

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 23 June 2014 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 19 May 2014 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
- 5 Health and Safety Update Report. Report of the Health and Safety Officer (attached).
Reporting Officer: Catrin Brown
- 6 Verbal Update on Approach to Corporate Fraud. Report of the Assistant Director of Resources.
Reporting Officer: Paul Fitzgerald
- 7 Overview of Technical Changes to Statement of Accounts 2013/14. Report of the Finance Manager (attached).
Reporting Officer: Jo Nacey
- 8 Draft Annual Governance Statement 2013/14. Report of the Performance Lead (attached).
Reporting Officer: Dan Webb
- 9 Corporate Governance Action Plan. Report of the Performance Lead (attached).
Reporting Officer: Dan Webb
- 10 Annual Report of SWAP. Report of the Audit Manager (attached).
Reporting Officer: Alistair Woodland
- 11 Internal Audit- Review of Effectiveness. Report of the Director of Operations (attached).

Reporting Officers: Shirlene Adam
Richard Sealy

- 12 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)

Bruce Lang
Assistant Chief Executive

09 December 2014

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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Lift access to the John Meikle Room and the other Committee Rooms on the first floor of The Deane House, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available off the landing directly outside the Committee Rooms.



An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.

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 D Reed (Chairman)
Councillor S Coles (Vice-Chairman)
Councillor A Beaven
Councillor B Denington
Councillor E Gaines
Councillor A Govier
Councillor T Hall
Councillor J Horsley
Councillor J Hunt
Councillor S Lees
Councillor Miss F Smith
Councillor P Smith
Councillor V Stock-Williams
Councillor Mrs E Waymouth
Councillor A Wedderkopp

Corporate Governance Committee – 19 May 2014

Present:

Councillors Allgrove, Beaven, Coles, Denington, Gaines, Hall, Hunt, S Lees, D Reed, Mrs Stock-Williams, Miss Smith, Tooze, D Wedderkopp and A Wedderkopp.

Officers:

Richard Sealy (Assistant Director Corporate Services), Bruce Lang (Assistant Chief Executive and Monitoring Officer), Maggie Hammond (Strategic Finance Officer), Shirlene Adam (Director of Operations) and Emma Hill (Corporate Support Officer).

Also Present:

Ashley Allen (Audit Manager, Grant Thornton)
Peter Barber (Appointed Auditor, Grant Thornton)

(The meeting commenced at 6.15 pm)

14. Appointment of Chairman

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

15. Appointment of Vice-Chairman

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

16. Apologies/Substitutions

Apologies: Councillors A Govier, Horsley, R Lees and Mrs Waymouth.

Substitutions: Councillor Miss F Smith for Councillor Horsley

Councillor S Lees for Councillor R Lees

Councillor Allgrove for Councillor Mrs Waymouth

17. Minutes

The minutes of the meeting held on 10 March 2014 were taken as read and were signed.

18. Declaration of Interests

Councillors Coles, Hunt, D Wedderkopp and A Wedderkopp declared personal interests as Members of Somerset County Council. Councillor Tooze declared a personal interest as an employee of UK Hydrographic Office.

19. External Audit Plan 2013/2014

Considered report previously circulated, which introduced the External Audit Plan for 2013/2014.

Each year the Council's external auditors, Grant Thornton, provided a plan which detailed their approach to the audit work required in respect of the preceding

financial year (2013/2014). Specifically this audit work focussed on the provision of an audit opinion in relation to the accounts, value for money (VFM) and associated key risks.

During the discussion of this item, Members made comments and statements and asked questions which included:- (Responses are shown in italics)

- Concerns were raised over the cost of the service to the Council. What was the percentage of work / cost?
Currently about 15% of work had been completed but the majority of the remaining work would be completed by late June.
- Why the level of detail and cost?
As a public body with public money, the Council needed to be seen to be transparent. The Council was a £70 million body and the cost of the audit to the Council was 0.01% of our revenue.
- How much would Grant Thornton have to do with the West Somerset audit in connection with the current shared services project?
This would be looked into as part of the projected savings related to sharing of services with West Somerset.

