would be repealed by the Act and Members would no longer have to give an undertaking to comply with the Code of Conduct.

However, the Council would be required to adopt a new Code of Conduct governing elected and co-opted Member's conduct when acting in that capacity.

The Localism Act had abolished the concepts of personal and prejudicial interests. Instead, regulations would define "Disclosable Pecuniary Interests" (DPIs).

At present it was not known what DPIs would comprise, but they were likely to be broadly equivalent to the current prejudicial interests but with a number of important differences, details of which were submitted.

Resolved that the recommendations contained in the report be supported.

80. South West Audit Partnership Internal Audit Plan 2011/2012

Councillor Miss James declared a personal interest as an employee of Viridor.

The 2011/12 Annual Audit Plan summarised the work of the Council's Internal Audit Service and provided:

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the Committee in December;
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

Members noted that some high priority recommendations had been identified since December 2011 and that these were to be followed up by Internal Audit to provide assurance that risk exposure had been reduced.

Resolved that the progress made in the delivery of the 2011/12 Internal Audit Plan be noted.

81. South West Audit Partnership Internal Audit Plan 2012/13

Submitted for consideration the Internal Audit Plan 2012/13.

The Plan had been developed with the co-operation and approval of the Section 151 Officer. It was risk based and, where possible, was co-ordinated with the audit plans of the other members of the South West Audit partnership.

Resolved that the Internal Audit Plan be agreed.

82. South West Audit Partnership Internal Audit Charter

Considered report previously circulated, setting out the terms of reference of the Internal Audit Charter which governed the work of the South West Audit Partnership at Taunton Deane Borough Council.

Details of the Internal Audit Charter were submitted for consideration and review by Members.

Resolved that the Internal Audit Charter be approved.

83. Corporate Governance Committee Forward Plan

Submitted for information the proposed Forward Plan of the Corporate Governance Committee.

Resolved that the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 8:05 pm).

Taunton Deane Borough Council

Corporate Governance Committee – 25 June 2012

Audit Commission Report – Audit of Financial Controls

Report of the Strategic Director (Shirlene Adam)

(This matter is the responsibility of the Leader of the Council, Councillor John Williams)

Executive Summary

This report introduces the report by the Audit Commission on the Financial Controls of the authority.

1. Background

- 1.1 The Audit Commission will shortly be starting their formal audit of the Financial Statements for 2011/12.
- 1.2 In preparation for this, they carry out some early work on the Councils financial systems. This helps identify any risks in our control regime, and this then is built into the auditors work plans.
- 1.3 The conclusion of this early review is set out in the attached report.

2. Key Messages

- 2.1 It is pleasing to see further improvements in the financial control environment from previous years reviews. Progress against the action plan in the report will be monitored by the Strategic Finance Officer.

3. Finance Comments

- 3.1 There are no financial implications from this report.

4. Legal Comments

- 4.1 There are no legal implications from this report.

5. Links to Corporate Aims

- 5.1 No direct implications.

6. Environmental Implications

- 6.1 No direct implications.

7.0 Community Safety Implications

- 7.1 No direct implications.

8. Equalities Impact

8.1 No direct implications.

9. Risk Management

9.1 Any risks identified will feed in to the corporate risk management process.

10. Partnership Implications

10.1 The Finance Service is delivered via the Southwest One Partnership.

9. Recommendation

9.1 Members of the Corporate Governance Committee are requested to note the Audit Commission's report on the audit of financial controls.

Contact Officers:

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Audit of Financial Controls

Taunton Deane Borough Council

Audit 2011/12

The Audit Commission is a public corporation set up in 1983 to protect the public purse.

The Commission appoints auditors to councils, NHS bodies (excluding NHS foundation trusts), local police bodies and other local public services in England, and oversees their work. The auditors we currently appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms. Our Audit Practice also audits NHS foundation trusts under separate arrangements.

We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.

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Summary report

Introduction

- 1** My audit plan for 2011/12, which I presented to the Corporate Governance Committee on 12 March 2012 explained the work I would be carrying out to meet my Code of Audit Practice (the Code) responsibilities.
- 2** My responsibility as auditor of Taunton Deane Borough Council under the Audit Commission Act 1998 and the Code is to give an independent assessment of whether the financial statements give a true and fair view of the financial position of Taunton Deane Borough Council (the Council) and the income and expenditure of the year then ended.
- 3** It is the Council's responsibility to put in place arrangements to ensure proper conduct of its financial affairs, and to check their adequacy and effectiveness.
- 4** Under the International Standards on Auditing (UK and Ireland) (ISAs) I am required to gain an understanding of the Council's arrangements to identify and assess risks of material misstatement to its financial statements. This will include an assessment of audit risks for the organisation and the systems it uses to produce the financial statements.
- 5** My assessment of these arrangements will decide the approach required for the audit of the Council's financial statements in later in the year.
- 6** In addition, ISA 265 specifically requires me to communicate deficiencies in internal control to those charged with governance; the Corporate Governance Committee.
- 7** I have also reviewed the Council's progress in carrying out the recommendations that I made to the Corporate Governance Committee in September 2011. The following table summarises the findings.

Table 1: Review of progress with the recommendations from the Annual Governance Report 2010/11

2010/11 Recommendation	Follow-up finding	Audit conclusion
R1 Provide clear written instructions to the valuer to ensure the Council meets the requirements of the Code.	Instructions have been provided to the Valuer for 2011/12.	I will review the results during my audit of the financial statements.
R2 Provide a full segmental analysis required by the Code for the financial statements for 2011/12	The Council will include the segmental analysis in the 2011/12 financial statements.	I will review the results during my audit of the financial statements.
R3 Examine and clear the unallocated cash balances	The unallocated cash balance has been cleared in the year.	I will review the results during my audit of the financial statements.
R4 Review how the cash flow statement is prepared to remove significant balancing items	As part of the preparation of the 2011/12 accounts, a review of the cashflow statement is being undertaken to ensure there are no significant balancing items.	I will review the results during my audit of the financial statements.
R5 Review the how rental income is recognised and accounted for in advance	The Council is currently reviewing the treatment of income received in the year and intends to disclose the assumptions made regarding the recognition and accounting for rental income, and the impact on the Balance sheet in the Accounting Policies.	I will review the Accounting Policies during my audit of the financial statements.
R6 Review the accounting treatment and value for money arising from sale and leaseback proposals before they are approved.	There have been no further sale and leaseback proposals in the last year.	There are no further sale and leaseback proposals to review.
R7 Review its bad debt provision for former tenants and ensure that the aged debt analysis for all debts is reconciled to the figures in the balance sheet.	As part of the 2011/12 accounts closedown a detailed review of the Councils sundry debts is being undertaken and will inform the level of bad debt provision to be made. The aged debt analysis will be reconciled to the figures in the balance sheet.	I will review the results during my audit of the financial statements.

Source: 2010/11 Taunton Deane Borough Council Annual Governance Report

8 My assessment of these arrangements will decide the approach and testing required for the audit of the Council's financial statements from July to September.

Audit approach

9 Information is material if its omission or misstatement could influence the economic decision of users taken based on the financial statements.

10 My audit of the financial statements occurs in two phases:

- during the period of account I review the systems that produce entries in the financial statements over £1.4 million (the materiality threshold) and, in particular, test the controls in these systems that prevent material errors in the statements; and
- I test entries in the completed financial statements. This takes place after the year-end, usually from July to September.

11 ISA 315 requires the auditor to show understanding of the financial information systems that provide material balances in the accounts and to assess the risk of material misstatement arising from the processes and controls within these systems.

12 Under ISA 330 'the auditor's procedures in response to assessed risk, 'the auditor can rely on controls if they have not changed since they were last tested. The auditor should test the effectiveness of such controls at least every third year. Where there are several controls which the auditor decides that it is correct to use audit evidence gained in prior audits, the auditor should test the effectiveness of a sample of these controls each audit.

13 My 2011/12 work includes walk through testing on the material information systems to confirm my understanding of the key controls.

14 The Council has accepted there had been weaknesses in controls following the implementation of SAP. For 2011/12 I have reviewed the key controls in SAP that were not operating in 2010/11 to see if they are now working and can be relied on.

15 The material information systems for the Council are:

- General Ledger;
- Accounts Payable (creditors);
- Accounts Receivable (debtors);
- Payroll;
- Property Plant and Equipment (fixed assets);
- Council Tax;
- National non-domestic rates (NNDR);
- Housing Rents;
- Housing Benefits;
- Car Park Income;
- Cash receipting;
- Treasury Management; and
- DLO (Cosy) System.

16 The Information Technology system of the Council has also been considered through the IT Risk Assessment.

17 In 2011/12 I have undertaken a detailed review of Internal Audit's working papers and supplemented its work with my own procedures for key controls of all the material information systems.

Main conclusions

18 I assessed the controls operating for each information system that lead to material balances in the financial statements (above £1.4 million).

19 I have documented below the findings from testing the controls and recommendations for improvement in the future. I have also set out the approach I propose to follow at the post statement audit, to gain the required assurances the 2011/12 financial statements are materially correct.

20 The Council has strengthened the control environment compared with the previous year but some control weaknesses remain. The external audit team has undertaken additional work (testing transactions) to provide me with assurance for my audit opinion. My conclusions are summarised in table 2.

Table 2: **Summary of results of controls testing**

This table summarises the conclusions of external audit on the reliance that can be placed on key financial controls

System	Findings	Conclusions
General Ledger	The Council needs to strengthen the controls over the authorising of journals. The Council has delayed posting the audited closing balances at 31 March 2011 into the ledger as opening balances for 2011/12.	I will undertake further testing during the audit of the financial statements.
Accounts payable (creditors)	The Council should strengthen controls around direct input payments (where no matching of invoices is required).	I tested a sample of these payments and found them to be correctly processed. I have assurance for my opinion.
Accounts receivable (debtors)	The Council still needs to strengthen evidence of authorisation of the credit notes.	I tested a sample of credit notes and I found that they were valid and appropriately processed.
Payroll	A leaver was processed through the payroll system without a signed authorised form	I plan to seek to place reliance on other controls including manager confirmations of staff details charged to their budgets.
Property Plant and Equipment	The Council's controls for this system operate after the end of the financial year.	I will undertake my review of controls from July to September.

System	Findings	Conclusions
Council Tax	My review did not identify any failures in controls.	Subject to year-end testing I plan to rely on the Council's controls for my opinion.
Non-domestic rates	My review did not identify any failures in controls.	Subject to year-end testing I plan to rely on the Council's controls for my opinion.
Housing Rents	My review did not identify any failures in key controls. There is one key control which is undertaken after the year-end, reconciling properties between finance and housing.	Subject to year-end controls testing, I plan to rely on the Council's controls for my opinion.
Housing Benefits	The Council undertakes full reconciliations between material financial systems at the end of the year.	Subject to year-end controls testing, I plan to rely on the Council's controls for my opinion.
Car Park Income	The Council introduced checks in May 2011 that information recorded on the cash sheets (collected and banked from the car park machines), agrees to the amounts recorded on the car park receipt tickets produced by the machines when they are emptied.	Subject to year-end controls testing, I plan to rely on the Council's controls for my opinion.
Cash receipting	The Council has provided evidence that it reconciles the ledger with feeder systems for cash receipting such as planning fees and land charges.	Subject to year-end controls testing, I plan to rely on the Council's controls for my opinion.
Treasury management	Interest (receivable and payable) is not material for 2011/12 and I will test the year-end balances.	I will seek direct confirmation from counter parties for entries in the balance sheet.
DLO (Cosy) system	The same person can order, receipt goods and allow payment. The segregation of duties is insufficient.	I have undertaken additional audit procedures and I have sufficient assurance for my opinion, subject to year-end review
Information Technology system	I found that there was no formal Data Recovery Plan or Restoration testing. A formal plan should be developed and formal restoration testing should occur regularly.	No significant issues were identified, and therefore I am able to rely on the IT controls.

Source: Internal Audit and External Audit

Independence and objectivity

21 One of my team has a relationship with an IT contractor who is working on a project refresh for South West One. The IT contractor is not involved in any finance activity. This member of my audit team will not be involved in any review of the contract with South West One or the IT replacement project.

22 I am satisfied that this provides a satisfactory safeguard for me to comply with the ethical standards issued by the Auditing Practices Board (APB) and with the Commission's requirements for independence and objectivity as summarised in appendix 2.

Detailed report

General Ledger

23 The main controls within SAP are electronic controls based on specific roles and access rights.

24 System access management is a key control. It ensures that transactions are independently checked, to confirm they are accurate and relate to the Council's operations.

25 A member of staff emails a request for system access to the controls team on a standard form, which includes the name of the person sanctioning the request. I have reviewed these controls and I am able to place reliance on them for my opinion.

26 I also reviewed the process for approving journal adjustments and found that access controls restricted the input of journals. An officer can complete a journal on a standard form and email to a central mailbox for input. Staff who prepare journals check to confirm that journals balance and the account codes have been set up on the system.

27 In 2010/11 the Council agreed the recommendation that there would be an independent check of journal adjustments over £50,000. The Council has performed this within the Finance Advisory team from August, but journals are still being input without checks by the Master Data/Shared Finance and Cashiers teams.

28 However, the Council has agreed to carry out a retrospective review of journals processed during the financial year to provide assurance the journals were correctly approved. I will use this review to inform my testing strategy on the financial statements in the summer.

Recommendation

R1 The Council should set up a control which provides assurance that all journal adjustments accurately reflect Council transactions and are correctly classified in the ledger.

29 Bank reconciliations are a key control within the general ledger. They provide the Council with assurance that all income received into the bank accounts and all payments made have been correctly accounted for in the ledger.

30 Bank reconciliations are carried out monthly, and I can place reliance on this control for my audit opinion for 2011/12.

31 Although the Council reconciles cash receipts and payments daily, many of the Council's feeder systems are not fully reconciled into the General ledger until the year-end. These include the Housing Benefits, Council Tax, and NNDR systems.

32 As part of the year-end processes the Council should ensure that these systems are fully reconciled and any differences examined and corrected.

33 During my review (March 2012), the opening balances for 2011/12 were being loaded into the general ledger, almost 12 months after the start of the year. The Council experienced some problems that it was working to resolve for the accounts closedown.

34 These balances will be checked as part of the final accounts audit later in the year.

Recommendation

R2 The Council should ensure that opening balances are input into the ledger and checked within a reasonable time from the beginning of the new financial year.

Accounts Payable (Purchase Ledger)

35 My review and testing of this system confirms the controls, including 3-way matching, have been fully operational and reliance is being placed on them.

36 However, I identified that similar to last year there are still issues with direct input payments.

37 While these payments are input by an approved processor, there is no check to confirm the authorisation of these payments is correct. Direct payment forms require three signatures, but they are not checked against an authorised signatory list.

38 A new system involving Electronic Payments Request forms that are approved through the delegation tables has been introduced. However, this was only introduced in July and manual direct input payments are still being widely used. The Council cannot provide a separate analysis of electronic and manual authorisations. Therefore, it has not been possible to test or rely on this control for the whole year.

39 I tested a sample of direct payments and found them to be correctly processed.

Recommendation

R3 The Council should set up procedures, to confirm that all direct input payments are correctly approved. The Council should review the number of direct payments, by providing clear guidance detailing when it is suitable to use this type of payment.

Accounts receivable (debtors)

40 I have reviewed accounts receivable and concluded that there have been improvements within the system.

41 However, similar to 2009/10 and 2010/11, I have identified that there is insufficient evidence that the credit notes have been properly authorised within the system.

Recommendation

R4 The Council should ensure that procedures are put in place to approve credit notes within the system.

42 I could not rely on the control. Therefore, I tested a sample of credit notes and I concluded that this sample of was valid and accurate.

43 I have also found that there is a risk remaining around the monitoring of aged debt. Internal Audit tested this and found that only some service managers were running aged-debt reports. I have not been able to rely on this control, and Internal Audit has already reported it to the Council.

Payroll

44 Internal Audit found that not all leavers' forms were authorised, but I plan to rely on other controls to provide the assurance on the figures from payroll. Internal Audit has already raised this issue with the client.

45 The establishment lists are signed as agreed by managers at the end of year, and therefore I will review the operation of this control.

Recommendation

R5 The Council should ensure that all leaver forms are properly authorised before being processed through the payroll system.

Property, plant and equipment

46 Capital invoices are processed in the same way as revenue invoices, through the accounts payable system but flagged as capital when they are input. I will include a sample of capital invoices in my testing of transactions in the accounts payable system.

47 The financial transactions associated with property, plant and equipment such as the depreciation calculation, updating the fixed asset register for additions, disposals and revaluations, will only be processed at the end of the financial year.

48 I will undertake audit procedures on a sample of transactions at the post statement audit to confirm accuracy in the accounts.

Council Tax

49 In 2010/11, there had been a lack of evidence to verify that the precept information had been checked before its input. However, for the 2011/12 parameters, there was evidence that a check had taken place. Consequently, I was able to place reliance on this check.

50 My review also included the Council's arrangements for reviewing discounts and exemptions. The Council has introduced and recorded a regular programme of checking of discounts. As part of my systems work, I have reviewed this control and am able to rely on it for my opinion.

National Non-Domestic Rates (NNDR)

51 In response to my recommendations from 2010/11, the Council has introduced:

- a regular programme of checking of business rate accounts to ensure that reliefs are correct; and
- the requirement that evidence is retained to show that refunds above £10,000 have been checked and approved before payment is made.

52 I have been able to rely on these controls for my audit opinion.

53 Some controls operate at the year-end only, ie the reconciliation of the business rates system to the general ledger. I will review these year-end controls in the summer of 2012.

Housing Rents

54 There is one key control that does not operate until the year-end. The Council has agreed to ensure there is reconciliation between the number of properties recorded within the rent system, the records held by Finance and the records preserved by the Housing Information Assistant is retained. This will need to be confirmed at the year-end.

55 Subject to this year-end testing, I can place reliance on the key controls for my opinion.

Housing Benefit

56 The reconciliation of the Housing Benefit system to the subsidy claim is undertaken at the year-end and I will review this reconciliation in the summer of 2012.

57 In 2011/12 the Council has retained the evidence that it had checked changes to systems parameters. Consequently, I was able to place reliance on this control.

Car Park Income

58 The Council checks the information recorded on the cash sheets (collected and banked from the car park machines), agrees to that recorded on the car park vault tickets produced by the machines when they were emptied. This check was reintroduced in early May 2011 after not operating in 2010/11.

59 Subject to testing controls at the year-end I can place reliance on this control for my opinion.

Cash receipting

60 The Council has provided evidence that it reconciles the ledger with feeder systems for cash receipting such as planning fees and land charges. Subject to year-end controls testing, I plan to rely on the Council's controls for my opinion.

Treasury management

61 Investments and loans are material balances within the financial statements. I will obtain direct confirmation from counterparties to support the amounts disclosed in the financial statements.

DLO (COSY) System

62 The same person can order, receipt goods and approve payment. There is inadequate segregation of duties, unlike the other goods that are ordered through SAP Accounts Payable.

63 The risk is that unauthorised goods are ordered and inaccurate payments are made for items the Council has not ordered.

Recommendation

R6 The Council should strengthen segregation of duties so that the same individual cannot complete all stages of a transaction (order, receipt goods, and approve payment).

64 I selected a sample of purchase orders and confirmed that the goods were correctly ordered and could be linked back to specific jobs.

Information Technology System

65 There is no formal Data Recovery Plan and there was no testing to restore data. A formal plan should be developed and restoration testing should occur regularly.

Recommendation

R7 The Council should ensure that a formal Data Recovery Plan is introduced, and that regular Restoration testing is carried out.

Way forward

66 The Council should consider the recommendations in the action plan in Appendix 1 so that controls can be further improved. I would like to thank the Strategic Director and her team for the support provided during the audit.

Stephen Malyn

May 2012

Appendix 1 Action Plan

Recommendations

Recommendation 1

The Council should set up a control which provides assurance that all journal adjustments accurately reflect Council transactions and are correctly classified in the ledger.

Responsibility	Financial Services Manager
Priority	High
Date	The Council believes that the controls already in place provide sufficient assurance.
Comments	Within Shared Services, all journals are covered by a reconciliation statement that is done at least monthly. These reconciliation statements are reviewed and signed off.

Recommendation 2

The Council should ensure that opening balances are input into the ledger and checked within a reasonable time from the beginning of the new financial year.

Responsibility	Financial Services Manager
Priority	Medium
Date	Completed
Comments	Exceptional circumstances have delayed posting of opening balances in 2011/12. These have now been posted, and will be confirmed in October post-audit in future years

Recommendation 3

The Council should set up procedures, to confirm that all direct input payments are correctly approved. The Council should review the number of direct payments, by providing clear guidance detailing when it is suitable to use this type of payment.

Responsibility	Strategic Finance Officer, Maggie Hammond
Priority	High
Date	September 2012
Comments	It is acknowledged that there is significant direct input other than the E-PRF (electronic payment request form). The Strategic Finance Officer will meet with SWOne to set up procedures to confirm that these transactions are correctly approved. The first meeting has been booked for mid July 2012.

Recommendations

Recommendation 4

The Council should ensure that procedures are put in place to approve credit notes within the system.

Responsibility	Strategic Director, Shirlene Adam
Priority	High
Date	30 June 2012
Comments	The RFS (request for service) has been completed. A role mapping exercise now needs to take place. Paul Harding has a completion date of 30 June 2012 for this piece of work.

Recommendation 5

The Council should ensure that all leaver forms are properly authorised before being processed through the payroll system.

Responsibility	Retained HR Manager
Priority	Medium
Date	Completed
Comments	Operationally this is delivered by SWOne HR Admin and Payroll. A signatory list is reviewed half yearly by MH and MG. Any forms that do not have a signature or have an invalid signature are returned to MH and MG to check. This process is in place.

Recommendation 6

The Council should strengthen segregation of duties so that the same individual cannot complete all stages of a transaction (order, receipt goods, and approve payment).

Responsibility	Theme Manager (Chris Hall)
Priority	High
Date	31 March 2013
Comments	There is a project being delivered during 2012/13 to replace a range of DLO systems including COSY. Segregation of duties will be considered as part of the specification for the system replacement. If the system does not have the necessary functionality, alternative controls will be considered.

Recommendations

Recommendation 7

The Council should ensure that a formal Data Recovery Plan is introduced, and that regular restoration testing is carried out.

Responsibility	Retained IT Lead
Priority	Medium
Date	To be confirmed
Comments	The Council is negotiating with SWOne for disaster recovery of SAP that will include annual restoration testing. The date of completion will also be part of the negotiations

Appendix 2 Independence and objectivity

Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee the auditor has charged the client; and
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the suitable addressee of communications from the auditor to those charged with governance is the Corporate Governance Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might result in, or could reasonably be perceived to result in, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

The Standing Guidance for Auditors includes a number of specific rules.

The key rules relevant to this audit appointment are as follows.

- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit Plan as being 'additional work' and charged for separately from the normal audit fee.
- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
- The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years.
- The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.