Resolved that the report be noted.

20. External Audit Update

Considered report previously circulated, which provided a progress update from the Council's external auditors, Grant Thornton, in respect of the 2013/2014 audit work for Taunton Deane and on emerging national issues, which might be relevant to the Council.

Each year Grant Thornton were required to carry out "set" audit work and the report provided a useful progress update in relation to that work.

Additionally, the report shared the headlines on emerging national issues and developments, which might have a bearing on the Council. Specifically the 2013/2014 Code for valuing property and assets and changes to the Local Government Pension Scheme were highlighted.

During the discussion of this item, Members made comments and statements and asked questions which included:- (Responses are shown in italics)

- Was the Council on track to meet the deadline of 30 June 2014? Yes.
- Was Taunton Deane amongst those with concerns over assets and accounts?
Grant Thornton was working with the Director of Operations on procedures as to the presenting of the draft accounts as well as looking at the Council's principles.

Resolved that the report be noted.

21. External Audit – Fees Report

Considered report previously circulated, on the fee position for external audit services for 2014/2015.

The external audit function for Taunton Deane transferred from the Audit Commission to Grant Thornton during 2012. This change was part of a national programme of “outsourcing” the external audit work and had resulted in significant savings for local authorities.

The letter also set out details of the process and timetable for completing the external audit work for 2014/2015 together with details of the team who would lead the work. However, since receiving the letter the Council had been notified of a change to the team – Peter Lappin would be replaced by Ashley Allen as Engagement Manager.

Any additional audit work, outside of the planned audit and grant fee work, would be billed separately and in addition to the fee quoted.

The indicative audit fee for 2014/2015 was £76,955. This was split between the fee for the main audit of £66,605 (which remained the same as the previous year) and the grant certification work of £10,350 (which represented a reduction of £7,210 from the previous year).

The fee was within the Council’s budget allocation for 2014/2015.

Resolved that the Grant Thornton report be noted.

22. Regulation of Investigatory Powers Act (RIPA) – Policy and Procedure Update

Considered report previously circulated, concerning the Policy amendments made to the Regulation of Investigatory Powers Act 2000 (RIPA) by The Protection of Freedoms Act 2012.

The Council had had a corporate policy dealing with the Regulation of Investigatory Powers Act 2000 since July 2008.

The Policy detailed various aspects of the legislation and guided officers and the relevant processes and procedures that needed to be followed. In addition, it also set out details of the relevant authorising officers for the Council.

The Protection of Freedoms Act had made amendments to RIPA to provide that following authorisation to use the Act, no surveillance could be conducted until that authorisation had been approved by a Justice of the Peace. Therefore the Council’s policy needed to be updated to reflect this change in process.

In addition, following the changes to the Council’s management structure new officers were required to be authorising officers and the policy had been updated to reflect these changes.

During the discussion of this item, Members made comments and statements and asked questions included: - (Responses were shown in italics)

- *Could the missing information from the RIPA document be included before the next inspection which was due later this year?*
- Members asked to see the document once the amendments had been included.
The policy document could be approved as a Draft version subject to the required additional amendments being included. The document could then be re-submitted for final approval at a meeting later in the year.
- Could a notification system for surveillance requests be included in the document? Perhaps to the Chairman and Vice-Chairman of the Committee, or to all Members?
- Outside agencies and contractors used surveillance as well. Was this covered in the policy?
Outside agencies would have their own procedures in place for requests for surveillance.

Resolved that:-

1. The report be noted;
2. The appointment of the Assistant Chief Executive and Monitoring Officer as the Senior Responsible Officer for the Regulation of Investigatory Powers Act process be approved; and
3. The Council's draft updated Policy and Procedures in relation to the Regulation of Investigatory Powers Act as set out within the report be approved, with the Monitoring Officer being requested to bring any further changes back to a future meeting of the Committee.

23. Whistle Blowing Policy Refresh

Considered report previously circulated, concerning the refresh of the Council's Whistleblowing Policy.

Following new legislation -The Enterprise and Regulatory Reform Act 2013 - the policy needed to be revised to ensure it complied.

It was important that an up to date policy was maintained so that employees and members of the public knew how to report any concerns and what protection they had. The main change from the previous policy was in the protection offered to a whistleblower. This had been changed so that any person raising a concern where they reasonably believed that the disclosure they were making was in the public interest, even if they were mistaken, would be protected.

The Whistleblowing policy was an important part of the authority's governance arrangements and thus need to be regularly reviewed to ensure it complied with all current legislation.

Resolved that the updated Whistleblowing Policy for Taunton Deane Borough Council be approved.

24. Money Laundering Policy Refresh

Considered report previously circulated, concerning the proposed Money Laundering Policy.

The proposed policy ensured that the Council had appropriate and proportionate measures in place to comply with the legal requirements, to implement relevant regulatory provisions and to protect its staff and Members.

The Council and its individual Members and employees had obligations under the Terrorism Act 2000 and certain sections of the Proceeds of Crime Act 2002 relating to money laundering. Public authorities were not legally obliged to implement the provisions of the Money Laundering Regulations 2007 because public authorities were neither 'relevant persons' nor part of the 'regulated sector'.

However, as a prudent and responsible public body, the Council's policy and procedures should be designed to reflect the essence of the UK's anti-terrorist financing and anti-money laundering regimes.

Money laundering was any attempt to use the proceeds of crime for legitimate purposes and was generally defined as the process by which the proceeds of crime, and the true ownership of those proceeds, were changed so that the proceeds appeared to come from a legitimate source. Anyone who became aware of an activity which they had reasonable grounds to suspect, was related to the proceeds of crime might be guilty of a money laundering offence.

The Chartered Institute of Public Finance and Accountancy (CIPFA) had published guidance on how the provisions of this framework apply to public authorities (CIPFA, 2009). The Policy which had accompanied the report had been designed to ensure that the Council and its staff fulfilled all legal obligations and regulatory requirements in accordance with this guidance.

Resolved that the Money Laundering Policy be approved.

25. Update on Internal Audit Plan 2013/2014

Considered report previously circulated, concerning an update on issues raised at the previous meeting in relation to the Procurement Cards Audit and the delay in progressing various ICT Audits.

The Procurement Card Audit had contained six recommendations that had been agreed by the Strategic Finance Officer. Although five of these were due to be completed by 31 March 2014, unfortunately this deadline had been missed.

A policy had now been written and agreed by the Assistant Director - Resources. This had been shared with all the holders of Procurement Cards who had been asked to confirm that they had read the policy and understood their responsibility as a Procurement Card holder.

Further reported that the delays with the ICT audits had resulted from the auditors not being provided with the appropriate access to the SAP system, which was required in order for them to undertake the audit.

The issues had now been resolved and satisfactory progress had now been made on the audits in question. The Data Centre Facilities Management audit had now been finalised. The System Development Life Cycle would be finalised by the 16 May 2014 and SAP IT Financial Controls would be finalised by the 20 June 2014

During the discussion of this item, Members made comments and statements and asked questions included: - (Responses were shown in italics)

- Pleased to hear that certain elements would be blocked on Procurement Cards.
- Had there been any issues with Procurement Cards and using them?
There had been no issues with staff using Procurement Cards. Getting people set up and instructed on how to use the cards was straight forward.

Resolved that the progress with both the Procurement Card Audit Recommendations and the ICT Audits be noted.

26. 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 7.40pm).