The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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Taunton Deane Borough Council

Corporate Governance Committee – 25 June 2012

SAP Controls - Update

Report of the Strategic Finance Officer

(This matter is the responsibility of Executive Councillor Mrs Vivienne Stock-Williams)

1. Executive Summary

TDBC introduced a new financial system which has been used since 1st April 2009.

There are controls built into the SAP system and these are a crucial part of the internal control regime.

During 2011/12 there have been improvements in the control environment.

Work continues in this area to reduce/eliminate risk to the council.

2. Background

- 2.1 On 1 April 2009 Taunton Deane Borough Council introduced a new financial system call SAP (Systems, Applications and Products). This new system covered both payment of invoices and the raising of sundry debtors.
- 2.2 2011/12 was the third year of the council using SAP and officers have continued to work on the controls within SAP to reduce risk to the council.
- 2.3 In 2011/12 further functionality has been rolled out to the organisation. These are
 - LSO – online learning booking tool
 - Claiming expenses
 - Electronic Payment Request Form
 - Personal Change Request Form
 - Enhanced equalities functionality
 - HR headcount reports

3. SAP Controls

- 3.1 There are controls built into the system and these inherent controls are a crucial part of the internal control regime.
- 3.2 The appendices attached to this report give details of the risks identified within the separate modules of SAP, the current controls in place and any ongoing work on controls
- 3.3 There are 4 appendices being Payroll/OM Structure Appendix A, Creditors Appendix B, Debtors Appendix C, Master Data Appendix D.

4. Finance Comments

- 4.1 This is a finance report and there are no further comments to make.

5. Legal Comments

- 5.1 It is essential that adequate controls are in place to ensure the council pays its invoices on time in order to avoid incurring any additional cost through non-payment and potential court actions. This report identifies what controls are in place.

6. Links to Corporate Aims

- 6.1 The SAP system supports the whole organisation and therefore supports all of the corporate aims indirectly.

7. Environmental Implications

- 7.1 There are no environmental implications of this report

8. Community Safety Implications

- 8.1 There are no community safety implications of this report.

9. Equalities Impact

- 9.1 This is an information only report and has no equalities issues to assess.

10. Risk Management

- 10.1 The controls that are in place within SAP are there to reduce risk of both a financial and reputational nature.

11. Partnership Implications

11.1 There are no partnership implications of this report.

12. Recommendations

12.1 This is an information only report and there are no recommendations attached to this report.

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Risk	SAP Controls in Place	Ongoing work
Positions created/deleted/amended without authorisation	The Retained HR Manager or Strategic Finance Officer approve any changes to The OM structure within SAP	
The OM structure within SAP does not match the organisations structure	The structure has been recently reviewed and changes made to reflect the current organisation. No changes can be made without authorisation (see above)	The structure will be regularly reviewed and the completion of the SAP establishment report will be a further opportunity for this to be undertaken.
A fictitious employee is paid.	<p>Quarterly reports are provided by SW1 to Theme Managers to confirm staff on payroll.</p> <p>The Authorised Signatory list has been overhauled during 2011/12 and half yearly reviews built into the process of ensuring that this is kept up to date. This is signed off by the Retained HR Manager and Strategic Finance Officer.</p> <p>If new employee documentation comes through with the incorrect signatures then there is an agreed escalation procedure in place before they are added to the Payroll</p>	
Periodic reconciliation of the payroll system to personnel records does not take place.	A report is produced on a quarterly basis which is issued to Theme Managers asking them to review the list of staff and	

<p>Individual departments do not review the accuracy of their payroll bills.</p>	<p>report back any errors.</p> <p>Any errors identified are investigated and corrected where necessary.</p>	
<p>False Allowance claims are paid.</p>	<p>Expenses claims are made through SAP and following the OM structure for authorisation. No paper claims apart from Non ESS staff are accepted by payroll.</p>	
<p>Payroll costs are not coded accurately</p>	<p>Monthly budget monitoring includes details of salary costs for budget holder review. Any errors are discussed with the accountant and are rectified within the Payroll System.</p>	

CREDITORS (invoice payment)

Risk	SAP Controls in Place	Ongoing work
Transaction or event has not occurred or does not relate to the authority	SAP will confirm that a scanned document is either an invoice or credit note. Those items that fail this control are rejected by the system. This ensures that TDBC does not pay on incorrect invoices	
Fraudulent/Duplicate payments made	<p>Duplicate payment identification is made throughout the whole process with potential duplicate payments being identified manually or through a computer program.</p> <p>A program called Etesius is run prior to all payment runs to identify potential duplicate invoices. These are manually investigated and where proved to be a duplicate are removed from the payment run.</p> <p>There were no duplicate payments made in 2011/12</p>	
Training is insufficient	<p>Quick reference guides are available for all payment processes within SAP that breakdown the process and have screen shots for staff to follow.</p> <p>There are also SAP champions throughout the organisation to help staff that have any issues using SAP.</p> <p>The sharepoint site for SAP also has a</p>	

	document that gives staff details of the escalation process should they have any problems with SAP.	
Outputs from the creditors system are reconciled regularly to the information in the General Ledger	Bank reconciliations are carried out that ensure the output from the creditors system (that appear on the bank statement) are within the SAP General Ledger.	
All invoices received are not loaded onto the system	During the various stages of scanning invoices to upload into SAP SWOne are able to quickly identify and correct any issue through reconciliations.	
Direct input bypasses all controls and incorrect payments are made. (Direct input is used for payment of items such as grants where an invoice is not received.)	In 2011/12 the electronic payment request form was introduced throughout the whole organisation. Guidance on when and how to use the form was given when it was launched.	There are other records that are directly input such as direct debit payments and treasury investments. These payments will be reviewed in 2012/13 to ensure that the controls in place are sufficient.
Duplicate vendors created	During 2011/12 the cleansing of the vendor records has started. The process of requesting new vendor records checks for records that already exist to ensure new duplicates are not created.	The vendor cleansing will continue during 2012/13.

<p>All invoices are not correctly authorised before being paid.</p> <p>Payment is incorrect</p> <p>Invoices are not paid to terms agreed</p>	<p>All invoices are process through SAP.</p> <p>All cost centres within SAP have position numbers against them that can authorise spend within a given band. SAP uses this delegation table to pick authoriser for spend.</p> <p>SAP will only allow invoices requiring a purchase order to be paid through the 3 way match process (automatic payment on receipt of an invoice without manual intervention) if the invoice quotes a valid purchase order number and the good receipt input by staff matches the invoice. The approval comes from the purchase order which is approved by an Officer from the delegation table.</p> <p>When an invoice is received that does not require a purchase order (i.e. a utilities bill) then SAP will require a member of staff to “code” the invoice. By doing this the member of staff is confirming that the invoice is correct and which budget line the expenditure is to be shown against. There is then an approval stage where the authorisers for that code from the delegation table can release the invoice for payment. The invoice will not be paid until both stages are fully completed.</p> <p>As long as staff following the process that has been communicated to them in a timely manner invoices will be paid within the suppliers agreed terms.</p>	
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Debtors (sundry debts)

Risk	SAP Controls in Place	Ongoing work
<p>All invoice request forms are not authorised, before information is put onto the debtors system</p>	<p>Not all members of staff have access to raise sundry debtor accounts. For those staff that do not have access there is a form to complete to request a debtor account is raised. If the form is not completed or data is missing the request is passed back to the service.</p>	
<p>Debts are not recovered.</p>	<p>When an account is not fully paid then the recovery processes begins. SAP produces an initial reminder if the account has been marked ok for recovery and the account exceeds its payment terms. If the customer still does not pay the account then the customer will either receive a final reminder produced by SAP or will be contacted by the AR team.</p> <p>SAP has an aged debt report suit which allows managers to check their debts at a high level, service level or customer level. This highlights to managers debts that are not being repaid and any areas of concern</p>	<p>Aged debts will be monitored as part of the budget monitoring process.</p> <p>The Financial Planning Team will monitor the level of debt in their monthly meetings.</p>
<p>Procedures are not adhered to</p>	<p>Quick reference guides are on the SAP sharepoint site. Any changes to the procedures are communicated via the Business Support Units.</p> <p>Any issues around procedures are discussed at the Business Review Group (BRG) and best practice is shared between officers.</p>	

<p>All credit notes are subject to appropriate level of authorisation.</p>	<p>An authorised signatory list has been compiled on a Theme basis which gives details of who can approve these changes.</p>	<p>A new role is due to go live on 30th June 2012 which will allow the release of credit notes to be made in SAP? This will provide segregation of duties as a person who raises a credit note will not be able to release it.</p>
<p>A block on recovery is not removed.</p>		<p>SAP scripting is being developed that will identify those accounts with a “dunning block” so SWOne can investigate and remove the block wherever necessary.</p>
<p>Not all invoices are printed and issued</p>	<p>A list of invoices that should be printed is produced. A manual check is performed and any missing invoices re re-printed.</p>	
<p>All write offs are subject to appropriate level of authorisation</p>	<p>The AR team are aware of the write-off procedure. A debt will not be written off without the agreement of the s151 officer, head of paid services or executive (depending on debtor value)</p>	

MASTER DATA

Risk	SAP Controls in Place	Ongoing work
Users may have unauthorised access to update master data records.	Only those staff with the approved role can amend master data records. A segregation of duties matrix ensures that this role is not assigned to staff with conflicting roles.	
Incorrect data/changes are processed	<p>The creation of and amendment of Supplier and customer details follow a strict process. Forms for the creation of new data are required along with supporting documentation which is checked.</p> <p>Updating supplier and customer details are thoroughly checked as this is a major fraud area. The master data team have stopped some potential frauds by following a robust process</p>	
New cost centres are created without approval. Funds can be misappropriated or discrepancies hidden.	All new cost centres and GL accounts are approved by the Strategic Finance Officer before creation after a case for creation has been reviewed.	

Taunton Deane Borough Council

Corporate Governance Committee –25 June 2012

The Localism Act 2011 – The Amended Standards Regime

Report of the Monitoring Officer)

(This matter is the responsibility of Executive Councillor John Williams, Leader of the Council)

1. Executive Summary

This report details the changes to the Standards regime that will be required to comply with the provisions of the Localism Act 2011 and requests the Committee to recommend the various changes be approved by Full Council.

2 The Localism Act 2011

The Localism Act 2011 makes fundamental changes to the system of regulation of standards of conduct for elected and co-opted Members. The long awaited regulations are out and the Council now needs to approve various aspects of the regulations in order to comply with the legislation.

This report describes the changes and recommends the actions required for the Council to implement the new regime.

3 Duty to promote and maintain high standards of conduct

The Council will remain under a statutory duty to promote and maintain high standards of conduct for its elected and co-opted members and the arrangements that the Council puts in place will provide evidence of compliance with that duty.

4 Code of Conduct

The current ten General Principles and Model Code of Conduct will be repealed, and members will no longer have to give an undertaking to comply with the Code of Conduct. However, the Council will be required to adopt a new Code of Conduct governing elected and co-opted member's conduct when acting in that capacity. The Council's new Code of Conduct must, when viewed as a whole, be consistent with the following seven principles –

- Selflessness

- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

The Council has discretion as to what it includes within its new Code of Conduct, provided that it is consistent with the seven principles. However, regulations provide for the registration and disclosure of “Disclosable Pecuniary Interests” (DPIs), broadly equating to the current prejudicial interests. The provisions of the Act also require an authority’s code to contain appropriate requirements for the registration (and disclosure) of other pecuniary interests and non-pecuniary interests.

The Act prohibits members with a DPI from participating in authority business, and the Council can adopt a Standing Order requiring members to withdraw from the meeting room.

Therefore the Council’s new Code of Conduct will have to deal with the following matters –

- General conduct rules, to give effect to the seven principles. This corresponds broadly with Paragraphs 3 to 7 of the current Code of Conduct. In practice, the easiest course of action would be simply to re-adopt Paragraphs 3 to 7 of the existing Code of Conduct. The Council can amend its Code of Conduct subsequently if the need arises; and
- Registration and disclosure of interests other than DPIs – effectively, replacing the current personal and prejudicial interests provisions. The Act requires that the Code contains “appropriate” provisions for this purpose.

The Monitoring Officers in Somerset have been working together to draft a code of conduct that can be used by all authorities including the Parish Councils should they wish to do so. The benefits of a standardised code are that it will assist members who sit on more than one Council and provides some consistency.

Annexed to this report at Appendix 1 is the draft code of conduct that the Monitoring Officers have drafted. The code is similar to the one seen by the Standards Committee and Constitutional Sub-Committee but with the addition of the definition of the relevant interests which were not known at the time.

Recommendation 1 – it is recommended that the Committee recommend to Full Council that the Code of Conduct attached at Appendix 1 be adopted.

5 Standards Committee

The Act repeals Section 55 of the Local Government Act 2000, which provides for the current statutory Standards Committee. Therefore, there will be no requirement for a Standards Committee. However, there will still be a need to deal with standards issues and case-work, so it would be sensible to continue to have a

Standards Committee. It will be a normal Committee of Council, without the unique features which were conferred by the previous legislation. As a result –

The composition of the Committee will be governed by proportionality, unless Council votes otherwise with no member voting against. The present restriction to only one member of the Executive on the Standards Committee will cease to apply.

The current co-opted independent members will cease to hold office but the Act establishes for a new category of Independent Persons (see below) who must be consulted at various stages. The legislation provides that the existing co-opted independent members cannot serve as Independent Persons for 5 years except for a transitional period.

The District Council will continue to have responsibility for dealing with standards complaints against elected and appointed members of Parish Councils, but the current Parish Council representatives cease to hold office. The District Council can choose whether it wants to continue to involve Parish Council representatives and, if so, how many Parish Council representatives it wants.

Many authorities are continuing to have a Standards Committee but their composition varies between the different authorities. The Monitoring Officer has been having various conversations with members and has taken on board the desire of members to try to retain some independent members on a Standards Committee due to the value that they have added in the past.

Therefore in order to satisfy the legislation and also the will of this Council the Monitoring Officer suggests that a Standards Committee could comprise of five (5) elected members, (voting), 2 independent co-optees, (non-voting), and 2 parish council representatives, (non-voting).

The terms of reference for the Standards Committee are set out below under constitutional amendments.

Recommendation 2 – it is recommended that the Committee recommends to Full Council that a Standards Committee is established comprising of five (5) elected members, (voting), two (2) independent co-optees, (non-voting), and 2 parish representatives, (non-voting).

6 Independent Persons

The “arrangements” adopted by Council must include provision for the appointment by Council of at least one Independent Person.

“Independence”

The Independent Person must be appointed through a process of public advertisement, application and appointment by a positive vote of a majority of all members of the Borough Council.

A person is considered not to be “independent” if –

- (a) He/she is, or has been within the last 5 years, an elected or co-opted member or an officer of the Borough Council or of any of the Parish Councils within its area;
- (b) He/she is, or has been within the last 5 years, an elected or co-opted member of any Committee or Sub-Committee of the Borough Council or of any of the Parish Councils within its area (which would preclude any of the current co-opted independent members of Standards Committee from being appointed as an Independent Person); or
- (c) He/she is a relative or close friend of a current elected or co-opted member or officer of the Borough Council or any Parish Council within its area, or of any elected or co-opted member of any Committee or Sub-Committee of such Council.

For this purpose, “relative” comprises –

- (i) the candidate’s spouse or civil partner;
- (ii) any person with whom the candidate is living as if they are spouses or civil partners;
- (iii) the candidate’s grandparent;
- (iv) any person who is a lineal descendent of the candidate’s grandparent; parent, brother, sister or child of anyone in Paragraphs (i) or (ii);
- (v) the spouse or civil partner of anyone within Paragraphs (iii) (iv) or (vi); or
- (vi) any person living with a person within Paragraphs (iii) (iv) (vi) as if they were spouse or civil partner to that person.

Functions of the Independent Person

The functions of the Independent Person(s) are –

- They must be consulted by the authority before it makes a finding as to whether a member has failed to comply with the Code of Conduct or decides on action to be taken in respect of that member (this means on a decision to take no action where the investigation finds no evidence of breach or, where the investigation finds evidence that there has been a breach, on any local resolution of the complaint, or on any finding of breach and on any decision on action as a result of that finding);
- They may be consulted by the authority in respect of a standards complaint at any other stage; and
- They may be consulted by a member or co-opted member of the District Council or of a Parish Council against whom a complaint has been made.

This causes some problems, as it would be inappropriate for an Independent Person who has been consulted by the member against whom the complaint has been made, and who might as a result be regarded as prejudiced on the matter, to be involved in the determination of that complaint.

How many Independent Persons?

The Act gives discretion to appoint one or more Independent Persons, but provides that the Independent Person must be consulted before any decision is taken on a complaint which has been investigated. Accordingly, there would appear to be little advantage in appointing more than one Independent Person, provided that a couple of reserve candidates are retained and can be activated at short notice, without the need for re-advertisement, in the event that the Independent Person is no longer able to discharge the function.

Following discussions with the other Somerset Monitoring Officers we have all suggested that at this stage the Council should appoint 1 Independent Person and 1 reserve until the 1st July 2013 in order to give each authority time to work through the implications and arrangements that need to be put in place for a sharing arrangement to work effectively.

Remuneration

As the Independent Person is not a member of the authority or of its Committees or Sub-Committees, the remuneration of the Independent Person no longer comes within the scheme of members' allowances, and can therefore be determined without reference to the Independent Remuneration Panel.

It is not known how onerous this role will be but he/she is likely to be invited to attend all meetings of the Standards Committee and Hearings Panels, but not to be a formal member of the Committee or Panel (he/she could be co-opted as a non-voting member but cannot chair as the Chair must exercise a second or casting vote). He/she will need to be available to be consulted by members against whom a complaint has been made, although it is unclear what assistance he/she could offer. Where he/she has been so consulted, he/she would be unable to be involved in the determination of that complaint. This report suggests that the Independent Person also be involved in the local resolution of complaints and in the grant of dispensations.

A general consensus at this stage is that the Independent Person should be paid the same rate as the Chair of the Standards Committee and then be subject to a review before appointing a permanent Independent Person after the 1st July 2013.

Recommendation 3 – it is recommended that the Committee recommends to Full Council that this Council:-

- (a) appoints one Independent person and 1 Reserve**
- (b) that the Independent Person is paid the equivalent of the Chair of the existing Standards Committee until 30th June 2013.**

- (c) **That 3 members of the Corporate Governance Committee and the Monitoring Officer undertake the interviews and recruitment of the Independent Person and Reserve.**
- (d) **That the Reserve Independent Person be able to claim any relevant expenses.**

7. The Register of Members Interests

The Localism Act abolishes the concept of personal and prejudicial interests. Instead, regulations will define “Disclosable Pecuniary Interests” (DPIs). The Monitoring Officer is required to maintain a register of interests, which must be available for inspection and available on the Council’s website. The Monitoring Officer is also responsible for maintaining the register for Parish Councils, which also have to be open for inspection at the District Council offices and on the District Council’s website.

The provisions of the Act in respect of the Code of Conduct require an authority’s code to contain appropriate requirements for the registration (and disclosure) of other pecuniary interests and non-pecuniary interests.

The Monitoring Officer is required by the Act to set up and maintain registers of interest for each Parish Council, available for inspection at the District Council offices and on the District Council’s website and, where the Parish Council has a website, provide the Parish Council with the information required to enable the Parish Council to put the current register on its own website.

Registration on election or co-option

Each elected or co-opted member must register all DPIs within 28 days of becoming a member. Failure to register is made a criminal offence, but would not prevent the member from acting as a member.

In so far as the Code of Conduct which the Council adopts requires registration of other interests, failure to do so would not be a criminal offence, but merely a failure to comply with the Code of Conduct.

There is no continuing requirement for a member to keep the register up to date, except on re-election or re-appointment, but it is likely that members will register new interests from time to time, as this avoids the need for disclosure in meetings. When additional notifications are given, the Monitoring Officer has to ensure that they are entered into the register.

The preparation and operation of the register, not just for this authority but also for each Parish Council, is likely to be a considerable administrative task, especially where different Parish Councils adopt different Code requirements for registration and disclosure in respect of interests other than DPIs. There is no provision for the District Council to recover any costs from Parish Councils.

The definitions of the various interests are set out in the Code of Conduct attached at Appendix 1 to this report. In addition, guidance will be prepared for members to assist them in their understanding of the definitions but Monitoring Officers have tried to keep definitions close to the current arrangements in order to assist members.

Recommendation 4 – it is recommended that the Committee recommends to Full Council that:-

- a. That the Monitoring Officer prepare and maintain a new register of members interests to comply with the requirements of the Act and of the Council’s Code of Conduct, once adopted, and ensure that it is available for inspection as required by the Act;**
- b. That the Monitoring Officer ensure that all members are informed of their duty to register interests;**
- c. That the Monitoring Officer prepare and maintain new registers of members’ interests for each Parish Council to comply with the Act and any Code of Conduct adopted by each Parish Council and ensure that it is available for inspection as required by the Act; and**
- d. That the Monitoring Officer arrange to inform and train Parish Clerks on the new registration arrangements.**

8. Sensitive interests

The Act effectively re-enacts the existing Code of Conduct provisions on Sensitive Interests.

So, where a member is concerned that disclosure of the detail of an interest (either a DPI or any other interest which he/she would be required to disclose) at a meeting or on the register of members’ interests would lead to the member or a person connected with him/her being subject to violence or intimidation, he/she may request the Monitoring Officer to agree that the interest is a “sensitive interest”.

If the Monitoring Officer agrees, the member then merely has to disclose the existence of an interest, rather than the detail of it, at a meeting, and the Monitoring Officer can exclude the detail of the interest from the published version of the register of members’ interests.

9. Dispensations

The provisions on dispensations are significantly changed by the Localism Act.

At present, a member who has a prejudicial interest may apply to Standards Committee for a dispensation on two grounds –

- (a) That at least half of the members of a decision-making body have prejudicial interests (this ground is of little use as it is normally only at the meeting that it is realised how many members have prejudicial interests in the matter, by which time it is too late to convene a meeting of Standards Committee); and
- (b) That so many members of one political party have prejudicial interests in the matter that it will upset the result of the vote on the matter (this ground would require that the members concerned were entirely predetermined, in which case the grant of a dispensation to allow them to vote would be inappropriate).

In future, a dispensation will be able to be granted in the following circumstances:-

- i. That so many members of the decision-making body have DPIs in a matter that it would “impede the transaction of the business”. In practice this means that the decision-making body would be inquorate as a result;
- ii. That, without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on the matter. This assumes that members are predetermined to vote on party lines on the matter, in which case, it would be inappropriate to grant a dispensation to enable them to participate;
- iii. That the authority considers that the dispensation is in the interests of persons living in the authority’s area;
- iv. That, without a dispensation, no member of the Executive would be able to participate on this matter (so, the assumption is that, where the Executive would be inquorate as a result, the matter can then be dealt with by an individual Executive Member. It will be necessary to make provision in the scheme of delegations from the Leader to cover this, admittedly unlikely, eventuality); or
- v. That the authority considers that it is otherwise appropriate to grant a dispensation.

Any grant of a dispensation must specify how long it lasts for, up to a maximum of 4 years.

The next significant change is that, where the Local Government Act 2000 required that dispensations be granted by Standards Committee, the Localism Act gives discretion for this power to be delegated to Standards Committee or a Sub-Committee, or to the Monitoring Officer. Grounds (i) and (iv) are pretty objective, so it may be appropriate to delegate dispensations on these grounds to the Monitoring Officer, with an appeal to the Standards Committee, thus enabling dispensations to be granted “at the door of the meeting”. Grounds (ii), (iii), and (v), are rather more objective and so it may be appropriate that the

discretion to grant dispensations on these grounds remains with Standards Committee, after consultation with the Independent Person.

Recommendation 5 – it is recommended that the Committee recommend to Full Council that the Council delegate the power to grant dispensations –

- a. on Grounds set out in Paragraphs (i) and (iv) of this report to the Monitoring Officer with an appeal to Standards Committee, and
- b. on Grounds (ii), (iii) and (v) to the Standards Committee, after consultation with the Independent Person.

10. Dealing with Misconduct Complaints

“Arrangements”

The Act requires that the Council adopt “arrangements” for dealing with complaints of breach of Code of Conduct both by Borough Council members and by Parish Council members. Such complaints can only be dealt with in accordance with those “arrangements”. So the “arrangements” must set out in some detail the process for dealing with complaints of misconduct and the actions which may be taken against a member who is found to have failed to comply with the relevant Code of Conduct.

The advantage is that the Act repeals the requirements for separate Referrals, Review and hearings Sub-Committees, and enables the Council to establish its own process, which can include delegation of decisions on complaints. Indeed, as the statutory provisions no longer give the Standards Committee or Monitoring Officer special powers to deal with complaints, it is necessary for Council to delegate appropriate powers to any Standards Committee and to the Monitoring Officer.

Attached at Appendix 2, are the arrangements that have been previously drafted and reviewed by the Standards Committee and Constitutional Sub-Committee.

Decision whether to investigate a complaint

In practice, the Standards for England guidance on initial assessment of complaints provided a reasonably robust basis for filtering out trivial and tit-for-tat complaints. It would be sensible to take advantage of the new flexibility and delegate to the Monitoring Officer the initial decision on whether a complaint requires investigation, subject to consultation with the Independent Person and the ability to refer particular complaints to the Standards Committee where it is believed to be inappropriate for the Monitoring Officer to take a decision on it.

For example where the Monitoring Officer has previously advised the member on the matter or the complaint is particularly sensitive. These arrangements would also offer the opportunity for the Monitoring Officer to

seek to resolve a complaint informally, before taking a decision on whether the complaint merits formal investigation. If this function is delegated to the Monitoring Officer, it is right that the Monitoring Officer should be accountable for its discharge. For this purpose, it would be appropriate to make a quarterly report to Standards Committee, which would enable the Monitoring Officer to report on the number and nature of complaints received and draw to the Committee's attention the areas where training or other action might avoid further complaints, and keep the Committee advised of progress on investigations and costs.

“No Breach of Code” finding on investigation

Where a formal investigation finds no evidence of failure to comply with the Code of Conduct, the current requirement is that this is reported to Standards Assessment Sub-Committee and the Sub-Committee take the decision to take no further action.

In practice, it would be reasonable to delegate this decision to the Monitoring Officer, but with the power to refer a matter to Standards Committee if the Monitoring Officer deems appropriate. It would be sensible for copies of all investigation reports to be provided to the Independent Person to enable them to get an overview of current issues and pressures, and that the Monitoring Officer provide a summary report of each such investigation to Standards Committee for information.

“Breach of Code” finding on investigation

Where a formal investigation finds evidence of failure to comply with the Code of Conduct, there may yet be an opportunity for local resolution, avoiding the necessity of a local hearing. Sometimes the investigation report can cause a member to recognise that his/her conduct was at least capable of giving offence, or identify other appropriate remedial action, and the complainant may be satisfied by recognition of fault and an apology or other remedial action.

However, it is suggested that at this stage it would only be appropriate for the Monitoring Officer to agree a local resolution after consultation with the Independent Person and where the complainant is satisfied with the outcome, and subject to summary report for information to the Standards Committee.

In all other cases, where the formal investigation finds evidence of a failure to comply with the Code of Conduct, it would be necessary for the Standards Committee (in practice a Hearings Panel constituted as a Sub-Committee of Standards Committee) to hold a hearing at which the member against whom the complaint has been made can respond to the investigation report, and the Hearing Panel can determine whether the member did fail to comply with the Code of Conduct and what action, if any, is appropriate as a result.

Action in response to a Hearing finding of failure to comply with Code

The Act does not give the Council or its Standards Committee any powers to impose sanctions such as suspension or requirements for training or an apology on

members. So, where a failure to comply with the Code of Conduct is found, the range of actions which the authority can take in respect of the member is limited and must be directed to securing the continuing ability of the authority to continue to discharge its functions effectively, rather than “punishing” the member concerned.

In practice, this might include the following –

- (i) Reporting its findings to Council [*or to the Parish Council*] for information;
- (ii) Recommending to the member’s Group Leader (or in the case of un-grouped members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;
- (iii) Recommending to the Leader of the Council that the member be removed from the Executive, or removed from particular Portfolio responsibilities;
- (a) Instructing the Monitoring Officer to [*or recommend that the Parish Council*] arrange training for the member;
- (b) Removing [*or recommend to the Parish Council that the member be removed*] from all outside appointments to which he/she has been appointed or nominated by the authority [*or by the Parish Council*];
 - (i) Withdrawing [*or recommend to the Parish Council that it withdraws*] facilities provided to the member by the Council, such as a computer, website and/or email and Internet access; or
 - (ii) Excluding [*or recommend that the Parish Council exclude*] the member from the Council’s offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.

There is a particular difficulty in respect of Parish Councils. The Localism Act gives the Standards Committee no power to do any more in respect of a member of a Parish Council than make a recommendation to the Parish Council on action to be taken in respect of the member. Parish Councils will be under no obligation to accept any such recommendation. The only way round this would be to constitute the Standards Committee and Hearings Panels as a Joint Committee and Joint Sub-Committees with the Parish Councils, and seek the delegation of powers from Parish Council to the Hearings Panels, so that the Hearings Panels can effectively take decisions on action on behalf of the particular Parish Council.

Appeals

There is no requirement to put in place any appeals mechanism against such decisions. The decision would be open to judicial review by the High Court if it was patently unreasonable, or if it were taken improperly, or if it sought to impose a sanction which the authority had no power to impose.

The Council has to decide what “arrangements” it will adopt for dealing with standards complaints and for taking action where a member is found to have failed to comply with the Code of Conduct.

Recommendation 6 – it is recommended that the Committee recommends to Full Council that the Arrangements set out in Appendix 2 are adopted and that:-

- a. That the Monitoring Officer be appointed as the Proper Officer to receive complaints of failure to comply with the Code of Conduct;
- b. That the Monitoring Officer be given delegated power, after consultation with the Independent Person, to determine whether a complaint merits formal investigation and to arrange such investigation. The Monitoring Officer be instructed to seek resolution of complaints without formal investigation wherever practicable, and that Officer be given discretion to refer decisions on investigation to the Standards Committee where it is deemed inappropriate for the Monitoring Officer to take the decision, and to report quarterly to Standards Committee on the discharge of this function;
- c. Where the investigation finds no evidence of failure to comply with the Code of Conduct, the Monitoring Officer be instructed to close the matter, providing a copy of the report and findings of the investigation to the complainant, the member concerned, the Independent Person, and reporting the findings to the Standards Committee for information;
- d. Where the investigation finds evidence of a failure to comply with the Code of Conduct, the Monitoring Officer in consultation with the Independent Person be authorised to seek local resolution to the satisfaction of the complainant in appropriate cases, with a summary report for information to Standards Committee. Where such local resolution is not appropriate or not possible, the Monitoring Officer is to report the investigation findings to a Hearings Panel of the Standards Committee for local hearing;
- e. That Council delegate to Hearings Panels such of its powers as can be delegated to take decisions in respect of a member who is found on hearing to have failed to comply with the Code of Conduct, such actions to include –
 - Reporting its findings to Council [*or to the Parish Council*] for information;
 - Recommending to the member’s Group Leader (or in the case of un-grouped members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;

- **Recommending to the Leader of the Council that the member be removed from the Executive, or removed from particular Portfolio responsibilities;**
- **Instructing the Monitoring Officer to *[or recommend that the Parish Council]* arrange training for the member;**
- **Removing *[or recommend to the Parish Council that the member be removed]* from all outside appointments to which he/she has been appointed or nominated by the authority *[or by the Parish Council]*;**
- **Withdrawing *[or recommend to the Parish Council that it withdraws]* facilities provided to the member by the Council, such as a computer, website and/or email and Internet access; or**
- **Excluding *[or recommend that the Parish Council exclude]* the member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.**

11. Constitutional amendments

As a result of these changes there needs to be a number of changes to the Constitution. These are a:-

- (a) Change to the Terms of Reference for the Standards Committee;
- (b) Changes to ensure that members leave the room when they have a Prejudicial Interest and a Disclosable Personal Interest.

Attached at Appendix 3 is a copy of the relevant changes to the constitution to be approved.

Recommendation 7 – it is recommended that the Committee recommends to Full Council that the changes to the Constitution as set out in Appendix 3 are approved.

12. Finance Comments

There is only a minimum increase in the costs of remuneration to members and the Independent Person which is anticipated to be less than £150.

13. Legal Comments

The Council has a statutory duty to promote and maintain high standards of conduct as well as the various requirements set out in this report therefore careful consideration needs to be given to the various recommendations to ensure that the duty is met.

14. Links to Corporate Aims (Please refer to the current edition of the

Corporate Strategy)

There are no links to the Corporate Aims

15. Environmental Implications

There are no environmental implications in this report.

16. Community Safety Implications (if appropriate, such as measures to combat anti-social behaviour)

There are no community safety implications+

17. Equalities Impact (An Equalities Impact Assessment should be carried out in respect of:-

There are no equalities impact contained in this report.

18. Risk Management (if appropriate, such as reputational and health and safety risks. If the item the subject of the report has been included in a Service Plan, the result of the risk assessment undertaken when the plan was prepared should be entered here.

The Council needs to demonstrate that it can comply with its duty to promote and maintain high standards of conduct and the recommendations in this report will assist the Council in doing that. Failure to have appropriate processes and procedures in place to deal with any complaints could be damaging to the Council's reputation and credibility.

19. Partnership Implications (if any)

There is a requirement to work with parish councils to ensure consistency in operating these arrangements.

20. Recommendations

Recommendation 1 – it is recommended that the Committee recommend to Full Council that the Code of conduct attached at Appendix 1 be adopted.

Recommendation 2 – it is recommended that the Committee recommends to Full Council that a Standards Committee is established comprising of five (5) elected members, (voting), two (2) independent co-optees, (non-voting), and 2 parish representatives, (non-voting).

Recommendation 3 – it is recommended that the Committee recommends to Full Council that this Council:-

(a) appoints one Independent person and 1 Reserve

(b) that the Independent Person is paid the equivalent of the Chair of the existing Standards Committee until 30th June 2013.

- (c) That 3 members of the Corporate Governance Committee and the Monitoring Officer undertake the interviews and recruitment of the Independent Person and Reserve.**
- (d) That the Reserve Independent Person be able to claim any relevant expenses.**

Recommendation 4 – it is recommended that the Committee recommends to Full Council that:-

- (a) That the Monitoring Officer prepare and maintain a new register of members interests to comply with the requirements of the Act and of the Council's Code of Conduct, once adopted, and ensure that it is available for inspection as required by the Act;**
- (b) That the Monitoring Officer ensure that all members are informed of their duty to register interests;**
- (c) That the Monitoring Officer prepare and maintain new registers of members' interests for each Parish Council to comply with the Act and any Code of Conduct adopted by each Parish Council and ensure that it is available for inspection as required by the Act; and**
- (d) That the Monitoring Officer arrange to inform and train Parish Clerks on the new registration arrangements.**

Recommendation 5 – it is recommended that the Committee recommend to Full Council that the Council delegate the power to grant dispensations –

- (a) on Grounds set out in Paragraphs (i) and (iv) of this report to the Monitoring Officer with an appeal to Standards Committee, and**
- (b) on Grounds (ii), (iii) and (v) to the Standards Committee, after consultation with the Independent Person.**

Recommendation 6 – it is recommended that the Committee recommends to Full Council that the Arrangements set out in Appendix 2 are adopted and that:-

- (a) That the Monitoring Officer be appointed as the Proper Officer to receive complaints of failure to comply with the Code of Conduct;**
- (b) That the Monitoring Officer be given delegated power, after consultation with the Independent Person, to determine whether a complaint merits formal investigation and to arrange such investigation. The Monitoring Officer be instructed to seek resolution of complaints without formal investigation wherever practicable, and that Officer be given discretion to refer decisions on investigation to the Standards Committee where it is deemed inappropriate for the**

Monitoring Officer to take the decision, and to report quarterly to Standards Committee on the discharge of this function;

- (c) Where the investigation finds no evidence of failure to comply with the Code of Conduct, the Monitoring Officer be instructed to close the matter, providing a copy of the report and findings of the investigation to the complainant, the member concerned, the Independent Person, and reporting the findings to the Standards Committee for information;**
- (d) Where the investigation finds evidence of a failure to comply with the Code of Conduct, the Monitoring Officer in consultation with the Independent Person be authorised to seek local resolution to the satisfaction of the complainant in appropriate cases, with a summary report for information to Standards Committee. Where such local resolution is not appropriate or not possible, the Monitoring Officer is to report the investigation findings to a Hearings Panel of the Standards Committee for local hearing;**
- (e) That Council delegate to Hearings Panels such of its powers as can be delegated to take decisions in respect of a member who is found on hearing to have failed to comply with the Code of Conduct, such actions to include –**
 - Reporting its findings to Council [*or to the Parish Council*] for information;**
 - Recommending to the member's Group Leader (or in the case of un-grouped members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;**
 - Recommending to the Leader of the Council that the member be removed from the Executive, or removed from particular Portfolio responsibilities;**
 - Instructing the Monitoring Officer to [*or recommend that the Parish Council*] arrange training for the member;**
 - Removing [*or recommend to the Parish Council that the member be removed*] from all outside appointments to which he/she has been appointed or nominated by the authority [*or by the Parish Council*];**
 - Withdrawing [*or recommend to the Parish Council that it withdraws*] facilities provided to the member by the Council, such as a computer, website and/or email and Internet access; or**
 - Excluding [*or recommend that the Parish Council exclude*] the member from the Council's offices or other premises, with the**

exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.

Recommendation 7 – it is recommended that the Committee recommends to Full Council that the changes to the Constitution as set out in Appendix 3 are approved.

Contact: Tonya Meers
Monitoring Officer
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Corporate Governance Committee 25th June 2012

APPENDIX 1

Draft MEMBER CODE OF CONDUCT

NB THE WORDS IN SQUARE BRACKETS [] APPLY TO PARISHES ONLY

INTRODUCTION AND INTERPRETATION

As a member and representative of this Council it is your responsibility to comply with this Code when you undertake or claim to be undertaking Council business or give the impression that you are undertaking Council business.

As a representative of this Council your actions impact on how the Council as a whole is viewed by the public. It is important, therefore, that you do not do anything when undertaking Council business which you could not justify to the public. It is not enough to avoid actual impropriety, you should at all times avoid any occasion for suspicion or appearance of improper conduct.

This Code is based upon the seven principles of public life which are set out at Appendix 1. You shall have regard to those principles when fulfilling your role.

An explanation of the terms used in this Code can be found in Appendix 2.

1. GENERAL OBLIGATIONS

When undertaking Council business you must:

- 1.1 treat others with respect;
- 1.2 not use or attempt to use your position as a member improperly to give yourself or any other person, an advantage or disadvantage;
- 1.3 when reaching decisions on any matter, consider any relevant advice provided to you by—
 - a) the Council's Chief Finance Officer (S151) [responsible officer (RFO)]; or
 - b) the Council's Monitoring Officer [proper officer],

in accordance with his or her statutory duties;

- 1.4 give reasons for decisions in accordance with any statutory requirements and the Constitution of the Council [second part only applicable if the Town/Parish has a constitution];
- 1.5 act in accordance with the [the Council's policies –Towns/Parishes only] Council's Constitution and the policies contained within it and any other relevant Council policies ;
- 1.6 not use Council's resources improperly (including for political purposes);
- 1.7 avoid doing anything which may cause the Council to breach a statutory duty or any of the equality enactments (as defined in section 149 of the Equality Act 2010);
- 1.8 not bully any person;
- 1.9 not intimidate or attempt to intimidate any person who is or is likely to be—
 - a) a complainant,
 - b) a witness,
 - c) involved in the administration of any investigation or proceedings, or
 - d) any other person carrying out the functions of the Council,in relation to an allegation that a member (including yourself) has failed to comply with the Council's code of conduct;
- 1.10 avoid doing anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the Council;
- 1.11 not disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where—
 - a) you have the consent of a person authorised to give it;

- b) you are required by law to do so;
- c) the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or
- d) the disclosure is—
 - i. reasonable and in the public interest; and
 - ii. made in good faith and in compliance with the reasonable requirements of the Council; and
- e) you have consulted the Monitoring Officer prior to its release;

1.12 not prevent another person from gaining access to information to which that person is entitled by law; and

1.13 not conduct yourself in a manner which could reasonably be regarded as bringing your office or the Council into disrepute.

2. INTERESTS

Disclosable Pecuniary Interests

2.1 You must register and declare any Disclosable Pecuniary Interests that relate to your public duties as required by this Code, and set out in Appendix 3.

2.2 You must, within 28 days of this Code being adopted by the Council or your taking office as a member or co-opted member, register any Disclosable Pecuniary Interests with the Council's Monitoring Officer, where the Disclosable Pecuniary Interest is yours, your spouse's or civil partner's, or is the Disclosable Pecuniary Interest of somebody with whom you are living with as a husband or wife, or as if you were civil partners. Disclosable Pecuniary Interests will be recorded in the [District] Council's Register of Members' Interests and made available for public inspection including on the [District] Council's website at: www.. gov.uk. [In addition it will be made available on the Council's website at www.xxxxxxxx- only applicable for those parishes with a website]

2.3 Within 28 days of becoming aware of any new Disclosable Pecuniary Interest or change to any such interest already registered, you must register details of that new interest or change in writing to the Council's monitoring officer.

2.4 Where any business of the Council, relates to or affects a Disclosable Pecuniary Interest whether registered under 2.2 or 2.3 above or not, and you attend any meeting of the Council, its Cabinet/Executive or any Committee, Sub-Committee, Joint Committee [delete as necessary] at which that business is to be considered, you must:

- not seek to influence a decision about that business
- disclose to that meeting the existence and nature of that interest no later than the start of the consideration of the business in which you have that interest, or (if later) the time at which the interest becomes apparent to you. The exception to the requirement to disclose an interest is if the matter is a sensitive interest under paragraph 2.11
- withdraw from the meeting room or chamber as soon as it becomes apparent that the business is being considered at that meeting;

unless you have obtained a dispensation from the Council's Monitoring Officer or Standards Committee [Council or clerk] .

2.5 Following any disclosure at a meeting or as part of a decision record, of a Disclosable Pecuniary Interest not on the Council's register or the subject of pending notification, you must notify the Monitoring Officer of the interest within 28 days beginning with the date of the disclosure at the meeting or in the decision record in order for the interest to be included in the register.

2.6 Unless dispensation has been granted, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a Disclosable Pecuniary Interest. Additionally you must observe the restrictions the Council places on your involvement in matters where you have a Disclosable Pecuniary Interest as defined by the Council and set out in this Code.

Other Interests

NOTE: It is conceivable that an interest could be categorised as both a Disclosable Pecuniary Interest and a personal or a personal and prejudicial interest. If so you must treat it as a Disclosable Pecuniary Interest and comply with the requirements set out in paragraphs 2.1 – 2.6 inclusive

2.7 (1) In addition to the Disclosable Pecuniary Interests notifiable under the Localism Act 2011, you must, within 28 days of—

- a) this Code being adopted by or applied to the Council; or
- b) your election or appointment to office (where that is later),

give written notification to the Monitoring Officer of the details of your other personal interests, as defined in 2.8(1) (i) and (ii) below, for inclusion in the register of interests. The exception to this requirement is if the detail of the personal interest is classified as sensitive – see paragraph 2.11.

(2) You must, within 28 days of becoming aware of any new personal interest or change to any such registered interest, notify the Monitoring Officer of the details of that new interest or change.

Personal Interests

2.8(1) You have a personal interest in any business of the Council where:

(a) it relates to or is likely to affect—

(i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the Council;

(ii) any body—

(aa) exercising functions of a public nature;

(bb) established for charitable purposes; or

(cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union), of which you are a member or in a position of general control or management;

(b) a decision in relation to any business of the Council might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a significant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the electoral division, as the case may be, affected by the decision;

(2) Subject to sub-paragraphs (3) to (5) below, where you are aware of a personal interest described in paragraph (1) above in any business of the Council, and you attend a meeting of the Council at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the start of the consideration of that business, or when the interest becomes apparent to you.

(3) Where you have a personal interest in any business of the Council which relates to or is likely to affect a significant person (see paragraph 1 (b) above and Appendix 2 for the interpretation of the term 'significant person'), or a body described in paragraph 2.8(1)(a)(ii) you need only disclose to the meeting the existence and nature of that interest if and when you address the meeting on that business.

(4) Where you have a personal interest but the interest is not detailed in the Council's register of members' interests because of the sensitive nature of the interest, you must indicate to the meeting that you have a personal interest, but need not disclose the sensitive information to the meeting.

(5) Where you have a personal interest in any business of the Council and you have made an individual decision (as a Cabinet/Executive member) in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest subject to (4) above.

(6) Any personal interests notified to the Monitoring Officer will be included in the register of interests.

(7) A copy of the register will be available for public inspection and will be published on the [District] Council's website [and the Council's website (where applicable)].

Prejudicial Interests

2.9 (1) Where you have a personal interest in any business of your Council you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest and where that business—

(a) affects your financial position or the financial position of a significant person or a body described in paragraphs 2.8(1)(a)(i) and (ii) (other than another town parish district or county council of which you are also a member); or

(b) relates to determining any approval, consent, licence, permission or registration in relation to you or any significant person or a body described in paragraph 2.8(1)(a)(ii) (other than another town parish district or county council of which you are also a member).

(2) Subject to paragraph (3) and (4), where you have a prejudicial interest in any business of your Council—

(a) You may not participate in any discussion of the matter at a meeting.

(b) You may not participate in any vote taken on the matter at a meeting.