Declaration of Interests

Corporate Governance Committee

- Members of Somerset County Council – Councillors Coles, A Govier, Hunt and D Wedderkopp
- Director of the Taunton Town Centre Company - Councillor D Reed

Taunton Deane Borough Council

Corporate Governance Committee –23rd June 2014

Update on Health and Safety Performance and strategy for 2014 - 15.

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

This report provides an update on the progress of a range of Health and Safety matters across the organisation. These include:

- Accident and Incident Data for the period
- Health and Safety Strategy 2014 - 15
- Monitoring Health and Safety Performance
- The South West Audit Partnership Audit on health and safety
- Report on actions agreed by Health and Safety Committee
- Provision of health and safety information
- Policy updates
- Key activities of the Health and Safety Advisor

2. Accident and Incident Data for the period

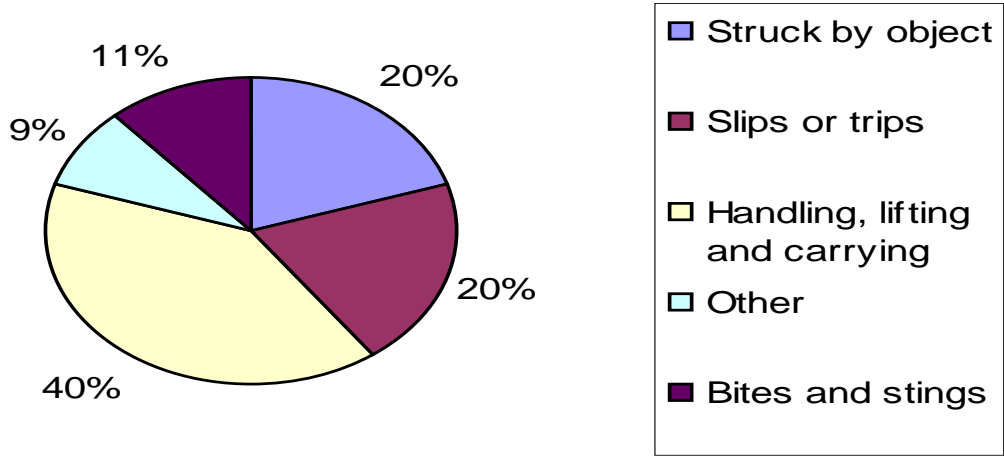
Figures provided. Last years figures listed below for comparison.

Taunton Deane Accident Summary

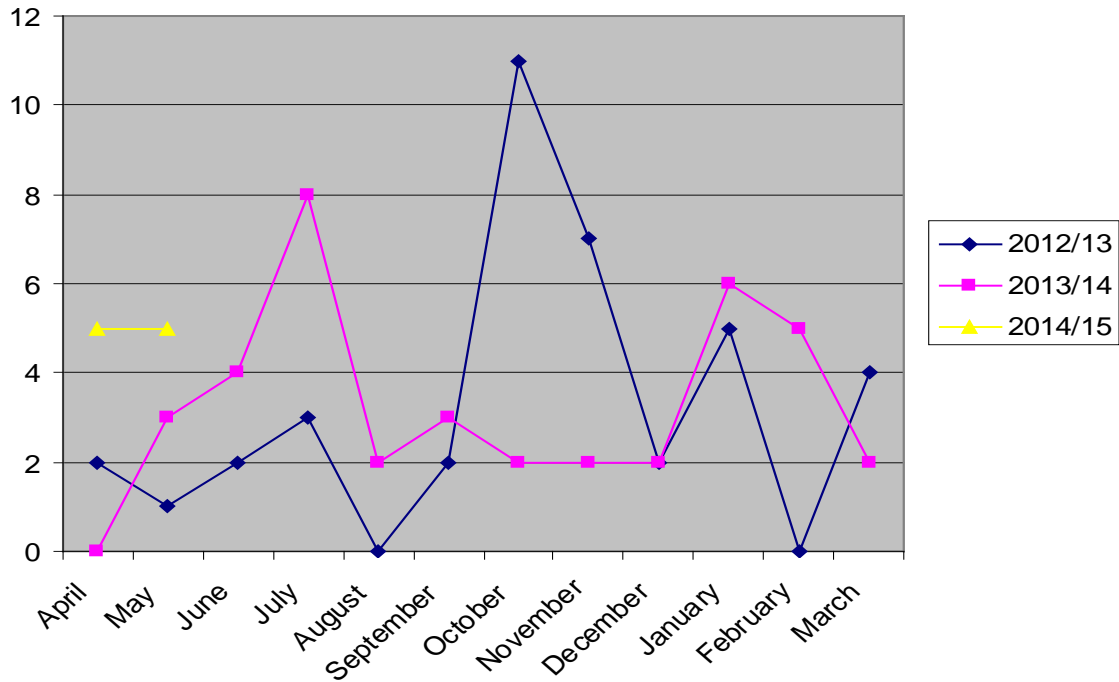
TDBC Accident Totals 1st April 2013 - 31st March 2014					
Classification	Core Council	DLO	Crematorium	Public	Contractors
Reportable		3		1	
Non-reportable	5	26		3	
Near Miss	1	4			
Period Total	6	33	0	4	0