(c) You must disclose the existence and nature of the interest to the meeting and leave the room where the meeting is held while any discussion or voting takes place on the matter. The exception to the requirement to disclose the detail of the interest is if the matter is a sensitive interest under paragraph 2.11. In these circumstances you need only state that you have a prejudicial interest and that the details are withheld because of the sensitive information involved.

(3) Where you have a prejudicial interest in any business of your Council, you may attend a meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business and you leave the meeting room immediately after making representations, answering questions or giving evidence.

(4) Subject to you disclosing the interest at the meeting, you may attend a meeting and vote on a matter where you have a prejudicial interest that relates to the functions of your Council in respect of—

(i) housing, where you are a tenant of your Council provided that those functions do not relate particularly to your tenancy or lease [not applicable];

(ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;

(iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;

(iv) an allowance, payment or indemnity given to members;

(v) any ceremonial honour given to members; and

(vi) setting council tax or a precept under the Local Government Finance Act 1992.

(5) Where, as a Cabinet/Executive member, you may take an individual decision, and you become aware of a prejudicial interest in the matter which is the subject of the proposed decision you must notify the Monitoring Officer of the interest and must not

take any steps or further steps in the matter, or seek to influence a decision about the matter.

Receipts of gifts and hospitality

2.10(1) You must, within 28 days of receipt, notify the Monitoring Officer in writing of any gift, benefit or hospitality with a value in excess of £25 which you have accepted as a member from any person or body other than the Council.

(2) The Monitoring Officer will place your notification on a public register of gifts and hospitality.

2.11 Sensitive Interests

2.11(1) If you have a Disclosable Pecuniary Interest or a Personal or Personal and Prejudicial Interest but you consider that disclosure of the interest could lead to you or a person connected with you being subject to violence or intimidation **and** the Monitoring Officer agrees with that assessment then instead of disclosing the interest you need only disclose that you have a Disclosable Pecuniary Interest or Personal or Personal and Prejudicial Interest (as the case may be). In such instances any published version of the register of interests will exclude details of the interest but may state that you have an interest, the details of which are withheld.

Overview and Scrutiny

(1) [Not applicable to Town/Parishes] In relation to any business before an overview and scrutiny committee of the Council (or of a sub-committee of such a committee) where—

- a. that business relates to a decision made (whether implemented or not) or action taken by your Council's Cabinet/Executive or another of your Council's committees, sub-committees, joint committees or joint sub-committees; and
- b. at the time the decision was made or action was taken, you were a member of the Cabinet/Executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph a) and you were present when that decision was made or action was taken;

or

- c. that business relates to a decision made (whether implemented or not) or action taken by you (whether by virtue of the Council's constitution or under delegated authority from the Leader);

you may attend a meeting of the overview and scrutiny committee or sub-committee of the Council but only for the purpose of making representations, answering questions or giving evidence relating to the business.

APPENDIX 1

THE SEVEN PRINCIPLES OF PUBLIC LIFE

SELFLESSNESS

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.

COUNCIL'S CODE OF CONDUCT - INTERPRETATION

In the Council's Code of Conduct the following words shall have the following meanings ascribed to them—

- “the Act” means the Localism Act 2011;
- “Disclosable Pecuniary Interest” is as defined in Appendix 3
- “meeting” means any meeting of—
 - (a) the Council;
 - (b) the Cabinet/Executive of the Council;
 - (c) any of the Council's or its Cabinet's/Executive's committees, sub-committees, joint committees, joint sub-committees, or area committees;whether or not the press and public are excluded from the meeting in question by a resolution of members
- “member” includes a co-opted member and an appointed member.
- “sensitive information” means information relating to a member's interests that the monitoring officer has determined need not be included in the member's registration of an interest or any change to that interest, by virtue of the fact that its availability for inspection by the public is likely to create a serious risk that any person may be subjected to violence or intimidation
- “bullying” means offensive, intimidating, malicious, insulting or humiliating behaviour based on abuse or misuse of power or authority which attempts to undermine
- “disrepute” means a lack of good reputation or respectability which can be reasonably regarded as reducing the public's confidence in that member being able to fulfil their role or adversely affecting the reputation of members generally in being able to fulfil their role
- “significant person” in relation to personal and personal and prejudicial Interests means

a member of your family or any person with whom you have a close association; or any body-

(1) of which you are a member or in a position of general control or management and to which you are appointed or nominated by the Council;

(2) exercising functions of a public nature;

(3) established for charitable purposes; or

(4) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union), of which you are a member or in a position of general control or management

- “wellbeing” means a condition of contentedness, healthiness and happiness. Anything that could be said to affect a person’s quality of life, either positively or negatively, is likely to affect their wellbeing. It is not restricted to matters affecting a person’s financial position
- “close association” means someone that you are in regular contact with over a period of time who is more than an acquaintance or colleague. It may be a friend, a business associate or someone you know through general social contacts. It is someone who a reasonable member of the public might think you would be prepared to favour or disadvantage when discussing a matter that affects them.
- “member of your family” means partner i.e someone you are married to, your civil partner, or someone you live with in a similar capacity, a parent, a parent-in-law, a son or daughter, a stepson or stepdaughter, the child of a partner, a brother or sister, a brother or sister of your partner, a grandparent, a grandchild, an uncle or aunt, a nephew or niece, and the partners of any of these people

DISCLOSABLE PECUNIARY INTERESTS

This note explains the requirements of the Localism Act 2011 (Ss 29-34) in relation to disclosable pecuniary interests.

These provisions are enforced by criminal sanction.

They come into force on 1 July.

1 Notification of disclosable pecuniary interests

Within 28 days of becoming a member or co-opted member, you must notify the Monitoring Officer of any 'disclosable pecuniary interests'.

A 'Disclosable Pecuniary Interest' is an interest of yourself or your partner (which means spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners) within the following descriptions:

<i>Interest</i>	<i>Description</i>
Employment, office, trade, profession or vocation	An employment, office trade profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

Contract	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the Council – (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the Council.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the Council for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge) – (a) the landlord is the Council; and (b) the tenant is body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where – (a) that body (to M/s knowledge) has a place of business or land in the area of the Council; and (b) either – (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

These descriptions on interests are subject to the following definitions;

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” includes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means the person M referred to in section 30 of the Act;

“member” includes a co-opted member;

“relevant authority” means the Council of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) of the Act;

“relevant person” in relation to disclosable pecuniary interests means M or M’s spouse or civil partner or a person with whom M is living as husband and wife or a person with whom M is living as if they were civil partners;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000() and other securities of any description, other than money deposited with a building society.

2 Dispensations

The Standards Committee or Monitoring Officer [Council or Clerk] may grant you a dispensation, but only in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

3 Offences

It is a criminal offence to

- Fail to notify the Monitoring Officer of any disclosable pecuniary interest within 28 days of election
- Fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register
- Fail to notify the Monitoring Officer within 28 days of a disclosable pecuniary interest that is not on the register that you have disclosed to a meeting
- Participate in any discussion or vote on a matter in which you have a disclosable pecuniary interest
- As a Cabinet/Executive member discharging a function acting alone, and having a disclosable pecuniary interest in such a matter, failing to notify the Monitoring Officer within 28 days of the interest.
- Knowingly or recklessly providing information that is false or misleading in notifying the Monitoring Officer of a disclosable pecuniary interest or in disclosing such interest to a meeting

The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.

Guidance on Bias and Predetermination –This is not part of the code of conduct

- Where you have been involved in campaigning in your political role on an issue which does not impact on your personal and/or professional life you may participate in a decision on the issue in your political role as a member. However, you must not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
- When making a decision, consider the matter with an open mind and on the facts made available to the meeting at which the decision is to be taken.

APPENDIX 2

Arrangements for dealing with standards allegations under the Localism Act 2011

1 Context

These “Arrangements” set out how you may make a complaint that an elected or co-opted member of this authority *[or of a parish council within its area]* has failed to comply with the authority’s Code of Conduct, and sets out how the authority will deal with allegations of a failure to comply with the authority’s Code of Conduct.

Under Section 28(6) and (7) of the Localism Act 2011, the Council must have in place “arrangements” under which allegations that a member or co-opted member of the authority *[or of a parish council within the authority’s area]*, or of a Committee or Sub-Committee of the authority, has failed to comply with that authority’s Code of Conduct can be investigated and decisions made on such allegations.

Such arrangements must provide for the authority to appoint at least one Independent Person, whose views must be sought by the authority before it takes a decision on an allegation which it has decided shall be investigated, and whose views can be sought by the authority at any other stage, or by a member *[or a member or co-opted member of a parish council]* against whom an allegation as been made.

2 The Code of Conduct

The Council has adopted a Code of Conduct for members, which is attached as Appendix One to these arrangements and available for inspection on the authority’s website and on request from Reception at the Council Offices.

[Each parish council is also required to adopt a Code of Conduct. If you wish to inspect a Parish Council’s Code of Conduct, you should inspect any website operated by the parish council and request the parish clerk to allow you to inspect the parish council’s Code of Conduct.]

3 Making a complaint

If you wish to make a complaint, please write or email to –

The Monitoring Officer
The Council Offices
Belvedere Road
Taunton
TA1 1HE

Or email

t.meers@tauntondeane.gov.uk

The Monitoring Officer is a senior officer of the authority who has statutory responsibility for maintaining the register of members' interests and who is responsible for administering the system in respect of complaints of member misconduct.

In order to ensure that we have all the information which we need to be able to process your complaint, please complete and send us the model complaint form, which can be downloaded from the authority's website, next to the Code of Conduct, and is available on request from Reception at the Council Offices.

Please do provide us with your name and a contact address or email address, so that we can acknowledge receipt of your complaint and keep you informed of its progress. If you want to keep your name and address confidential, please indicate this in the space provided on the complaint form, in which case we will not disclose your name and address to the member against whom you make the complaint, without your prior consent. The authority does not normally investigate anonymous complaints, unless there is a clear public interest in doing so.

The Monitoring Officer will acknowledge receipt of your complaint within 5 working days of receiving it, and will keep you informed of the progress of your complaint. In addition the Monitoring Officer will also notify the subject member of the complaint.

4 Will your complaint be investigated?

The Monitoring Officer will review every complaint received and, after consultation with the Independent Person, take a decision as to whether it merits formal investigation. This decision will normally be taken within 14 days of receipt of your complaint. Where the Monitoring Officer has taken a decision, you will be informed of that decision and the reasons for it.

Where additional information is required in order to come to a decision, the Monitoring Officer may come back to you and may also request information from the member against whom your complaint is directed. *[Where your complaint relates to a Parish Councillor, the Monitoring Officer may also inform the Parish Council or your complaint and seek the views of the Parish Council before deciding whether the complaint merits formal investigation.]*

In appropriate cases, the Monitoring Officer may seek to resolve the complaint informally, without the need for a formal investigation. Such informal resolution may

involve the member accepting that his/her conduct was unacceptable and offering an apology, or other remedial action by the authority. Where the member or the authority make a reasonable offer of local resolution, but you are not willing to accept that offer, the Monitoring Officer will take account of this in deciding whether the complaint merits formal investigation.

If your complaint identifies criminal conduct or breach of other regulation by any person, the Monitoring Officer has the power to call in the Police and other regulatory agencies.

5 How is the investigation conducted?

If the Monitoring Officer decides that a complaint merits formal investigation, an Investigating Officer may be appointed. That Investigating Officer may be another senior officer of the authority, an officer of another authority or an external investigator. The Investigating Officer will decide whether they need to meet or speak to you to understand the nature of your complaint, this will allow you to further explain your understanding of events and suggest what documents the Investigating Officer may need to see or who the Investigating Officer may need to interview.

The Investigating Officer would normally write to the member against whom you have complained and provide him/her with a copy of your complaint. They will ask the member to provide his/her explanation of events, and to identify what documents they need to see and/or who he needs to be interviewed. In exceptional cases, the Monitoring Officer may delete your name and address from the papers or delay notifying the member until the investigation has progressed sufficiently where it might prejudice the investigation.

At the end of their, the Investigating Officer will produce a draft report and will send copies of that draft report, in confidence, to you and to the member concerned, to give you both an opportunity to identify any matter in that draft report which you disagree with or which you consider requires more consideration.

Having received and taken account of any comments which you may make on the draft report, the Investigating Officer will send their final report to the Monitoring Officer.

6 What happens if the Investigating Officer concludes that there is no evidence of a failure to comply with the Code of Conduct?

The Monitoring Officer will review the Investigating Officer's report and, if satisfied that the Investigating Officer's report is sufficient, the Monitoring Officer will write to you and to the member concerned [*and to the Parish Council, where your complaint relates to a Parish Councillor*], notifying you that no further action is required. A copy of the Investigating Officer's final report will be given to both of you. If the Monitoring Officer is not satisfied that the investigation has been conducted properly, the Investigating Officer may be asked to reconsider their report.

7 What happens if the Investigating Officer concludes that there is evidence of a failure to comply with the Code of Conduct?

The Monitoring Officer will review the Investigating Officer's report and will then either send the matter for local hearing before the Hearings Panel or, after consulting the Independent Person, seek local resolution.

7.1 Local Resolution

The Monitoring Officer may consider that the matter can reasonably be resolved without the need for a hearing. In such a case, the Independent Person will be consulted with you as complainant and seek to agree what you consider to be a fair resolution which also helps to ensure higher standards of conduct for the future. Such resolution may include the member accepting that his/her conduct was unacceptable and offering an apology, and/or other remedial action by the authority. If the member complies with the suggested resolution, the Monitoring Officer will report the matter to the Standards Committee *[and the Parish Council]* for information, but will take no further action. However, if you tell the Monitoring Officer that any suggested resolution would not be adequate, the Monitoring Officer will refer the matter for a local hearing.

7.2 Local Hearing

If the Monitoring Officer considers that local resolution is not appropriate, or you are not satisfied by the proposed resolution, or the member concerned is not prepared to undertake any proposed remedial action, such as giving an apology, then the Monitoring Officer will report the Investigating Officer's report to the Hearings Panel which will conduct a local hearing before deciding whether the member has failed to comply with the Code of Conduct and, if so, whether to take any action in respect of the member.

Essentially, the Monitoring Officer will conduct a "pre-hearing process", requiring the member to give his/her response to the Investigating Officer's report, in order to identify what is likely to be agreed and what is likely to be in contention at the hearing. The Chair of the Hearings Panel may issue directions as to the manner in which the hearing will be conducted. At the hearing, the Investigating Officer will present their report, call such witnesses as they consider necessary and make representations to substantiate their conclusion that the member has failed to comply with the Code of Conduct. For this purpose, the Investigating Officer may ask you as the complainant to attend and give evidence to the Hearings Panel. The member will then have an opportunity to give his/her evidence, to call witnesses and to make representations to the Hearings Panel as to why they consider that they did not fail to comply with the Code of Conduct.

If the Hearings Panel, with the benefit of any advice from the Independent Person, conclude that the member did not fail to comply with the Code of Conduct they will dismiss the complaint. If the Hearings Panel concludes that the member did fail to comply with the Code of Conduct, the Chair will inform

the member of this finding and the Hearings Panel will then consider what action, if any, the Hearings Panel should take as a result of the member's failure to comply with the Code of Conduct. In doing this, the Hearings Panel will give the member an opportunity to make representations to the Panel and will consult the Independent Person, but will then decide what action, if any, to take in respect of the matter..

8 What action can the Hearings Panel take where a member has failed to comply with the Code of Conduct?

The Council has delegated to the Hearings Panel such of its powers to take action in respect of individual members as may be necessary to promote and maintain high standards of conduct. Accordingly the Hearings Panel may –

- 8.1 Publish its findings in respect of the member's conduct;
- 8.2 Report its findings to Council *[or to the Parish Council]* for information;
- 8.3 Recommend to the member's Group Leader (or in the case of un-grouped members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;
- 8.4 Recommend to the Leader of the Council that the member be removed from the Executive, particular Portfolio responsibilities, as chairman of a committee or from a committee itself;
- 8.5 Instruct the Monitoring Officer to *[or recommend that the Parish Council]* arrange training for the member;
- 8.6 Remove *[or recommend to the Parish Council that the member be removed]* from all outside appointments to which he/she has been appointed or nominated by the authority *[or by the Parish Council]*;
- 8.7 Withdraw *[or recommend to the Parish Council that it withdraws]* facilities provided to the member by the Council, such as a computer, website and/or email and Internet access; or
- 8.8 Exclude *[or recommend that the Parish Council exclude]* the member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.

The Hearings Panel has no power to suspend or disqualify the member or to withdraw members' or special responsibility allowances.

9 What happens at the end of the hearing?

At the end of the hearing, the Chair will state the decision of the Hearings Panel as to whether the member failed to comply with the Code of Conduct and as to any actions which the Hearings Panel resolves to take.

As soon as reasonably practicable thereafter, the Monitoring Officer shall prepare a formal decision notice in consultation with the Chair of the Hearings Panel, and send a copy to the Complainant, to the member *[and to the Parish Council]*, make the decision notice available for public inspection and report the decision to the next convenient meeting of the Council.

10 Who are the Hearings Panel?

The Hearings Panel is a Sub-Committee of the Council's Standards Committee. The Standards Committee has decided that it will comprise a maximum of five members of the Council, including not more than one member of the authority's Executive and comprising members drawn from at least 2 different political parties. Subject to those requirements, it is appointed on the nomination of party group leaders in proportion to the strengths of each party group on the Council.

The Independent Person is invited to attend all meetings of the Hearings Panel and their views are sought and taken into consideration before the Hearings Panel takes any decision on whether the member's conduct constitutes a failure to comply with the Code of conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.

11 Who is the Independent Person?

The Independent Person is a person who has applied for the post following advertisement of a vacancy for the post, and is the appointed by a positive vote from a majority of all the members of Council.

A person cannot be "independent" if he/she –

- 11.1 Is, or has been within the past 5 years, a member, co-opted member or officer of the authority;
- 11.2 *[Is or has been within the past 5 years, a member, co-opted member or officer of a parish council within the authority's area], or*
- 11.3 Is a relative, or close friend, of a person within paragraph 11.1 or 11.2 above. For this purpose, "relative" means –
 - 11.3.1 Spouse or civil partner;
 - 11.3.2 Living with the other person as husband and wife or as if they were civil partners;
 - 11.3.3 Grandparent of the other person;
 - 11.3.4 A lineal descendent of a grandparent of the other person;

- 11.3.5 A parent, sibling or child of a person within paragraphs 11.3.1 or 11.3.2;
- 11.3.6 A spouse or civil partner of a person within paragraphs 11.3.3, 11.3.4 or 11.3.5; or
- 11.3.7 Living with a person within paragraphs 11.3.3, 11.3.4 or 11.3.5 as husband and wife or as if they were civil partners.

12 Revision of these arrangements

The Council may by resolution agree to amend these arrangements, and has delegated to the Chair of the Hearings Panel the right to depart from these arrangements where they considers that it is expedient to do so in order to secure the effective and fair consideration of any matter.

13 Appeals

There is no right of appeal for you as complainant or for the member against a decision of the Monitoring Officer or of the Hearings Panel

If you feel that the authority has failed to deal with your complaint properly, you may make a complaint to the Local Government Ombudsman.

CORPORATE GOVERNANCE COMMITTEE – 25TH JUNE 2012

APPENDIX 3

ARTICLE 8 The Standards Committee

1.1 Standards Committee

The Council will establish a Standards Committee.

1.2 Constitution

(a) Membership

The Standards Committee will be comprised of:

- (i) five (5) elected members from each of the political groups who are represented on the Council;
- (ii) two (2) independent co-opted members who are not councillors or officers of the Council or of any County, District or Unitary Council or of any Parish Council within Taunton Deane (these are referred to as “Independent co-opted members”);
- (iii) (subject to the same exceptions as (ii) above) two (2) members of a parish council from within the Borough of Taunton Deane who shall represent the interests of all such Parish Councils (the Parish Members);
- (iv) members of the Standards Committee will hold office from one Annual Meeting until the next - at which point their appointments shall be either renewed or terminated at Annual Council.

(b) Independent co-opted members

Independent co-opted members (see 8.2(a)(ii) above):-

- (i) shall be selected in accordance following a recruitment and selection process ;
- (ii) will not be entitled to vote at meetings of the Committee or on any sub-committees to which they have been appointed. Their role is an advisory one.

(c) Parish Members

A Parish Member must be present at any meeting of the Standards Committee when matters relating to Parish Councils or their members are being considered. Parish members will

not be voting members of the Committee and their role is an advisory one.

(d) Independent Person

The Independent Person is a person who is appointed following a recruitment and selection process and carries out the following functions:-

- (i) they must be consulted by the authority before it makes a finding as to whether a member has failed to comply with the code of conduct or decides on action to be taken in respect of that member (this means on a decision to take no action where the investigation finds no evidence of breach or, where the investigation finds evidence that there has been a breach, on any local resolution of the complaint, or on any finding of breach and on any decision on action as a result of that finding);
- (ii) they may be consulted by the authority in respect of a standards complaint at any other stage; and
- (iii) they may be consulted by a member or co-opted member of the Borough Council or of a Parish Council against whom a complaint has been made.

(e) Chairing the Committee

The Committee shall be chaired by an elected member.

(f) Sub-committees

The Standards Committee shall be entitled to appoint sub-committees or Hearings Panels to assess complaints received against members where allegations are made that a member has failed to comply with the code of conduct; where this happens the following limits will apply:-

- (i) the quorum (that is, minimum size at which business may be transacted) shall be 3;
- (ii) All sub-committees shall be chaired by an elected member;
- (iii) All sub-committees must include at least 3 voting members

- (iii) Sub-committees may include at least one co-opted independent member;
- (iv) where a Parish Councillor is the subject of a complaint then a Parish Member (unless s/he is the subject of that investigation) shall be appointed to that sub-committee.
- (g) The Standards Committee may appoint a sub-committee to determine any application for a dispensation should time be of the essence in the application (however there must be compliance with the statutory time limits on notification of meetings).
- (h) Any sub-committee set up to determine dispensations shall adhere to the limits as set out in (f) above.

1.3 Role and Function

The Standards Committee will have the following roles and functions in relation to the Borough Council and Parish Councils within Taunton Deane.

- (a) promoting and maintaining high standards of conduct by councillors and co-opted members;
- (b) assisting councillors and co-opted members to observe the Members' Code of Conduct;
- (c) advising the Council on the adoption or revision of the Members' Code of Conduct;
- (d) monitoring the operation of the Members' Code of Conduct;
- (e) advising, training or arranging to train councillors and any co-opted members on matters relating to the Members' Code of Conduct and wider propriety issues including issuing guidance where appropriate;
- (f) granting dispensations to councillors and any co-opted members from requirements relating to interests set out in the Members' Code of Conduct or delegating such power to a sub-committee. who will be authorised to determine such dispensations based on principles agreed by the Committee:
- (g) deal with the assessment and determination of complaints under the Members' Code of Conduct relating to Members, Co-opted and Parish Members (other than where the power to deal with such matters has been delegated to and exercised by the Monitoring Officer). Where the investigation finds evidence of a

failure to comply with the Code of Conduct and a local resolution is not appropriate or not possible, then a Hearing Panel of the Committee (comprising 3 voting members of the Standards Committee agreed by the Monitoring Officer in consultation with the Committee Chairman) will consider and decide the complaint.

- (h) take decisions in respect of a Member and Co-opted Member who is found on hearing to have failed to comply with the Code of Conduct, including –
- Reporting its findings to Council [or to the Parish Council] for information;
 - Recommending to the member's Group Leader that he/she be removed from any or all Committees or Sub-Committees of the Council;
 - Recommending to the Leader of the Council that the member be removed from the Executive Committee, or removed from particular Portfolio responsibilities should the complaint refer to a Portfolio holder;
 - Instructing the Monitoring Officer to [or recommend that the Parish Council] arrange training for the member;
 - Removing [or recommend to the Parish Council that the member be removed] from all outside appointments to which he/she has been appointed or nominated by the authority [or by the Parish Council];
 - Withdrawing [or recommend to the Parish Council that it withdraws] facilities provided to the member by the Council, such as a computer, website and/or email and Internet access;
 - Restricting contact to named officers or requiring contact be through named officers; or
 - Excluding [or recommend that the Parish Council exclude] the member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.
- (i) advise on the management of statutory and other registers of interest and gifts / hospitality received;
- (j) advise the Council on possible changes to the Constitution (except the Council and Executive Schemes of Delegation) in relation the key documents and protocols dealing with members conduct and ethical standards;

WITHDRAWAL FROM MEETINGS

31. Where a member has a Disclosable Pecuniary Interest in any business of the Council, whether registered under paragraphs 2.2 or 2.3 of the Council's Code of Conduct or not, and you attend any meeting of the Council, its Executive or any Committee, Sub-Committee, Joint Committee at which that business is to be considered you must:-
- (a) not seek to influence a decision about that business;
 - (b) disclose to that meeting the existence and nature of that interest no later than the start of the consideration of the business in which you have that interest, or (if later) the time at which the interest becomes apparent to you. The exception to the requirement to disclose an interest is if the matter is a sensitive interest as set out in paragraph 2.11 of the code of conduct.
 - (c) Withdraw from the meeting room or chamber including the public gallery as soon as it becomes apparent that the business is being considered at that meeting;

Unless you have obtained a dispensation from the Council's Monitoring Officer or Standards Committee.

32. Where a member has a prejudicial interest as defined by paragraph 2.9 of the Council's Code of Conduct the member must:-
- (a) not participate in any discussion of the matter at the meeting
 - (b) not participate in any vote on the matter at the meeting
 - (c) disclose the existence and nature of the interest to the meeting and leave the room where the meeting is being held while any discussion or voting takes place on the matter.
33. Where a member has a prejudicial interest in any business of the Council, the member may attend a meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business and he/she must leave the meeting immediately after making those representations, answering questions or giving evidence.

Taunton Deane Borough Council

Corporate Governance Committee – 25 June 2012

Health and Safety Strategy for 2012 - 13

Report of the Corporate Health and Safety Advisor

(This matter is the responsibility of the Chief Executive and Leader of the Council.)

1. Executive Summary

CMT have agreed to a 12 month consolidation and compliance audit approach led by each Theme Manager and supported by the Corporate H&S Advisor, Safety Rep and SWAP. The object is to ensure:

- Visible ownership and leadership of H&S within each Theme;
- High levels of compliance with relevant Corporate documentation;
- Delivery of a 'can do' and a 'H&S matters' culture;
- Reliable data for the quarterly reports.
- Establish Management monitoring and review of H&S.

2. Background

The current Health and Safety 'Priority Issues' identified within the TDBC Health and Safety Forward Plan are now over three years old and a new strategy is required to ensure that we build on the progress made.

Safe operation and legal compliance is a line management responsibility and the Chief Executive needs to be confident that the whole Council is working to and delivering the required standard.

The Council has a number of effective checks and controls in place to ensure this happens, such as Scrutiny, Corporate Governance, SWAP audits and line management/employee PREDS.

The Challenge has been how to measure and record H&S performance information in a consistent and meaningful way to identify success and highlight areas of weakness.

3. Health and Safety Key Performance Indicators – KPIs 2012.

Three Key Performance Indicators (KPIs) have been previously identified and if these are to be useful we need to establish how much and what resource is required to capture accurate information and provide a compliance percentage:

	Issue	Action	Who	How	When
1	Management competency and legal compliance	Level of compliance tested against roles and responsibilities document,	Combination: Theme Managers H&S Advisor, CMT, H&S committee, (SWAP)	Theme Manager reviews, PREDS, internal & external audit Measured as % compliant.	Quarterly reports to CMT & Corporate Governance.
2	H&S Management System and implementation	Content and quality of H&S policy and guidance held within Sharepoint system	Theme Managers H&S Advisor, CMT, H&S committee, (SWAP)	100% tested per annum for clarity and relevance.	As above
3	Accident, incident data and lessons implemented	All accident and incident data captured and management actions implemented to prevent a re-occurrence.	Line managers, Theme Managers H&S Advisor, CMT, H&S committee, (SWAP)	- Written summary reports produced for all HSE reportable (RIDDOR) accidents and occurrences.	As above with summary reports to H&S Committee.

How

A draft audit template is attached in Appendix One below, the exact detail and scope will be worked on assisted by advice and participation from SWAP. The link to the corporate scorecard and the high risk activities for each theme (as identified on the Local responsibilities form) will be targeted for level of compliance and if required an action plan produced for implementation. The ownership by the Theme means the audit process is non-threatening, but is a positive contribution to management performance.

Communications plan

- The strategy will be an agenda item at the next available Leads meeting and/or core brief.
- Theme managers will be required to discuss the audit at the next available team meeting.
- The strategy will be an agenda item at the next H&S Safety Committee meeting.
- All employees will be encouraged to raise any concerns or issues directly with the audit team either by e-mail or face to face.
- Progress will be reported on the H&S Sharepoint page.

Resource implications

- Initial one hour meeting with the individual Theme manager.
- Follow-up report to Theme Manager/team meeting as appropriate.
- Interviews with team managers.
- Audit team membership: Relevant line manager, SWAP auditor, H&S Advisor and H&S Representative.

Current Accident data see appendix 2 below.

4. Finance Comments

Unchanged -Any emerging issues or additional training will have to be funded from existing budgets. Line managers are expected to prioritise and refer any difficulties to CMT.

5. Legal Comments

Unchanged -Failure to meet or maintain minimum legal compliance will increase Corporate and individual risk, with the potential for criminal and civil actions

6. Links to Corporate Aims

Unchanged- Competent employees working safely in the delivery of the Council's services form an essential contribution to the Corporate Aims.

7. Environmental Implications

Unchanged- As in 6 above.

8. Community Safety Implications

Unchanged- As in 6 above

9. Equalities Impact

Unchanged- There are no equalities impact over and above those already identified in the Theme delivery plans and existing arrangements.

The Equalities Impact assessment for H&S policy and procedures is available on the H&S sharepoint site.

10. Risk Management

Unchanged- Failure to meet minimum H&S statutory requirements has been identified in the Corporate Risk Register.

11. Partnership Implications

The strategy sets out the majority of the work programme for delivery by SW One. – Business as usual.

The audit strategy utilises and involves the expertise of SWAP, potentially reduces resource requirements and delivers an integrated approach.

12. Recommendations

The Committee are asked to endorse this strategy and to note there are currently no significant risks or incidents to report.

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Appendix 1.

Structure of Theme based H&S consolidation and compliance audit.

Audit Plan and Reporting: Start May 2012, finish March 31st 2013. Quarterly progress reports to: CMT, H&S Committee and Corporate Governance Committee.

Audit team membership: Relevant line manager (for Theme or team) H&S Representative, H&S Advisor and SWAP auditor.

Final Report: Agreed Score card with attached Theme action plan.(if required)

1. Audit Structure

1.1. Meet with Theme Manager

- Check the H&S local responsibilities form (LRF) is completed.
- Roles and responsibilities for delivery and monitoring are stated and clear.
- Agree extent of audit with Theme manager.

1.2. Meet with Theme Lead managers

Carry out detailed audit on areas required by CMT and agreed with Theme manager.

2. Standard Audit of Review and Actions

Three Target areas audit:

2.1. Management competency and legal compliance

Review LRF (is complete) and arrangements for any high risk activities listed:

- Work activities have been assessed.
- High risk activities identified.
- Risk assessments and Controls in place and are monitored.
- Review Competency framework for individual employee roles against current and predicted workload.
- Review training delivery programme and timescales.

2.2. H&S Management System and implementation fit

- Check Corporate Policy and Guidance is accessible, relevant, clear and appropriate for work activities.
- Identify any gaps or improvements.
- Inspect office/depot work location.
- Accompany off-site routine work activity for compliance check.

(Keep audit proportional to risk)

2.3. Accident, incident data and lessons implemented

- Concentrate on the serious events.
- Review incidents and confirm 'root cause analysis' is correct.
- Review corrective actions.
- Review 'near-miss' reporting or lack of reporting.
- Gather evidence of safety culture within team, consultations, communications, absence records, work related stress reviews, etc.

2.4. **Other**

- Consider any other areas of concern identified during audit and submit to Theme manager/CMT for information and/or further action.
- Identify and share any good or proactive practice.
- Implement communications plan to support and inform all employees.

3. **Submit end of year report.**

- Submit quarterly reports as agreed)

ENDS

Appendix 2.

Accident, incident data and lessons implemented

TDBC Totals– 31 March 2012 31 May 2012				
Classification	Core Council	DLO	public	Contractors
Reportable	0	0	0	No data
Non-reportable	0	3	0	–
Near Miss	-	0	-	-
Period total	0	0	0	0

*potential uncertainty in numbers reported by public.

Trends: The reasons behind such low figures are being looked at and accident reporting will be considered in the compliance audit.

ENDS

Taunton Deane Borough Council

Corporate Governance Committee – 25 June 2012

Debt Recovery Update

Report of the Corporate and Client Services Lead

(This matter is the responsibility of Executive Councillor Vivienne Stock-Williams)

1. Executive Summary

The primary purpose of this report is to provide members with an update on how the Council is managing the collection of its Sundry Debts.

Performance information is also provided relating to other invoiced account types, in order to provide members with a more complete picture of the Council's debt collection performance.

2. Sundry Debts

2.1 Background

Southwest One's Accounts Receivable team provide a key service in managing the sundry debt recovery process on the Council's behalf.

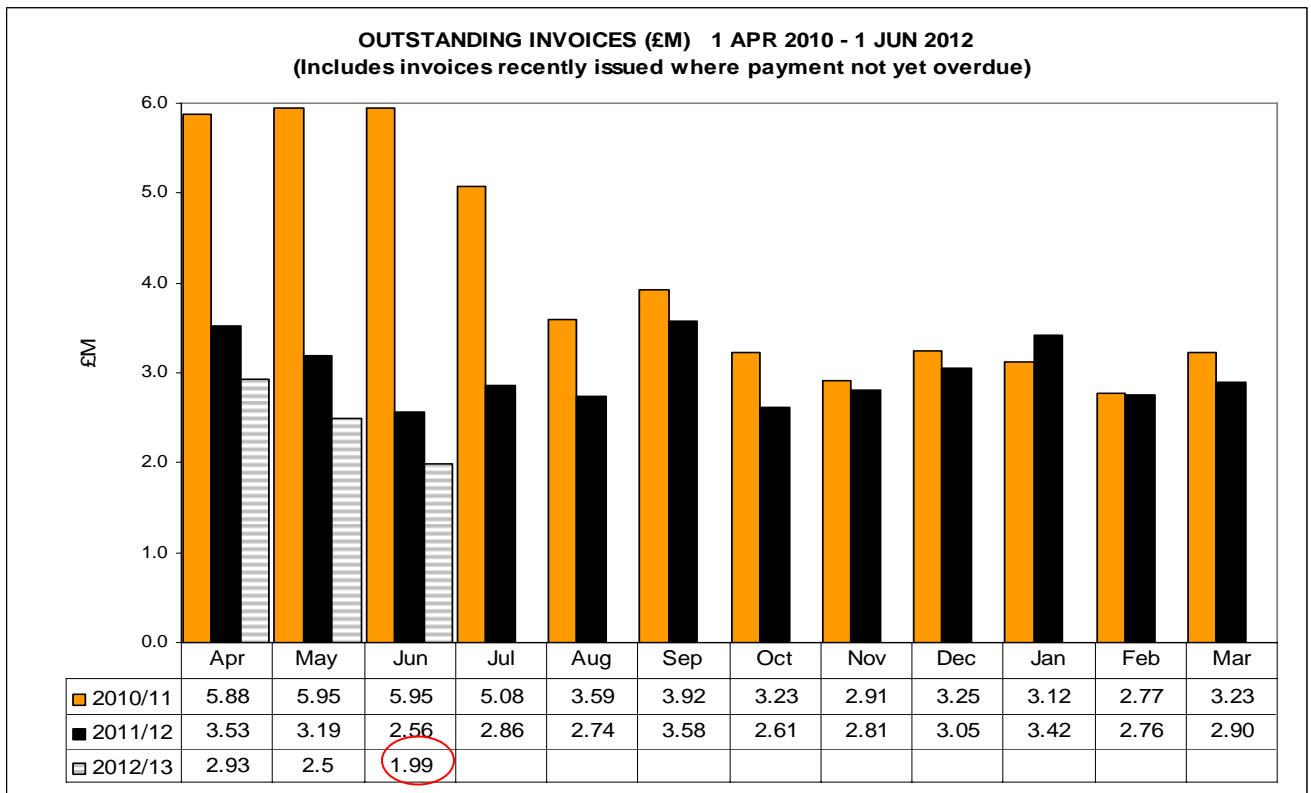
Since 1st April 2009 the majority of the Council's sundry debts have been administered using the SAP computer system.

The Council's Corporate & Client Services team regularly monitor the level of sundry debt arrears and the level of sundry debt arrears in SAP is reported quarterly to the Executive and Corporate Scrutiny committee as part of the Council's quarterly corporate scorecard.

2.2 Performance

Responsibility	2010/11	2011/12
Southwest One Accounts Receivable Service & TDBC Services	Outstanding 1 June 2011: £ 2.56M	Outstanding 1 June 2012: £1.99M
	Debt over 90 days old 1 June 2011: £1.98m	Debt over 90 days old 1 June 2012: £1.44m

TABLE 1 - Outstanding invoices

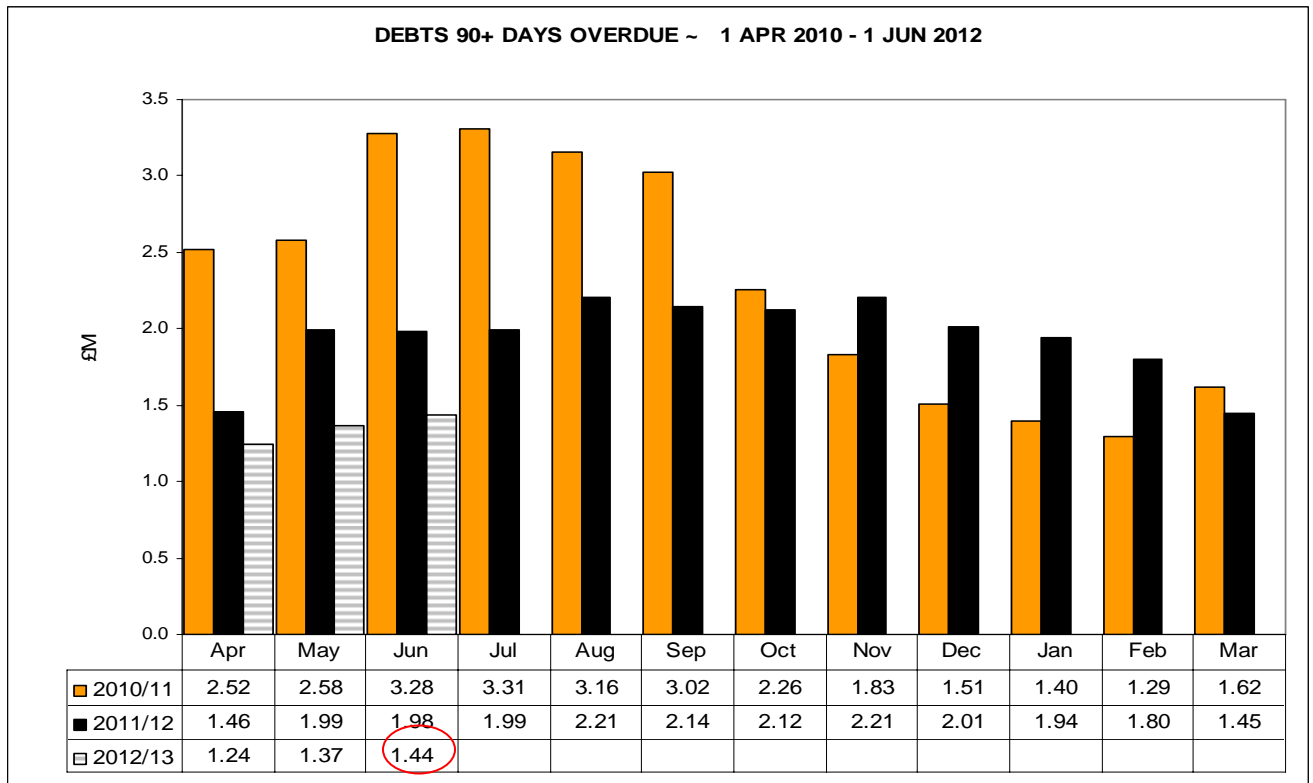


As can be seen above, at 1 June 2012 there was a fall in the value of outstanding invoices on the corresponding time in 2011, which in turn showed a sharp fall on 2010.

The 'Outstanding' sum includes some sums for which an invoice has been issued but the sum payable is not yet overdue (for example the invoice may give the customer 14 or 28 days to pay and that time has not expired).

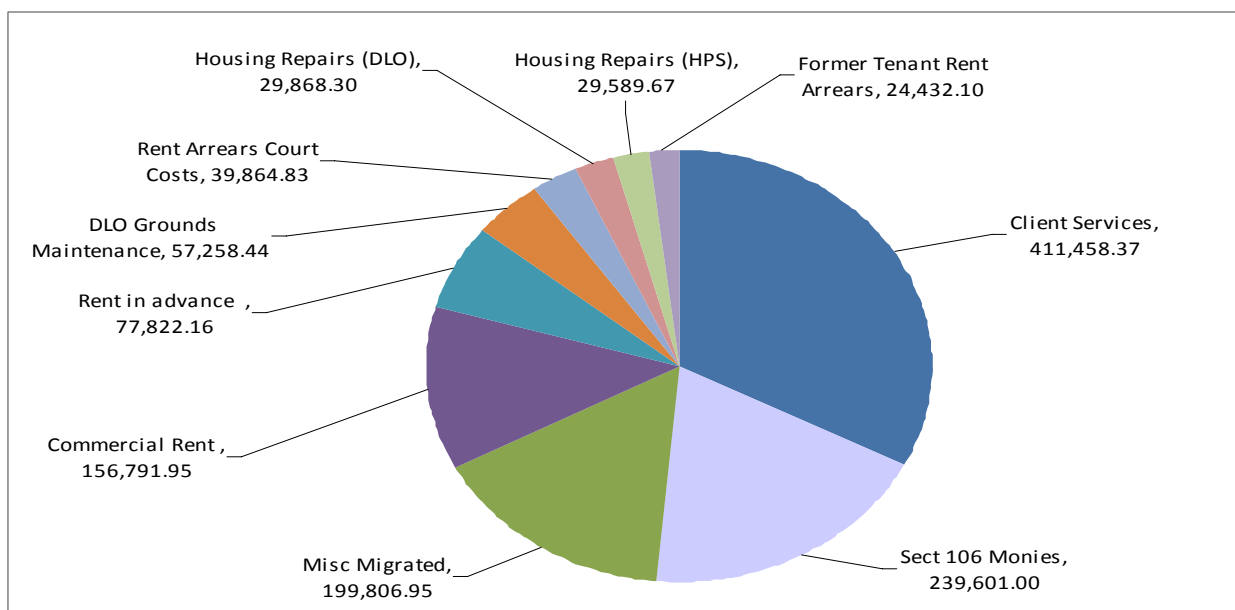
Although the value of outstanding invoices is a useful indicator, greater importance is placed on knowing the trend of debt value once the invoice is 90 days old or more. Once a debt has reached this point there is a stronger possibility that it will become a 'bad debt' and therefore it is important to take action to keep the value of debts which are over 90 days old as low as possible.

TABLE 2 - Debts over 90 days old



As can be seen from the above table, the value of debt more than 90 days old at 1st June 2012 was **27% lower** than at the corresponding time in 2011 and is less than half the value at 1st June 2010.

Table 3 - Top 10 sundry debt account types (by value), which have debts over 90 days old outstanding (at 1st June 2012)



2.3 Write-Offs

During 2011/12 £515k of irrecoverable sundry debt was written-off. This was largely the result of Theme Managers having been given an instruction to review their long outstanding debts, particularly those which had migrated onto SAP from the Council's previous sundry debtors system in 2009.

A number of debts which were irrecoverable, typically due to insolvency, the debtor having absconded, or the debtor having died without sufficient estate should have ideally been passed for write-off much sooner but had been left open.

3. **Summary of Other Invoiced Account Types Due to The Council**

In addition to Sundry Debts there are four other account types which the Council has to collect;

- Council Tax
- Business Rates
- Housing Rents
- Housing Benefits Overpayments

3.1 **COUNCIL TAX**

Responsibility	2010/11	2011/12
Southwest One Revenues & Benefits Service	Billed: £50.7m	Billed: £51.4m
	% Collected: 98.21%	% Collected: 98.34%
	Total Outstanding 31 March 2012: £851,021 for 2011/12 (£4.1m for all years)	

Council Tax is a key source of income to the Council and consequently Council Tax collection is a key performance indicator within the Southwest One contract.

Collection performance is monitored monthly by the Corporate & Client Services team.

In 2011/12 98.34% of Council Tax was collected within the financial year.

The performance exceeded the target set of 97.8%.

At 31st March 2012 99.43% of the £646.1m which TDBC had billed in earlier financial years (e.g. between 1st April 1993 and 31st March 2011) had been collected.

During 2011/12 £325k of irrecoverable debt was written off. (£26k related to 2011/12 debts and £299k related to debts raised in earlier years)

3.2 NON-DOMESTIC RATES

Responsibility	2010/11	2011/12
Southwest One Revenues & Benefits Service	Billed: £34.8m	Billed: £ 37.6m
	% Collected: 99.01%	% Collected: 99.22%
	Total Outstanding 31 March 2012: £292k for 2011/12 (£3.8m for all years)	

Unlike with Council Tax, the collection of Non-Domestic Rates currently has no direct financial impact on TDBC as any shortfall on collection is met by the central Non-Domestic rating pool. However, from 1st April 2013 new funding arrangements will be put in place which will make the collection of Non-Domestic Rates a key priority for TDBC as it will represent one of the largest sources of Council funding from that date. Non-Domestic Rate Council collection is a key performance indicator within the Southwest One contract.