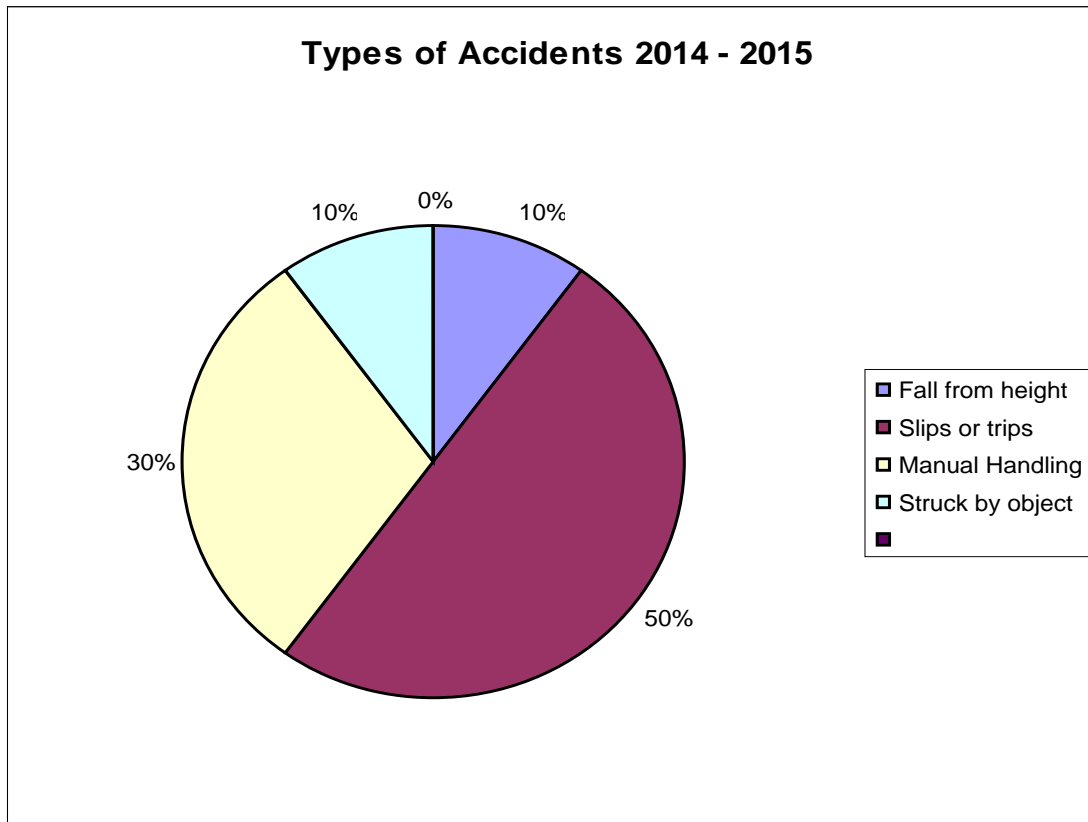
TDBC Accident Totals 1st April 2014 - 31st May 2014					
Classification	Core Council	DLO	Crematorium	Public	Contractors
Reportable					
Non-reportable	2	7			
Near Miss					
Period Total	2	7	0	1	0

Types of Accident 2013-2014



Accidents by Month





2.1 Accident Investigations

There were no significant accidents reported during the period. There was however an increase in the numbers of accidents reported (10 accidents reported 2014 – 15, 3 accidents reported during the same period 2013 – 14). The majority of accidents reported were minor slip and trip accidents. A public accident where a child broke his arm was reported at Wellington Skate Park. The accident was not as a result of any fault relating to the play equipment.

The H&S Advisor met with the loss adjuster appointed by TDBC Insurers, regarding a claim from an employee relating to an accident of 19 February 2014 (amputation of finger due to crush injury whilst erecting a fence). It was agreed that the employee had ignored work procedures and that there was sufficient evidence presented (training records and witness statements), for TDBC insurers to take the case forward to defend the claim.

3. Health & Safety Strategy 2014 - 15

The health and safety strategy for 2014 -15 was presented at the Corporate Governance Committee of 10 March 2014. There were a number of questions from members that I have sought to clarify below:

There was a query regarding timescales for accident and incident investigation. The targets to be monitored are for **completion of the investigation** within 2 weeks of the accident. On reporting of the accident to the H&S Advisor managers are emailed with detailed guidance on investigation, which includes the paragraphs below:

The accident investigation should be started as soon as is practical after the accident. Investigation of significant accidents should be high priority as you need to establish the facts before people’s memories fade and while evidence is still available. You also need to prevent it from happening again where possible.

The investigation needs to be proportionate according to the level of risk identified. Where the outcome was, or might have been, significant the investigation needs to be high priority and will take resources.

This advice is taken from HSE guidance on accident investigation HSG 245 which is also available via the TDBC health and safety intranet site.

Non reportable accidents discussed in the report refers to accidents which are not reportable to HSE under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. All accidents no matter how minor should be reported to the H&S Advisor for monitoring and prevention purposes.

4. Monitoring Health and Safety Performance

Monitoring of health and safety performance against the key performance indicators set out in the strategy has been carried out since 1 April 2014.

KPIs Monitored from 1 April 2014

1. Target to increase accident reporting by 10%

(In same period last year 3 accidents, this year 10 accidents)

Actual increase of 233%

2. Target to carry out accident investigation within 2 weeks

Actual investigation average 3 days (maximum of 6 days)

3. Target to carry out 5 audits per quarter

2 audits carried out to date

4. To ensure 100% of audit reports completed within 2 weeks

100% completed to date

1	
2	
3	
4	

This is the first time that KPI targets have been set for the health and safety service. In practice the agreed 5 audits per quarter (KPI 3) would appear to be unrealistic due to the level of detail required for the audit to be worthwhile and the starting point of highest risk areas of work being subject to audit first.

5. SWAP Audit on Health and Safety

South West Audit Partnership have published a draft report for discussion purposes. No overall opinion has been given as the strategy needs to embed before a

meaningful assessment can be made. The summary paragraph below is taken from the report:

No audit opinion has been given for this review. The framework put in place for Health & Safety appears reasonable; the new Health & Safety Strategy provides good foundations to create a sound health and safety culture within the Council. The compliance audits will review, measure and provide advice to service areas on their health and safety processes. However, time is needed to embed the new strategy and monitor the KPI's. There is therefore no evidence to demonstrate that sound health and safety foundations exist within the Council at this time. A follow-up review should be undertaken once the new arrangements have had time to embed.