Collection performance is monitored monthly by the Corporate & Client Services team

In 2011/12 the percentage of Non-Domestic rates which were collected within the financial year was 99.22%.

The performance **significantly exceeded** the target set of 98.40% and is likely to represent **top quartile** performance nationally.

During 2011/12 £391k of irrecoverable debt was written off. (£53k related to 2011/12 debts and £338k related to debts raised in earlier years)

3.3 HOUSING BENEFIT OVERPAYMENTS

Responsibility	2010/11	2011/12
Southwest One Revenues & Benefits Service	Outstanding 31 March: £ 0.96m	Outstanding 31 March: £ 0.98m

Collection performance is monitored quarterly by the Corporate & Client Services team through Performance Indicators measuring the recovery of in-year and all year Housing Benefit overpayment debt.

Performance against these Performance Indicators is reported to the Corporate & Client Services team as well as being shared with the 151 Officer and the Executive and Shadow Portfolio holders.

Of the £ 983k outstanding, £ 358k is being recovered by deductions from on-going entitlement to Housing Benefit. The government stipulate the maximum weekly deduction is £ 10.65 or for those with fraudulent overpayments, £ 17.75. As some individual debts are extremely large, the ability to recover money owing in a timely manner is impacted by these restrictions.

Housing Benefit payments are largely reimbursed to the Council through subsidy, but good recovery of overpaid Housing Benefit will bring in additional income to the Council.

In-year collection of Overpaid Housing Benefit debt at 31 March 2012 was 91.59 %.

3.4 **HOUSING RENT** (Current Tenancies)

Responsibility	2010/11	2011/12
TDBC Housing Services	98.1% collected	98.4% collected
	Outstanding 31 March 2012: £ 361,530.51	

The target for 2011/12 was 98.3% and the Estates team achieved 98.43%.

Rent collection performance is included in the Community Scorecard and presented to CMT, the Executive and Corporate Scrutiny committee. Performance figures are also presented at the Housing Briefing meeting and Tenant Services Management Board.

Performance is monitored by team targets and individual officer targets; results of the targets are displayed in the Estate Management Office. Arrears levels are discussed at the weekly team meeting and high level arrears are discussed with the Housing Services Lead.

Performance is currently reported in the Annual Report to Tenants and is reported in the Deane Housing News (Tenant Magazine).

During 2011/12 £83,706 rent was written off.

4. **Finance Comments**

The efficient collection of debts due to the Council is a major part of the Council's overall financial strategy and robust collection arrangements are clearly essential in order to maximise Council income.

The cost of carrying sundry debt balances will vary depending on daily balances of outstanding debt. The impact of these debtor balances on the cash flows of the council is dealt with through the treasury management process. There are many

factors that can influence daily cash balances. However, taking the impact of debtors in isolation of other factors the approximate cost can be measured using the Council's 'consolidated rate of interest' (CRI). This is currently estimated at 3.05%, which means the daily cost of £100,000 of outstanding debtors is approximately £8 per day.

As a **guide**, assuming an average daily balance of £3m of invoiced but not paid sundry debtors, a broad estimate of the annual impact of this debtor balance on the overall net interest costs/income for the Council would be in the region of £90,000.

5. Legal Comments

There are no legal implications associated with this update report.

6. Links to Corporate Aims

Efficient management and collection of debt underpins the Council's ability to afford initiatives supporting the Council's corporate aims.

7. Environmental Implications

There are no Environmental implications associated with this update report.

8. Community Safety Implications

There are no community safety issues associated with this update report.

9. Equalities Impact

There are no equalities issues associated with this update report.

10. Risk Management

Performance management arrangements are in place in respect of all debt types due to the Council in order to mitigate financial risks and reputation risks associated with non-collection.

11. Partnership Implications

Council Tax, Non-Domestic Rates, Housing Benefit overpayments and sundry debts within SAP are administered on the Council's behalf by Southwest One, one of the Council's key partnerships.

12. Recommendations

That members note the positive collection trends over the past 12 months against the backdrop of continuing significant economic downturn.

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Taunton Deane Borough Council

Internal Audit Plan – Annual Opinion 2011-12 & Progress
quarter 1 2012-13

Contents

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Annual Opinion:

The Group Audit Manager is required to provide an annual opinion report to support the Annual Governance Statement.

Purpose of Report

The Accounts and Audit Regulations (England) 2011 requires public authorities to publish an Annual Governance Statement (AGS). The Statement is an annual review of the Systems of Internal Control and gathers assurance from various sources to support it. One such source is Internal Audit. The Head of Internal Audit should provide a written annual report to those charged with governance to support the AGS. This report should include the following:

- an opinion on the overall adequacy and effectiveness of the organisation's risk management systems and internal control environment
- disclose any qualifications to that opinion, together with the reasons for the qualification
- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies
- draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement
- compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria
- comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content.

Background

The Internal Audit service for Taunton Deane Borough Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors. The Partnership is also guided by the Internal Audit Charter which is reviewed annually. Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work of the Unit is based on the Annual Plan agreed by Senior Management and this Committee. This report summarises the activity of SWAP for the year April 2011 to March 2012.

Annual Opinion:

The Group Audit Manager is required to provide an annual opinion report to support the Annual Governance Statement.

Group Audit Manager's Opinion

Over the year SWAP has found Senior Management at Taunton Deane Borough Council to be supportive of Internal Audit findings and responsive to the recommendations made. In addition there is a good relationship with Management whereby they feel they can approach SWAP openly into areas where they perceive potential problems and again welcome the opportunity to take on board recommendations for improvement.

Of the 38 reviews undertaken, 7 were non-opinion leaving 31 reviews which gave an audit opinion. Considering the balance of the audit work and outcomes I am able to offer reasonable assurance in respect of the areas reviewed during the year as on balance most were found to be adequately controlled. Risks are generally managed, although there are some areas that require the introduction or improvement of internal control to help achieve TDBC's services and corporate objectives.

Local Government, along with other Public Sector partners is experiencing unprecedented change driven by Central Government and will result in many challenges for Taunton Deane Borough Council. These changes will mean greater reliance will be placed on internal systems and their effectiveness. In order to make changes and react to new and emerging risks, the Council will need assurance that Internal Controls are in place and operating effectively.

A key objective of SWAP is to continue to support management in this task. I am confident that the Internal Audit Plan for 2012-13 has the correct focus for this purpose, but it will of course need to remain flexible to meeting the ever changing risk environment.

Performance:

The Head of Internal Audit Partnership reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

During the year we saw the introduction of Wiltshire, the largest Unitary Council in the South West into the Audit Partnership. SWAP now covers the three County Councils of Somerset, Dorset and Wiltshire, the five Somerset Districts, two District Councils in Dorset, one District in Devon and one District Council in Gloucester. In addition to these 12 key partners, SWAP also provides an internal audit service to a number of subsidiary bodies, including the Somerset Waste Partnership.

With regards to the 2011/12 Annual Plan for Taunton Deane Borough Council, there were a total of 38 reviews planned. It was necessary to remove 2 of these audits in order to meet the SWAP Management Board's approved 5% reduction, resulting from resource issues across the Partnership, not least the loss of our IT Audit Manager, who has now been successfully replaced. A further 3 audits were replaced with 'special review' audits at request of Management and planned advice time was used to cover 3 additional reviews. In total we will have managed to undertake 38 reviews.

Most audits have been completed to report stage with 2 drafts to be finalised and 2 reviews in progress at the time of this report. These are targeted to be finalised before the end of June 2012.

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the Service Manager or nominated officer. The aim of the questionnaires is to gauge satisfaction against timeliness, quality and professionalism. As part of the Balanced Scorecard presented to the SWAP Boards, a target of 85% is set where 75% would represent good. The latest Scorecard for the Partnership shows the current average feedback score to be 84%. For Taunton Deane Borough Council the average feedback score was 79%.

Summary of Work 2011/12

The agreed Annual Audit Plan covers the following Key areas of Activity:

- OPERATIONAL AUDITS
- INFORMATION SYSTEMS
- KEY CONTROLS
- GOVERNANCE, FRAUD & CORRUPTION
- SPECIAL REVIEWS

Internal Audit Work Programme

The schedule provided at Appendix A contains a list of all audits agreed for inclusion in the Annual Audit Plan 2011/12 and the final outturn for the financial year. In total, 36 (including 2 at draft) audit reviews were completed during the year with a further 2 audits due for completion. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Of the 36 reviews completed, they are broken down as follows:

- | | |
|-----------------------|----|
| • Operational Audits | 10 |
| • Information Systems | 2 |
| • Key Control | 12 |
| • Governance & Fraud | 8 |
| • Special Reviews | 4 |

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” -Appendix D.

Summary of Work 2011/12

The agreed Annual Audit Plan covers the following key areas of Activity:

- OPERATIONAL AUDITS
- INFORMATION SYSTEMS
- KEY CONTROLS
- GOVERNANCE, FRAUD & CORRUPTION
- SPECIAL REVIEWS

Audits Completed - Operational

Operational Audits—are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested; risks are assessed against the risk appetite agreed with the SWAP Management Board. Where weaknesses or areas for improvement are identified, actions are agreed with management, prioritised and target dated. Based on the findings of each review, an overall Control Assurance is offered.

Operational Audits completed by SWAP for the Period April 2011 to March 2012, together with the Control Assurance offered, are summarised in the following table:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Car Parks Income	▲★★★ Partial	Economic Development	▲★★★ Partial
Choice Based Lettings	▲★★★★ Reasonable	Heritage and Landscape Services	▲★★★★ Reasonable
DLO Stores (External Sales)	▲★★★ Partial	Leases- Rent Receivable	▲★★★★ Reasonable (Draft)
Housing Benefits Subsidy	▲★★★★ Reasonable	Supporting People	▲★★★ Partial
Licensing Income	▲★★★★ Reasonable	Follow-up Car Parks Income	Non-Opinion*1

The Corporate Governance Committee received details behind the Economical Development, Supporting People, Car Parks and DLO Stores audits at an earlier meeting. As agreed with this Committee Follow-up audits are conducted on all partial and no-assurance opinion audits and as such these are scheduled in the 2012-13 plan.

Summary of Work 2011/12

Continued.....

Audits Completed - Operational Continued

*1 All follow up audits are non-opinion as the focus of the review is only to seek assurance that weaknesses raised in the original audit have been addressed. Follow up work on the recommendations is scheduled to commence shortly and any outstanding actions will be reported back to this Committee.

The Car Parks Audit has been followed up and it is pleasing to report that the high priority findings from this audit have been addressed.

Audits Completed – Information Systems

Information Systems—IS audits are completed to provide the Authority with assurance with regards to their compliance with industry best practice. As with Operational Audits, an audit opinion is given. The following IS audits were in the plan for 2011/12:

Audit Area	Audit Opinion
IT Asset Management	▲★☆☆ Partial (Draft)
IT strategy review	▲★★★★ No Assurance
CoCo	In Progress

CoCo

This audit was to review the submission for the Government Connect Code of Connection and any subsequent actions required on TDBC once the submission had been returned. The submission was returned at the end of April and fieldwork is scheduled to be completed in June.

Summary of Work 2011/12

Continued.....

Audits Completed – Information Systems Continued

IT Strategy

A review was carried out to assess the adequacy of Taunton Deane Borough Council's (TDBC) ICT Strategy. The provision and on-going review of this Strategy is the responsibility of Southwest One. However, at the time of the review no ICT Strategy has been provided to TDBC and officers have expressed their concerns of the risk this represents to the Council to the highest management at Southwest One.

Southwest One's Technical Services have also been re-organised to improve the delivery of their ICT Services to their partners and senior officers at TDBC have been pleased to receive a draft Infrastructure & Application Strategy (2011/12) and a Service Delivery Plan (2012/13) for the Council. Due to the assurance rating this review will be followed up in 2012-13.

The individual high priority findings can be viewed on [Appendix B](#).

Audits Completed – Key Controls, Finance

Key Control Audits — The Key Control Audit process focuses primarily on key risks relating to the Council's major financial systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. The findings from these reviews are considered by the External Auditors when they assess the Council's Financial Statements at year end.

It is noted that there has been improvements within the finance key controls when compared to previous years. Key Control Audits completed by SWAP during the period April 2011 to March 2012 and previously reported to Committee are as follows:

Summary of Work 2011/12

Continued.....

Audits Completed – Key Controls, Finance Continued

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Creditors	▲★☆☆ Partial	Treasury Management	▲★★★★ Reasonable
Debtors	▲★☆☆ Partial	Housing Rents	▲★★★★ Reasonable
Capital Accounting	▲★★★★ Reasonable	Council Tax	▲★★★★ Comprehensive
Payroll	▲★★★★ Reasonable	Housing Benefits	▲★★★★ Comprehensive
Main Accounting	▲★★★★ Reasonable	NNDR	▲★★★★ Comprehensive

Creditors & Debtors

Both these reviews were looked at in quarter 1 and again as part of the quarter 3 key control work. The opinion has been referred to once for each review.

Whilst there has been some improvement within creditors and debtors there are still a number areas that still require improvements, most notably cleansing the supplier database of duplicate entries. Further details are contained in [Appendix B](#) of the high priority findings and recommendations.

Summary of Work 2011/12

Continued.....

Audits Completed — Governance and Fraud

Governance and Fraud Reviews — The Governance, Fraud and Corruption Audit process focuses primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than Service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk.

Audit Area	Opinion	Audit Area	Opinion
Contract Management Monitoring	▲★☆☆ Partial	Maximising Income Opportunities	In progress
Threat from Fraud or Corruption (Policy Review)	▲★☆☆ Partial	Information Governance	▲★★★ Reasonable
Managing Complaints	▲★★★ Reasonable	Service Planning (Theme Audit)	▲★★★ Reasonable
Scheme of Delegation	▲★★★ Reasonable	Health & Safety- Internal	Non-Opinion
Annual Governance Statement review	Non-Opinion		

The Corporate Governance Committee received details behind the Contract Management Audit and Threat from Fraud and Corruption (Policy review) Audit at an earlier meeting. Follow up work on the recommendations is scheduled to commence shortly and any outstanding actions will be reported back to this Committee.

Summary of Work 2011/12

Continued.....

Audits Completed - Special Reviews

Special reviews are where management have request our time to be spent looking at a particular area where they may be some concerns. There were 4 special reviews undertaken during this period.

Audit Area	Opinion
Sale of Land	Non-Opinion
Disclosure of confidential information	Non-Opinion
Project Taunton	Non-Opinion
Lottery Funding	Non-Opinion

Sale of Land

A review was undertaken of the granting of a licence in return for a financial consideration in relation to land owned by the Council at Bishop’s Hull. This investigation could not conclusively confirm either way that best value had or had not been obtained. The review identified some weaknesses in the Council’s processes which are detailed in Appendix B on the high priority recommendations.

Disclosure of Confidential Information

This consisted of providing support to the Democratic Services when investigating the disclosure of confidential information to the press relating to various options under consideration to help balance the budget. Democratic Services were responsible for writing the report and concluding on the evidence in relation to this review.

Summary of Work 2011/12

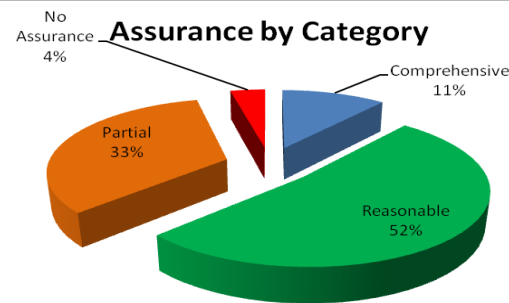
Continued.....

Audits Completed - Special Reviews Continued

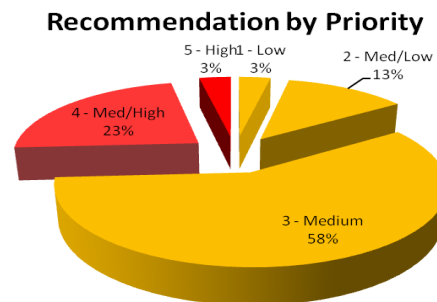
Project Taunton

This was a review of governance arrangements in place in relation to Project Taunton. Although set up as a Partnership, TDBC has been the lead partner particularly since securing growth points funding where the Council is the Accountable Body. Further details of high priority findings can be found in [Appendix B](#).

Summary of Control Assurance and Recommendations



Removing the non-opinion work shows that just over 60% of the reviews undertaken returned a favourable opinion. To provide this Committee with the assurance required, follow up audits are being conducted on the 37% that did not meet a reasonable assurance rating. Further details can be found in [Appendix C](#) where the follow up audits are listed.



This shows that the majority of the recommendations made were of a medium priority. Only 3% of all recommendations made were considered of a High priority (5). These were in relation to Contract Management, IT Strategy and Car Parking Income.

Audit Progress 2012/13

Our Audit Progress is Split between:

- **OPERATIONAL AUDITS**
- **INFORMATION SYSTEMS**
- **KEY CONTROLS**
- **GOVERNANCE, FRAUD & CORRUPTION**
- **SPECIAL REVIEWS**

Audit Plan Progress 2012-13

The Annual Audit Plan 2012-13 was agreed by this Committee on Wednesday, 12th March, 2012 and the progress to date on the quarter scheduled work is detailed in [Appendix C](#).

As mentioned earlier in this report, the processes, assessment of risk and prioritisation of recommendations will all be changed to the new approach adopted by SWAP and all of its partners. There will clearly be somewhat of a learning curve for staff but the new approach allows us to compare and contrast risks across our partners from the same basis.

In terms of the 2012/13 plan I am pleased with the progress that has been made although our priority must be to bring the 2011/12 plan to a swift conclusion. There has been a delay with obtaining the creditors data from SAP which has necessitated the need to progress a couple of quarter 2 audits to compensate. A more detailed report with greater narrative will be presented to members at the September Audit Committee.

Audit Plan Progress 2011-12

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major				
						Recommendation				
						1	2	3	4	5
Key Control Audits	Creditors	1	Complete	Partial	10	0	0	8	2	0
Key Control Audits	Debtors	1	Complete	Partial	4	0	0	1	3	0
Governance, Fraud & Corruption	Contract Management monitoring	1	Complete	Partial	8	0	0	4	1	3
Governance, Fraud & Corruption	Health & Safety - Internal	1	Complete	Non-Opinion						
Governance, Fraud & Corruption	Managing Complaints	1	Complete	Reasonable	2	0	0	0	2	0
Governance, Fraud & Corruption	Scheme of Delegation	1	Complete	Reasonable	2	0	0	2	0	0
Operational Audits	Car Parks Income	1	Complete	Partial	4	0	0	2	1	1
Operational Audits	Choice Based Lettings	1	Complete	Reasonable	2	0	0	1	1	0
Operational Audits	DLO Stores (External Sales)	1	Complete	Partial	20	0	2	13	5	0
Operational Audits	Housing Benefits Subsidy	2	Complete	Reasonable	2	0	0	2	0	0
Governance, Fraud & Corruption	Annual Governance Statement Review	2	Complete	Non-Opinion						
Governance, Fraud & Corruption	Information Governance	2	Complete	Reasonable	10	0	0	9	1	0
Governance, Fraud & Corruption	Threat from Fraud or Corruption (Policy Review)	2	Complete	Partial	5	0	0	4	1	0
Operational Audits	Economic Development	2	Complete	Partial	15	0	0	10	5	0
Operational Audits	Heritage and Landscape Services	2	Complete	Reasonable	8	0	1	7	0	0

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major				
						Recommendation				
						1	2	3	4	5
Operational Audits	Leases - Rents receivable	2	Draft Report	Reasonable						
Operational Audits	Legal Services (replaced by disclosure of confidential information)	2	Dropped	N/A						
Operational Audits	Supporting People	2	Complete	Partial	10	0	0	7	3	0
IT Audits	CoCo	3	In Progress							
Key Control Audits	Capital Accounting	3	Complete	Reasonable	3	1	2	0	0	0
Key Control Audits	Council Tax	3	Complete	Comprehensive	3	0	2	1	0	0
Key Control Audits	Creditors	3	Complete	Partial	8	0	2	4	2	0
Key Control Audits	Debtors	3	Complete	Partial	7	1	3	2	1	0
Key Control Audits	Housing Benefits	3	Complete	Comprehensive	0	0	0	0	0	0
Key Control Audits	Housing Rents	3	Complete	Reasonable	10	0	3	7	0	0
Key Control Audits	Main Accounting	3	Complete	Reasonable	8	0	5	3	0	0
Key Control Audits	NNDR	3	Complete	Comprehensive						
Key Control Audits	Payroll	3	Complete	Reasonable	1	0	0	1	0	0
Key Control Audits	Treasury Management	3	Complete	Reasonable	6	4	2	0	0	0
Governance, Fraud & Corruption	Maximising Income Opportunities	4	In Progress							
Governance, Fraud & Corruption	Equalities and Diversity (replaced by Lottery Funding)	4	Dropped	N/A						
Governance, Fraud & Corruption	Safeguarding of Children and Vulnerable Adults (Theme Audit) (5% Reduction)	4	Removed	N/A						

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ←————→ 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Service Planning (Theme Audit)	4	Complete	Reasonable	5	0	0	5	0	0
IT Audits	IT Strategy	4	Complete	No Assurance	9	0	1	3	3	2
Operational Audits	Housing Property Services - Contract Allocation/Monitoring (replaced by Project Taunton)	4	Dropped	N/A						
Operational Audits	Licensing Income	4	Complete	Reasonable	5	0	0	5	0	0
Operational Audits	Planning Fees - (5% Reduction)	4	Removed	N/A						
Operational Audits	Waste and Recycling (Contribution to SWP Plan)	4	Complete	N/A						

Additional Reviews

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ←————→ 5 = Major				
						Recommendation				
						1	2	3	4	5
Special Review	Sale of Land	2	Complete	Non-Opinion						
IT Audits	IT Asset Management	2	Draft Report	Partial						
Special Review	Disclosure of confidential information	3	Complete	Non-Opinion						
Special Review	Project Taunton	3	Complete	Non-Opinion						
Special Review	Lottery Funding	4	Complete	Non-Opinion						
Follow-up Audit	Car Parks	4	Complete	Follow-up						

APPENDIX B

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
29/03/12	Creditors	No detailed guidance in place for the SPS team relating to vendor creation and amendments. There is also evidence of inconsistencies with evidence retained.	Without guidance inconsistent processes might exist between the two teams and inadequate checks undertaken	I recommend that the Head of Procurement Operations ensures that suitable guidance is put in place for the SPS Team that is consistent with the requirements laid down within the Master Data Team's guidance.	We have discussed the requirement with our own RACM team within the SWOne Business Office. An agreement has been reached that the appropriate documentation will be transferred across to the SPS and adopted by end of 1 st quarter 2012	June 2012	Head of Procurement Operations
29/03/12	Creditors	Duplicate vendor records exist on the vendor file as the cleansing exercise is not complete, nor will be by the March 2012 deadline	If duplicate vendors remain on the system there is an increased risk of duplicate payments going undetected and vendor details becoming out of date where one record is up dated over time	I recommend that Head of Procurement Operations ensures that the cleansing of the master data file is completed as expediently as possible.	An RFS has been submitted for ICT to produce a vendor report to identify all duplicate vendor records. The Functional Specification is complete but waiting to receive the Procedural Definition Document (PDD) back from ICT, which should be before the end of q4. The PDD will be used to assess how much work is required to cleanse the system, which will dictate timescales. Will utilise the 'partner function' to reduce vendor records where the same vendor provides more than one type of service.	PDD end quarter 4	Head of Procurement Operations

High Priority Findings and Recommendations

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
18/04/12	Debtors	There is currently a large amount of outstanding debt where recovery action is overdue.	The total value of these debts over 90 days old is £221,366.	I recommend that the AR Manager ensures that work is undertaken on debt recovery that is the responsibility of the AR team in order to significantly reduce the number of debts on the aged debt report where action is overdue	The AR team continue to work on debt recovery within the resources available. The team will not be fully resourced until May 2012 and backlog to address also.	31/12/12	Accounts Receivable Manager
07/12/12	Valuation of land at Taunton Deane Crematorium	Clarification required over the factors that determine the valuation of Council land	From a review of the various procedure rules it was clear across the SWAP partners' Financial Procedural Rules examined there was limited reference to the legislation or key controls which should be in place to support decisions taken and what these controls should demonstrate they have considered in coming to a determination.	I recommend the Freehold Property Team Leader produces some generic guidance which provides the Council's senior management/ members with an understanding of what factors may be considered when valuing property or land.	Agreed	31/03/2012	Freehold Property Team Leader, Estates, Southwest One

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
07/12/12	Valuation of land at Taunton Deane Crematorium	Council's Financial regulations require improvement to document controls around sale of land	Without clear reference within the Council's Financial regulations to the key controls the Councils could leave itself open to challenge in failing to demonstrate transparency in the decision making process.	I recommend the Section 151 Officer ensures the Council's Financial Regulations are updated to reflect the legislation and control environment governing the documenting of decisions made in relation to the sale of Council owned land.	Agreed. Financial procedures rules are due to be refreshed by April 2012	31/03/2012	Section 151 officer
07/12/12	Valuation of land at Taunton Deane Crematorium	Quality assurance process needs to be implemented regarding the valuation of Council land	Without a valuation report which documents in detail the rationale used to conduct the valuation (including any benchmarking undertaken) and the proposed valuation figure, once again the Council leaves itself open to challenge over the way in which it can demonstrate the best value has	I recommend the Freehold Property Team Leader implements a quality assurance process which ensures a sample of valuation reports are checked each month to determine whether they contain the rationale for the valuation and valuation figure.	Agreed. In practice this will be through the countersigning of all valuations by line management against a statement which confirms they are satisfied that the rationale behind the valuation together with the valuation figure itself appears reasonable.	01/02/2012	Freehold Property Team leader, Estates, Southwest one

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
			been achieved.				
17/04/12	Project Taunton-Governance Arrangements	The Memorandum of understanding has not been kept up to date and does not cover all areas expected, including the partners approach to joint working.	There is a risk that the understanding of partnership working, including the meaning of the arms length arrangement, may have been different across the parties.	I recommend that the Strategic Director responsible for Project Taunton establishes the current position in relation to the MOU and ensures all necessary updates are agreed.	The MOU will be revisited by the refreshed TAB. This will be constituted in May with a first meeting in June/July when this item will be put on the agenda.	Sept 2012	Strategic Director responsible for Project Taunton
17/04/12	Project Taunton-Governance Arrangements	The Memorandum of understanding has not been kept up to date and does not cover all areas expected, including the partners approach to joint working.	There is a risk that the understanding of partnership working, including the meaning of the arms length arrangement, may have been different across the parties.	I recommend that the Legal and Democratic Services Manager ensures that any MOU entered into by the Council covers all areas of importance including the partners approach to joint working and the relationship between them. The importance of keeping agreements up to date as well as being agreed by all parties should be stressed at the outset, to ensure all changes to arrangements can be captured. A MOU checklist could assist with this.	The MOU will be revisited by the refreshed TAB. This will be constituted in May with a first meeting in June/July when this item will be put on the agenda.	Sept 2012	Strategic Director responsible for Project Taunton/ Legal and Democratic Services Manager

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
17/04/12	Project Taunton-Governance Arrangements	The Roles and Responsibilities of Committees in relation to Project Taunton are out of date.	There is a risk that previous responsibilities held are no longer being fulfilled which could adversely affect the management of the project.	I recommend that the Strategic Director responsible for Project Taunton reviews the role of the remaining Committees to ensure that all key responsibilities are included.	The list at 1.5 has been reviewed – and – as a consequence there will be no other committees outside of the TAB and PTSG that need review.	N/A	N/A
17/04/12	Project Taunton-Governance Arrangements	A review to ensure that the Project Taunton meets its intended aims and objectives have never taken place	Without key objectives and associated targets there is a risk that Project Taunton delivery will not be in line with the Council's priorities and expectations	I recommend that the Strategic Director works with Project Taunton to produce a Business Planning Document that contains key objectives and targets. This should then be monitored regularly to ensure key aims and objectives are being met.	PT aims and objectives are informally reviewed by the Strategic Director and Members. It is agreed that this should be formalised and a 3 year purpose built strategic plan and annual operational plan delivered.	Both plans drafted July 2012 for CMT and Members to sign off	Strategic Director responsible for Project Taunton/ Client and Performance Lead
17/04/12	Project Taunton-Governance Arrangements	The role of TDBC in Project Management has not been clearly specified by the Council and agreed with Project Taunton	The lack of input from an expert client does create a risk that project performance issues are not adequately addressed	I recommend that the Strategic Director responsible for Project Taunton specifies how TDBC staff are involved in individual projects and this is agreed with both parties.	Individual project plans are held for major schemes. It is accepted that the TDBC corporate approach to project management is not applied and this will happen in the future. Formal PM will be applied to all future project delivered under the new strategic and operational plan.	The TDBC corporate approach to PM will be applied from July 2012 onwards	Strategic Director responsible for Project Taunton/ Client and Performance Lead

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
17/04/12	Project Taunton-Governance Arrangements	There is currently a lack of evidence of regular budget monitoring by senior management and committees, in respect of Project Taunton.	There is therefore an increased risk that budgets will be uncontrolled and overspends will occur	I recommend that the Strategic Director responsible for Project Taunton ensures that they are included in quarterly financial and performance monitoring arrangements as carried out by the TDBC Executive.	High level budgets are reviewed by the TAB. It is accepted that TDBC formal mechanism for budget monitoring now has to be adopted.	By Qtr 2 cycle of reporting	Strategic Director responsible for Project Taunton/ Financial Services Manager
17/04/12	Project Taunton-Governance Arrangements	The Project Taunton risk register is not complete and up to date and is not monitored on a regular basis.	Risks to the Council may be missed.	I recommend that the Strategic Director responsible for Project Taunton ensures that the risk register is updated and reviewed on a regular basis.	Individual projects have risk registers that are reviewed by the PT team. It is accepted that TDBC's corporate approach to risk management should be adopted	By July 2012	Strategic Director responsible for Project Taunton/ Client and Performance Lead
17/04/12	Project Taunton-Governance Arrangements	Risks relating to Project Taunton are not being considered for inclusion within the TDBC risk register.	Risks to the Council may be missed.	I recommend that the Strategic Director responsible for Project Taunton now considers whether Project Taunton risks should be included within the Corporate Risk Register.	Individual projects have risk registers that are reviewed by the PT team. It is accepted that TDBC's corporate approach to risk management should be adopted	By July 2012	Strategic Director responsible for Project Taunton/ Client and Performance Lead

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
06/06/12	ICT Strategy Review	There is no ICT Strategy in place nor received any plans for provision of ICT.	Financial and operational risk.	I recommend that the Performance & Client Lead should determine the present situation regarding the issue raised and agree how they impact on the delivery of service with CMT. The group should formally endorse the document as being a fair assessment of TDBC's current ICT situation	Agreed. This has already been completed. A review and update is due to go to CMT in June 2012	April 2012	Alison North
06/06/12	ICT Strategy Review	No recovery Plan has yet been initiated.	The corporate objectives are not being met.	I recommend that TDBC requests a meeting with Southwest One to discuss how the outstanding issues formally agreed by the CMT can be progressed. The outcome of this meeting should be an undertaking by Southwest One to address each of the raised items as an individual entry on a formal Recovery Plan. Once the Recovery Plan has been agreed with TDBC, Southwest One should provide a timeline of when these issues will be addressed.	Agreed. This has happened and has led to progress in some areas and requires continued monitoring with SW1 until TDBC are satisfied. We are due a review in early June 2012.	April 2012	Alison North

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
06/06/12	ICT Strategy Review	Corporate objectives specifically identifying the role Southwest one will play in delivering these has not been translated to into an ICT Strategy.	Without an ICT strategy these is a risk that the council is not meeting their objectives	<p>I recommend that Southwest One develop the ICT Strategy to meet the contractual undertaking in accordance to Output Specification ICT Appendix g, Section 2.2.1 which was documented as follows:</p> <ul style="list-style-type: none"> • Provision of ICT Strategic Service Plan on a three year rolling basis with annual updates. • Provision of ICT Service Delivery Plan (currently 4) on an annual basis. • Provision of an annual ICT Strategy. <p>The provision of these plans and the annual ICT Strategy will necessitate an understanding of TDBC's Corporate Plan and an engagement with heads of services to ensure that the technological requirements needed by services to meet the Council's Corporate plan will be addressed.</p>	Agreed. In communication with SW1 to obtain a commitment and undertaking to address this significant issue. SW1 to provide assurance to Client & Performance Lead Officer on progress ahead of the CMT meeting in June.	September 2012	Alison North

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
06/06/12	ICT Strategy Review	No performance indicators established in the contract with regards to them monitoring of the item "ICT Strategic Leadership and management"	Without proper monitoring there is a risk that the ICT Strategy will not be aligned with TDBC financial planning	I recommend that the ICT Strategy should be formally endorsed by both TDBC & Southwest One. It should be subjected to regular review preferably via the 'Golden Thread' level of scrutiny as applied to all strategic areas of TDBC business. The involvement of senior management and members should also help ensure that the ICT Strategy is properly aligned with TDBC financial planning.	Agreed. CMT to provide the Corporate voice of TDBC. This to be discussed by CMT in June 2012 who will best determine the means by which this scrutiny will be provided	June 2012	CMT
06/06/12	ICT Strategy Review	Lack of working relationships between TDBC and Southwest One	Without closer working relationship there is a risk that ICT issues will not be appropriately resolved	I recommend that the Council should establish a TDBC ICT forum to comprise service representatives and members of Southwest One. This will enable the partnership to develop a closer working relationship and a better understanding of ICT related issues. This forum should be backed by a formal Terms of Reference where the responsibilities of the group are documented and understood by all attendees, minutes should record all actions agreed and a timetable established for future meetings.	Agreed. A request will be made to the CMT to instigate an ICT Forum with representatives from across TDBC services. SW1 to be invited to attend the Forum as permanent members.	June 2012	Alison North

High Priority Findings and Recommendations

Date	Name of Audit	Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
06/06/12	ICT Strategy Review	Need to establish adequacy of all ICT service delivered by Southwest one	Without a full ICT service delivery review there is a risk that the council fails to deliver efficiencies	I recommend that a full ICT service delivery review is undertaken to establish the adequacy of all ICT services delivered by Southwest One.	Agreed. The scope of this review will be determined following the ICT Strategy follow up review.	April 2013	Alison North

Appendix C

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Fraud and Corruption - Creditors Fraud	1	In Progress							
Governance, Fraud & Corruption	Data Security Breaches	1	In Progress							
Governance, Fraud & Corruption	Delivery of Major Projects - Risk Management	1	In Progress							
Governance, Fraud & Corruption	Business Continuity in times of change/reduction	1	In Progress							
Governance, Fraud & Corruption	HR Policies - Absence Management	1	In Progress							
Operational Audits	SAP Administration	1	In Progress							
Operational Audits	Development Control	1	Drafting							
Operational Audits	Equalities & Diversity - Impact Assessments	1	In Progress							
Governance, Fraud & Corruption	Fraud and Corruption - Contract Fraud	2								
Governance, Fraud & Corruption	Committee Reporting - Member Decisions	2								
Governance, Fraud & Corruption	EU Procurement Rules	2								
ICT Audits	Adherence to the new Information Security Policy including portable storage security	2								
Operational Audits	Housing - Asset Management	2	In Progress							
Operational Audits	South West Private Sector Housing partnership	2								

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ←————→ 5 = Major				
						Recommendation				
						1	2	3	4	5
Operational Audits	SWO Contract Monitoring	2								
Operational Audits	Health & Safety Review	2	In Progress							
Key Control	Creditors	3								
Key Control	Council Tax & NNDR	3								
Key Control	Debtors	3								
Key Control	Housing Benefits	3								
Key Control	Main Accounting	3								
Key Control	Payroll	3								
Key Control	Capital Accounting	3								
Key Control	Housing Rents	3								
Key Control	Treasury Management	3								
Key Control	SAP Access	3								
Governance, Fraud & Corruption	Treasury Management	3								
ICT Audits	Software Licensing	3								
Operational Audits	Benefit Scheme Changes	3								
Governance, Fraud & Corruption	Fraud and Corruption - Expense Claim Fraud	4								
Governance, Fraud & Corruption	Asset Management Planning	4								
ICT Audits	System Development Life cycle	4								
Operational Audits	Waste & Recycling	4								
Operational Audits	Housing - Gas Servicing	4								
Operational Audits	Project Taunton Follow up work	4								
Operational Audits	Third Sector Engagement	4								

Additional Reviews

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major				
						Recommendation				
						1	2	3	4	5
Special review	Project Taunton - Transaction Review	1	Draft							

Follow-up Audits

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major				
						Recommendation				
						1	2	3	4	5
Follow-up Audit	Contract Management	1	In Progress							
Follow-up Audit	Threat from Fraud or Corruption (Policy Review)	2								
Follow-up Audit	Economic Development	2	In Progress							
Follow-up Audit	Supporting People	2	In Progress							
Follow-up Audit	IT Strategy	4								

Control Assurance Definitions

Comprehensive	▲☆☆☆ I am able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲☆☆ 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.
Partial	▲☆☆ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲☆☆ I am not able to offer any assurance. 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.

Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.

Priority 4: Important findings that need to be resolved by management.

Priority 3: The accuracy of records is at risk and requires attention.

Priority 2: Minor control issues have been identified which nevertheless need to be addressed.

Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Taunton Deane Borough Council

Corporate Governance Committee - 25 June 2012

Review of Effectiveness of Internal Audit

Report of the Strategic Director (Shirlene Adam).

(This matter is the responsibility of the Leader of the Council, Councillor John Williams)

Executive Summary

This report shares the findings of the recent review of the effectiveness of internal audit carried out by Shirlene Adam, Strategic Director. The review found the service to be operating at a "satisfactory" level.

1. Background

- 1.1 The Internal Audit function forms a part of the Corporate Governance and Internal Control Framework that provides accountability to stakeholders on all areas of the corporate plan.
- 1.2 The Internal Audit function is provided to Taunton Deane Borough Council by the South West Audit Partnership (SWAP). This is a partnership that provides the Internal Audit service to all of the six Somerset authorities, Weymouth and Portland Borough Council, West Dorset District Council, the Forest of Dean District Council, and East Devon District Council, Dorset County Council, and Wiltshire Council.
- 1.3 Their opinion on the adequacy and effectiveness of the Council's internal control framework forms a key part of the evidence used in preparing the corporate Annual Governance Statement (AGS) for 2011-12, which will be published at the same time as the Council's Statement of Accounts later this year.
- 1.2 There is a requirement for authorities to review the effectiveness of their system of internal audit once a year and for the findings of the review to be considered by Members. This review has been carried out by Shirlene Adam, Strategic Director, who is independent of SWAP.

2. Compliance With CIPFA Code

2.1 The CIPFA Code of Practice for Internal Audit sets out how an internal audit function should be fulfilled. The main focus is the internal audit service itself, but the Code does also refer to the wider elements of the “system of internal audit”, including the role of an audit committee. The Code covers:

- scope and terms of reference of internal audit
- independence
- ethics and competence
- audit committees
- relationships
- staffing
- audit strategy and planning
- how audit work is undertaken
- due professional care
- reporting
- performance, quality and effectiveness.

2.2 All aspects of the Code are signed up to by SWAP through the Audit Charter, reviewed and approved by this Audit Committee on an annual basis.

3. The Review of SWAP

3.1 Taunton Deane Borough Councils’ review of Internal Audit has been carried out by the Strategic Director (the Council’s S151 Officer). The findings have been taken into account, and provide supporting evidence for the Annual Governance Statement.

3.2 The review considered:

- How the audit plan was created
- The links to Corporate Strategy, Corporate Risks and Governance
- How the audits were carried out – planning, staffing and risk
- Reporting arrangements during the year
- The Internal Audit Charter
- The total cost of the Audit function and how this is recharged
- Measures to determine success - audits completed against plan
- Feedback from Managers on recent audits
- Feedback from the Audit Commission.

3.3 It was found that overall, the team performed at a satisfactory level, and that this view was supported by the comments of external auditors. The table below shows key statistics on the overall performance of the service during the year compared to the three previous years:

Performance Measure	2008/09	2009/10	2010/11	2011/12
Levels of satisfaction from feedback questionnaires	73% (7 Received)	77% (4 Received)	74.86% (18 Received)	79% (9 Received)
Managed Audits completed in year compared to plan.	100%	100%	100%	100%
Audits completed in year compared to the plan	88%	92%	90%	95%
Total completed audits and reviews	22	30	32	38 (3 at Draft & 2 in progress)
Number of actions for improvements agreed by managers	146	233	189	152
No of audit recommendations considered High Risk (Priority 5)	No data	8	4	4
Cost of audit service to TDBC	£131,600	£131,600	£131,600	£131,600
Value for Money – average cost of audit day compared to private sector (benchmarking)	No PS data available.	SWAP = £280 Private Sector = £320	SWAP = £280 Private Sector = £320	SWAP = £280 Private Sector = £320

1. The table shows that the satisfaction with the audits carried out at TDBC at 77%.
2. The number of audits has increased by 42% compared to the number carried out in 2008/09 whilst the cost has remained the same. TDBC has reduced the overall number of 2012-13 audit days it pays for.
3. The number of actions for improvements has decreased slightly between years.
4. The number of high risk recommendations has been consistent across the Authority compared to previous years.

4. Confirming Future Service Standards

- 4.1 In reviewing SWAP's performance, the Management Board has agreed the following standards of service. This will help ensure that each partner receives the same level and quality of service.

4.2 The following table outlines the minimum standards that were introduced during 2011/12 – and indicates whether they would have been met for 2011/12 at TDBC.

Service Standard	Expected Standard	Delivery of Standard
Attendance by Head of SWAP/ Group Audit Manager at Corporate Governance Committee	At least 2 times per annum	4 times in 2011/12
Attendance by Audit Manager at Audit Committee	At least 2 times per annum	5 times in 2011/12
Attendance by Head of SWAP at Corporate Governance Group	4 times per annum	1 time (note only 1 meeting held – this is a new group)
Liaison meetings with S151 Officer by Head of SWAP/Group Audit Manager	4 times per annum	5 times
Liaison meetings with S151 Officer and Audit Manager	6 times per annum	6 times
Agreement of Audit Plan: Prepared for s151	By mid January each year	Delivered
Prepared for Corporate Governance Committee	By end January each year	Prepared by end January and presented to March 2012 meeting.
Audit Plan monitoring reports	4 times per annum including Annual Report	4 times per annum
Agreement of Audit Charter: Prepared for Management Board/S151	By mid January each year	Delivered

Prepared for Corporate Governance Committee	By end January each year	Prepared by end of January and presented to March 2012 meeting
To assist with member/officer training in audit and governance	Once per annum	Training Delivered Sept 11 to all Somerset Authorities

5. 2011/12 Action Plan

5.1 The following shows progress *in italics* against the actions to be completed in 2011/12:

- To fully implement the Standards of Service agreed in June 2011.
Completed
- To review the current Governance arrangements of the SWAP Partnership and make recommendations for improvement.
Review well underway. Draft Business Plan For change will be presented to the Members Board in June 2012.
- To support the Council in using the MKI management information system for monitoring progress against audit recommendations.
Not completed during 2011/12. Making progress on this in 2012/13 and aim to have this fully in place by Sept 12.
- To ensure that the controls tested, and the sample sizes used, meet the requirements of the Audit Commission for all Managed Audits.
Achieved.
- To ensure the “Managed Audits” are completed to final report stage by the end of January each year (to support the external audit work).
Not achieved. All “managed audits” were at draft report stage by the end of January.

6. Actions To Be Completed In 2012/13

6.1 The following actions are recommended for 2012/13:

- To work with the Council in using the MKI system for monitoring progress against audit recommendations.
- To ensure “Managed Audits” reach final report stage by the end of January 2013 (to support external audit work).
- To engage Devon Audit Partnership to complete a quality review of the work of SWAP, and to provide assurance on the SWAP annual return and control environment.
- To improve the turnaround time between draft and final audit reports being produced.

7. Opinion

7.1 It is the opinion of the Strategic Director that the system of internal audit is effective.

8. Financial Issues / Comments

8.1 The actions outlined can be achieved within the agreed budget for internal audit.

9. Legal Comments

9.1 There are no legal implications from this report.

10. Links to Corporate Aims

10.1 No direct implications.

11. Environmental and Community Safety Implications

11.1 No direct implications.

12. Equalities Impact

12.1 The approval of the internal audit plan does not require an equalities impact assessment to be prepared.

13. Risk Management

13.1 Any risks identified will feed in to the corporate risk management process.

14. Partnership Implications

14.1 Outlined in the report.

15. Recommendation

15.1 The Corporate Governance Committee is requested to note the findings of the review of the effectiveness of internal audit for 2011/12.

Contact Officers:

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Taunton Deane Borough Council

Corporate Governance Committee – 25 June 2012

Corporate Governance Action Plan

Report of Performance Lead

(This matter is the responsibility of Executive Councillor Stock-Williams)

1. Executive Summary

This report shows progress against the Corporate Governance Action Plan as at the end of May 2012.

2. Background

- 2.1 Each year, the Council receives a number of reports and assessments which result in recommendations for improvement. These normally contain individual action plans which can prove challenging to manage and monitor. Therefore an aggregated plan provides the Council with details, in one place, of the scale of improvements required and progress against them.
- 2.2 The Corporate Governance Action Plan currently includes 21 actions, which are the most recent external audit recommendations from the following sources:
 - Annual Audit Letter 2010/11 (Audit Commission , Oct 2011)
 - Annual Governance Report 2010/11 (Audit Commission, Sept 2011)
- 2.3 Actions progress monitoring is undertaken quarterly by Theme Managers and a summary features in the Corporate Performance Scorecard. The Corporate Governance Group provides an overview of the plan, and may request further actions to be added (for example, significant findings from Internal Audits).

3. Progress (as at June 2012)

3.1 The Corporate Governance Action Plan currently lists **21 actions**. Progress monitoring against implementation by the target dates has revealed the following:

Priority	On Target / Complete ☺	Some Concern ☹	Off Target ☹
High	6 (67%)	2 (22%)	1 (11%)
Medium	8 (80%)	1 (10%)	1 (10%)
Low	2 (100%)		
Total	16 (76%)	3 (14%)	2 (10%)

This indicates a slightly improved position compared to the previous report in December 2011, where 73% of actions were 'on target'.

There are however 2 actions that are off target, one of which is rated as 'High priority', and the other action rated with 'Medium priority'.

3.2 High priority actions that are 'off target' (Red status) or with 'some concern' (Amber status):

- Update the IT Strategies and ensure there are clear links from these to financial planning
- Complete Business Continuity (BC) and IT disaster recovery planning (including SW1 services)
- Determine spending priorities and reduce expenditure to ensure that future budgets are balanced by closing the gap between expenditure and projected income

Further detail is found in the table in Appendix A

3.3 Medium priority actions that are 'off target' (Red status) or with 'some concern' (Amber status):

- Maintain a register of partnerships and prepare a protocol for establishing new partnerships
- To fully review the Financial regulations

Further detail is found in the table in Appendix A

3.4 The other 16 actions (High, Medium or Low priority) that are 'on track' or complete are listed below.

High priority:

- Update the Workforce Strategy (ensuring there are clear links to financial planning) and complete & agree a new workforce plan
- Improve control and monitoring of Section 106 Agreements
- Ensure that HRA balances remain in excess of the minimum levels
- Use comparative information such as benchmarking to inform strategic decisions on the allocation of resources
- Further improve the closedown process so that the draft financial statements are prepared in time to meet the statutory deadline of 30 June.
- Complete the investigations into the higher priority National Fraud Initiative data matches.

Medium / Low priority:

- Update the master data file for vendors (suppliers) to remove duplicate entries for the same vendor (supplier)
- Provide clear written instructions to the valuer to ensure that the Council meets the requirements of the Code
- Provide a full segmental analysis required by the Code for the Financial Statements for 2011/12
- Investigate and clear the unallocated cash balances
- Review how the cash flow statement is prepared to eliminate significant balancing items
- The Council should review the accounting treatment and value for money arising from sale and leaseback proposals before they are approved
- The Council should review its bad debt provision for former tenants and ensure that the aged debt analysis for all debts is reconciled to the figures in the balance sheet
- All transactions on the SAP financial system should contain sufficient narrative to identify the purpose of the transaction, the timing and the source
- Review the process for recognising and accounting for rental income in advance
- Strengthen the arrangements to ensure the accuracy of the whole of government accounts submission.

4. Finance Comments

Recommended improvement actions in relation to Managing Finances are included in the Corporate Governance Action Plan.

5. Legal Comments

Recommended improvement actions in relation to legal / Corporate Governance issues are included in the Corporate Governance Action Plan.

6. Links to Corporate Aims

The Corporate Governance Action Plan supports all aspects of the Council's corporate aims and operations.

7. Environmental and Community Safety Implications

Recommended improvement actions in relation to Climate Change are included in the Corporate Governance Action Plan.

8. Equalities Impact

Recommended improvement actions in relation to Equalities & Diversity are included in the Corporate Governance Action Plan where relevant.

9. Risk Management

The Corporate Risk Register includes the risk:
There is a risk of failure to comply with key internal controls & corporate governance arrangements (ie compliance with audit recommendations).

The Corporate Governance Action Plan is a key control measure, however there are a number of risks associated with not completing the recommended actions within the Corporate Governance Action Plan (eg External Audit opinion, reputation, financial).

10. Partnership Implications

Recommended improvement actions in relation to partnership working, are included in the Corporate Governance Action Plan.

11. Recommendations

It is recommended that Members scrutinise progress of the Corporate Governance Action Plan.

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Performance Lead

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CORPORATE GOVERNANCE ACTION PLAN 2012/13

APPENDIX A

Jun-12

Item	Improvement / recommendation	Proposed / Planned activities	Target date	Lead Officer	Source	Success criteria	Progress	Status
HIGH PRIORITY ACTIONS								
2	Update the IT Strategies and ensure there are clear links from these to financial planning.	Establish an IT work group	Apr-12	Shirlene Adam Alison North & SW1 IT	2009/10 VfM conclusion report Sept 2010	Fit for purpose IT strategy	Some progress has been made since the last update as follows: 1.Outline ICT Infrastructure Renovation Programme 2.Application Road Map 3.Draft ICT SDP(Service Delivery Plan) ICT Strategy Audit was rated with 'No Assurance' due to the lack of an overall strategy to bring this together. Actions for SWOne ICT and TDBC have been put forward Head of Client has met with SWOne Director of Operations and ICT Head of Service. Actions have been agreed. First step will be to agree finalised actions and governance to monitor the actions with SWAP a meeting to do this has been arranged for 20th June	
1	Complete Business Continuity (BC) and IT disaster recovery planning (including SW1 services)	1. Ensure adequate BC plans in place at corporate and service level, including key partners. 2. Annual testing of BC plans	Sep-13	John Lewis / Alison North	2009/10 VfM conclusion report Sept 2010	Plans in place & tested	1. Service plans completed. Corporate plan to be updated to reflect latest restructure (June '12). 2.Test exercise planned for Sept '13 in conjunction with Civil Contingencies Partnership. (Target date revised)	
16	Determine spending priorities and reduce expenditure to ensure that future budgets are balanced by closing the gap between expenditure and projected income		Mar-12	Shirlene Adam	Annual Governance Report 2010/11 (Sept 11)		This recommendation still stands and Members are fully sighted on the challenge. The refresh of the Corporate Strategy into a business plan will help match resources to ambition. The new plan will be presented for approval Dec 12 Full Council	
MEDIUM PRIORITY ACTIONS								
5	Maintain a register of partnerships and prepare a protocol for establishing new partnerships	1. Compile comprehensive partnership register. 2. Confirm involvement and they meet authority's aims and objectives. 3. Introduce protocol for establishing membership prior to commitment. 4. Establish framework and categorisation of partnerships. 5. Widen scope of Members Task & Finish Group re membership on outside bodies	Sep-11	Tonya Meers	2009/10 VfM conclusion report Sept 2010	Partnerships adequately controlled and managed	This has been delayed due to other work commitments and deadlines. A new deadline should be inserted for September 2012.	
4	To fully review the Financial regulations	To complete review of the financial regulations	Apr-12	Shirlene Adam	Annual Governance Statement 2008/09	A new financial regs document produced	Draft produced in 2011 not accepted. New Financial Procedures part drafted and will be launched over summer 2012.	

Key to alerts:

 (Green)	Planned actions are on course to be achieved by target date, or have been completed
 (Amber)	Some uncertainty or concern in meeting planned actions by target date
 (Red)	Planned actions are off course, or have not been achieved by target date

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Taunton Deane Borough Council

Corporate Governance Committee – 25 June 2012

Annual Governance Statement

Report of the Strategic Finance Officer – Maggie Hammond

(This matter is the responsibility of Executive Councillor Williams – Leader of the Council)

1. Executive Summary

This report invites Members of the Corporate Governance Committee to consider the attached draft Annual Governance Statement (AGS) for Taunton Deane Borough Council before it is signed by the Leader of the Council and the Chief Executive.

2. Background

- 2.1 From 2007/08 the Accounts and Audit Regulations (2006) required this Council to prepare, as proper practice, an Annual Governance Statement to sit alongside the Councils accounts. The purpose of this statement is to provide assurance that the Council has a sound governance framework in place to manage risks that might prevent achievement of its statutory obligations and organisational objectives
- 2.2 The Deputy s151 Officer has led the 2011/12 review of the governance framework, supported by the Monitoring Officer (who led the review of the Local Code of Governance) and the Group Auditor and Performance Officer. The purpose of the review is to highlight any serious governance issues and actions needed to deal with them.

3. Annual Governance Statement (AGS)

- 3.1 The conclusions from the review are that the Councils governance framework is satisfactory during 2011/12.
- 3.2 Further financial controls were introduced in early 2011 around the effective working of SAP. Controls are working well. The challenge now is for the Council to ensure the agreed procedures are in place and being followed across the entire organisation.
- 3.3 During 2011/12 Southwest One Finance Advisory was issued a warning notice and a remediation plan was agreed. The plan was progressed during the year and has now been closed. The s151 Officer still has concerns on the delivery of this service and will work closely with SWOne to ensure they are addressed.

- 3.4 In agenda item 10 of the Executive meeting on 16 November 2011 it was recommended that Project Taunton were moved “in house” To prepare the team for this move we have worked with Project Taunton, SWAP and the performance lead to ensure the full integration of Project Taunton into the Council’s governance arrangements.
- 3.5 Like all councils we are facing increased treasury management risks, mainly due to the Eurozone. Finding a safe place to invest any surplus cash is becoming harder. The investment strategy is to spread this risk wide with the preservation of cash at the heart of any investment decision.
- 3.6 During 2011/12 the council faced significant risk around the HRA reform. To respond to this risk and to shape the service for future years a new 30 year business plan was developed and agreed. Comprehensive consultation on the business plan took place to ensure that views and priorities of stakeholders were considered in developing the plan. The Business Plan contains a comprehensive Action plan and a dashboard is being developed that will be reported to our Tenant Services Management Board and to elected members.
- 3.7 On the agenda is the s151 Officer report on the Internal Audit Service- Review of Effectiveness. This is a review of the governance that underpins the partnership.
- 3.8 The Welfare Reform Act 2012 will bring in significant changes for the Council. We have formed a welfare reform project team that will review this change as well as the change to NNDR and Council Tax Benefit.
- 3.9 A Corporate Projects log is maintained and regularly reviewed by the Corporate Management Team. This document enables effective prioritisation of key corporate projects and other significant tasks, as well as resources planning; issues and risk management.
- 3.10 The Annual Governance Statement is included as an Appendix to this report.
- 3.11 The content of the AGS will need to be reviewed immediately before the publication of the Councils accounts to ensure that the governance framework and risk have not significantly changed since the review was carried out.

4. Finance Comments

- 4.1 There are no specific finance issues relating to this report.

5. Legal Comments

- 5.1 There are no specific legal issues relating to this report.

6. Links to Corporate Aims

6.1 The AGS reports on the governance framework – which is essential to support the delivery of all Corporate Aims.

7. Environmental Implications

7.1 There are no direct implications from this report.

8. Community Safety Implications

8.1 There are no direct implications from this report.

9. Equalities Impact

9.1 There are no direct implications from this report.

10. Risk Management

10.1 The issues flagged as actions in the AGS will be monitored throughout the year.

11. Partnership Implications (if any)

11.1 Key services supporting our arrangements for governance are delivered by our Partners – Southwest One and South West Audit Partnership.

12. Recommendations

12.1 Members of the Corporate Governance Committee are requested to approve the Annual Governance Statement.

Contact Officers:

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TAUNTON DEANE BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2011/12

Scope of responsibility

Taunton Deane Borough Council is responsible for making sure that:-

- its business is conducted in accordance with the law and proper standards
- public money is protected and properly accounted for
- public money used economically, efficiently and effectively.
- there is a sound system of governance incorporating the system of internal control.

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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and the management of risk.

Taunton Deane Borough 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*". A copy of the code can be obtained on request.

This statement explains how Taunton Deane Borough Council has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011 in relation to the publication of statement on annual governance.

Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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 therefore only provide reasonable and not absolute assurance. 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 and impact should those risks be realised. It ensures they are managed efficiently, effectively and economically.

The governance framework has been in place at Taunton Deane Borough Council for the whole year ended 31 March 2012 and up to the date of approval of the statement of accounts.

The Governance Framework

In March 2008, Taunton Deane Borough Council adopted a formal code of corporate governance in line with guidance provided by CIPFA and SOLACE. This describes how Taunton Deane discharges its responsibilities for putting in place proper arrangements for the governance of its affairs, incorporating the six core principles identified by CIPFA / SOLACE. The framework we have in place to ensure we adhere to the Code is described in more detail below.

Core Principle 1 : Focusing on the purpose of the Council and on outcomes for the community creating and implementing a vision for the local area.

- The Council has a 3 year Corporate Strategy, which sets out the corporate aims and a series of organisational objectives embodying how the council will deliver services and meet statutory requirements. The Corporate Strategy is the Council's core planning document, from which the Financial Strategy, Medium Term Financial Plan, Annual Budget, Asset Management Plan, Capital and Housing Strategies are formed to underpin the corporate aims. Service Plans are produced from the Corporate Strategy to show how each service will contribute to the delivery of the Corporate Aims and its service objectives.
- The Performance Outturn Report and Annual Accounts review our performance over the last year, highlighting some practical examples of our achievements.
- Scrutiny Committees and the Executive regularly review our performance and delivery of the plans and priorities.
- The Taunton Deane Partnership has refocused its activities following consultation with partners and the local community. Its main area of work is tackling deprivation through the Priority Areas Strategy (PAS) which focuses activity on both acute urban and rural deprivation. The PAS contains four themes: building strong communities, improved access to services, improving the lives of the most vulnerable families and improving the look and feel of priority areas. The PAS has been adopted and will be delivered through partners from June 2012.

Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- The Council's constitution documents the roles and responsibilities of the Council, Executive, Scrutiny, Policy Development, Regulatory and Officer functions. The constitution is kept under review by the Constitutional Sub-Committee. All proposed changes are considered by the Corporate Governance Committee and Full Council. This has been reviewed and updated during 2010/11.
- The Statutory Officers meet as a Corporate Governance Group. The Monitoring Officer and S151 Officer are members of the Corporate Management Team.

- The Group Leaders, Chief Executive and other relevant key officers meet monthly to share information and discuss any issues for the authority.
- The strategic direction of the organisation and sponsorship of key objectives and priorities is undertaken by the Corporate Management Team, which consists of the Directors, Theme Managers and a representative of Southwest One – who meet on a fortnightly basis with the Chief Executive. In addition to this the Chief Executive and Directors meet on alternative fortnights.
- The Leader and Chief Executive meet on a regular weekly basis in order to maintain a shared understanding of roles and objectives.
- The statutory roles of Monitoring Officer and Chief Finance Officer are well established with their own control regimes to enhance the control environment.
- There is a member/officer protocol that sets out the standards of behaviour expected to ensure a good working relationship between members and officers.
- Portfolio holders and the shadow portfolio holders meet key officers on a regular basis to discuss relevant issues within their portfolio.
- We review our financial management arrangements on a regular basis to ensure they conform to the requirements of CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government: Framework. The review confirmed that during the financial year 2011/12 the Council complied with these requirements.

Core Principle 3: Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- The Council's Standards Committee is chaired by and has a majority of independent members. The Committee promotes and maintains high standards of conduct by Councillors, advising and training on the member's code of conduct, dealing with complaints against members, and any issues raised by the Monitoring Officer. The Committee submits an annual report to the Council's Corporate Governance Committee.
- Managers are responsible for making sure members of staff keep to policies, procedures, laws and regulations and for making sure that we include risk management in our work.
- A complaints procedure is in place for the Council to receive and investigate any complaint made against Borough or Parish members.
- The Council has revised its Whistle-blowing Policy and this is published in the Council's staff handbook and intranet. The handbook contains all key personnel policies, standards, procedures and codes of conduct.

- During the year there was unfortunately a breach of confidentiality. As part of the budget setting process members were all given a pack of papers relating to various options to help balance the budget. The packs were distributed to members and all members had to sign an undertaking to keep the information confidential. Unfortunately one of these packs was leaked to the local press. Following the leak an investigation was undertaken. In addition restrictions were put in place limiting the circulation of confidential information until the investigation had been completed. The results of the investigation revealed that although there was circumstantial evidence pointing to a particular member it was not conclusive and therefore no formal action could be taken. During the investigation SWAP also reviewed the processes that the Council had undertaken when distributing the confidential pack of papers and stated that nothing further could have been done to have prevented the leak.
- The Council has updated its Corporate Debt Management Policy and this is has been shared with staff.
- Internal and External audit work together to review and provide annual opinions on the control framework, governance and validity of the annual accounts.

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and risk management arrangements

- Taunton Deane Borough Council has a published Constitution that sets out the decision-making arrangements and the responsibilities for different functions. There are clear rules of procedure for the running of business meetings and details of delegated authorities to individuals.
- Corporate Scrutiny and Community Scrutiny were set up in April 2009. Performance issues identified in the monitoring reports can be referred to other committees for further scrutiny.
- The main decision making body of the Council is the Executive, which consists of the Leader together with 7 Councillors and carries out all of the Council's functions, which are not the responsibility of any other part of the Council.
- Council meetings are open to the public (with the exception of items that are exempt under the Access to Information Act). The Council makes every effort to advertise meetings, communicate decisions and minutes to ensure they are publicly available.
- The Executive has a published Forward Plan of Decisions to be taken and meets in public on a monthly basis. Executive Councillors have delegated authority to make certain decisions, which are published in the Council's Weekly Bulletin. This, together with an appropriate level of delegation to senior managers, enables speedy and effective decision-making. In addition, all draft Executive minutes are circulated with a call-in pro-forma to all councillors, ensuring a prompt response to any request.
- The Council has in place a Risk Management Strategy which ensures that Risk Management within the Council is aligned with our partner organisations.

The strategy sets out clear limits of responsibility for risk management across the Council. Major projects and partnerships also have risk registers in place and CMT has refreshed the Corporate Risk Register during the course of the year.

- The Council held several information meetings surrounding the HRA reforms to explain the changes and what it would mean for the Council. This allowed members to ask questions throughout the formation of the business plan and finance model. This enabled members to make an informed decision on a very important area for the Council.
- TDBC operates a Corporate Governance Committee which is independent of the Executive and Scrutiny functions of the Council. They cover a wide remit and deal with such things as health and safety, risk management, recommend changes to the Constitution in addition to receiving any audit reports given to the Authority.

Core Principle 5: Developing the capacity and capability of members and officers to be effective in their roles

- The Council aims to ensure that officers and members have the knowledge, capacity and skills they need to undertake their duties, and this is reviewed through the appraisal system. An induction programme is in place for all new staff and new Members.
- Following the local elections a comprehensive induction programme was undertaken with members to ensure that they were given the relevant information in order to enable them to carry out their roles as quickly as possible. Comments received back following this training were very positive and supportive.
- All staff have a performance review and employee development (PRED) meeting with their manager. Performance is reviewed and an action plan for the next period is set. This assists the member of staff in the performance of their work, help develop their skills and identify any training needs. Members have member development plans to help them carry out their roles effectively.
- The Council's Performance Management Framework ensures that the links between the Council's Corporate Objectives, Operational Plans and those of individual officers are clear.
- Members of the Council's Corporate Governance Committee have undergone training in Risk Management during the year and received update reports outlining the current Risk Management arrangements and any future actions. Council committee reports include a standard section for the consideration of risks, which informs decision-making.
- The Council has undertaken a significant programme of management development over the last few years to ensure its leadership team is equipped to support the challenging change programme that lies ahead.
- The Council has a training plan for members together with regular member briefings which cover a range of issues and to ensure that the members are

fully equipped with the skills they need in order to be effective leaders in their community.

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

- The Council consults using a variety of methods, which include public meetings, forums, surveys, feedback forms and focus groups. Listening to and understanding the views of residents, services users, business people, visitors and staff is important to Taunton Deane Borough Council.
- Comprehensive consultation on the HRA 30 year business plan took place to ensure that views and priorities of stakeholders were considered in developing the plan.
- Council's vision and priorities are regularly communicated to the Community through the Somerset County Gazette
- The Council produces the Annual Statement of Accounts. The Council tax booklet shares with payers, details on the Council's financial strategy, priorities, performance and other useful information.
- Committee and Council meetings are open to the public, with papers available on the internet.
- There is regular community engagement and participation through specific community groups involving Housing, Environmental Health, Planning and Democratic Services.

Review of effectiveness

Taunton Deane Borough Council has responsibility for conducting, at least annually, a review of its governance framework including the effectiveness of the system of internal control. The review of the effectiveness is informed by senior managers within the Council who have responsibility for the development and maintenance of the governance environment, and also by the work of the internal auditors, external auditors.

The review for the 2011/12 statement was led by the Deputy s151 Officer, supported by the Monitoring Officer, the Council's Group Audit Manager and Performance Manager. The review was informed by:

- Internal Audits annual opinion report for 2011/12
- The effectiveness of internal audit review
- External auditors comments
- The Councils Governance Action Plan
- Input From The Work Of the Standards Committee

The conclusion of the review is that, overall, the governance arrangements are reasonable. Some issues need attention and they are set out below.

Significant governance issues

During the year the Group Auditor (South West Audit Partnership) brought a number of control issues to the attention of the Council's Corporate Governance Committee. The opinion of the Internal Auditors was that the control environment was reasonable in 2011/12.

Key governance issues for the Council to progress in order to strengthen the control framework include:-

Governance Issue	Owner
Ensuring we have up to date business continuity plans for all services	John Lewis
Ensuring we have up to date disaster recovery plans for major risk areas of the Council	Southwest One
Ensuring our Partnerships realise the benefits they are intended to achieve	CMT
To update the Councils policy on Fraud and Corruption	Tonya Meers
To develop the Council's Strategic IT and Property arrangements	Southwest One
To continue to review the operation of and usage of SAP to ensure that the internal control framework remains robust	Maggie Hammond
To update the Councils Financial Procedure Rules, train staff and monitor compliance	Maggie Hammond
To update the Contract Procedure Rules	Tonya Meers
Maintenance of the Contract Register	Southwest One
Adopt new Code of Conduct and changes to the Standards regime and ensure all Members are trained	Tonya Meers
Ensure we review the publication scheme for FOI	Chris Gunn/Tonya Meers
Ensure that robust Equality Impact Assessments are included in Scrutiny and Executive reports	Simon Lewis
Ensure the Council has appropriate policies and arrangements in place to comply with safeguarding legislation	Simon Lewis
Update the Workforce Strategy (ensuring that there are clear links to financial planning) and complete & agree a new workforce plan	Martin Griffin
Use comparative information such as benchmarking to inform strategic decisions on the allocation of resources	Dan Webb
Introduce a rolling information governance training and awareness program	Tonya Meers
Ensure all risks around the Welfare Reform Act are identified and mitigated wherever possible	Paul Harding

The Council proposes over the coming year to take steps to address the above matters to further enhance our governance arrangements and regularly report back to the Corporate Governance Committee on progress being made. We are satisfied

that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Cllr John Williams

Signed:

Penny James

24/06/2013, Report:Update on Objection to Accounts re Taxi Fee's
Reporting Officers:Scott Weetch