The Committee are requested to formally approve the Strategy in order to provide it with the Corporate Support required.

6. The arrangements for the Health and Safety Committee and agreed actions

The H&S Committee met on 24th April 2014. The Committee was chaired by Assistant Chief Executive Bruce Lang and it was agreed that colleagues from WSC would be invited to the next H&S Committee with a view to the provision of a single H&S Committee and safety policy by 1 October 2014.

The committee reviewed the accidents for the previous year and reporting procedures from 1 April 2014.

All policies continue to be circulated to the Health and Safety Committee prior to implementation.

Priory Depot H&S Committee met on 15th May 2014. It was agreed that it was important to hold a separate committee relating to the activities and location of the depot, and that these should be held quarterly and should feed into the full TDBC H&S Committee. Housekeeping inspections for the depot were discussed and will be carried out regularly and prior to each committee meeting.

7. Provision of Health and Safety Information

The share point site has been updated to allow employee access to the Display Screen Equipment (DSE) assessment process. This is a questionnaire completed by all users of DSE (which includes computers and laptops). Users must complete a questionnaire when they start work with the organisation, when their equipment changes and if they are having any pains or strains when using their computer workstation. The questionnaire is reviewed and where problems are highlighted an assessment of the workstation will be carried out by the H&S Advisor or a trained volunteer. Equipment such as a new chair, ergonomic mouse or screen riser may be provided as a result.

A Corporate H&S induction was delivered to new starters within the organisation on 11th June 2014. This will include employees of West Somerset Council who are working for the shared service organisation. An induction for new starters at the DLO was carried out on 19th May 2014.

The health and safety service has a new e mail address:

safeworking@tauntondeane.gov.uk

8. Policy updates

The Accident book, reporting and investigation policy is now in place. The health and safety advisor will attend team meetings to inform Managers of the updated process.

The following policies have been approved by the H&S Committee and have been implemented since 1 April 2014:

Accident and Incident recording, reporting and investigation (implementation 1/4/14)

Display Screen Equipment Assessment (implementation 1/4/14)

Procedures for the Joint Inspection and Audit process (implementation 1/4/14)

9. Key activities of the Health and Safety Advisor

An initial audit was carried out of the Voids Team within the DLO including site visits to four properties undergoing refurbishment. A report has been provided to the Voids Manager. There are some points from the audit that will be relevant to many departments e.g. recording issue of protective equipment, recording induction attendance and improving communication of risks between client teams and the DLO. The H&S Advisor will progress corporate matters and monitor progress on meeting requirements.

Health surveillance for at risk Deane DLO employees has been progressed with HR and Devon County Council as a service provider. Catrin Brown and Kate Woollard undertook training to allow them to carry out basic initial health surveillance assessments for employees.

10. Finance Comments

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

11. Legal Comments

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

12. Links to Corporate Aims

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

13. Environmental Implications

There are no environmental implications arising from this report.

14. Community Safety Implications

There are no community safety implications arising from this report.

15. Equalities Impact

There are no equalities impacts over and above those already required to be identified in the Theme delivery plans and existing arrangements.

16. Risk Management

Failure to meet minimum health and safety statutory requirements has been identified in the Corporate Risk Register. There are no significant risks or incidents to report.

17. Partnership Implications

The Health and Safety Strategy sets out the majority of the work programme for delivery by the Corporate Health and Safety Team.

The strategy continues to involve the expertise of SWAP, reducing resource requirements and delivering an integrated approach.

18. Recommendations

The Committee are requested to approve and adopt the Health and Safety strategy presented on 10 March 2014 following the clarification set out at paragraph 3 above.

The Committee are asked to note the progress made on the implementation of the Health and Safety strategy and its delivery and the initiatives to improve our operating culture.

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Taunton Deane Borough Council

Corporate Governance – 23 June 2014

Significant Changes to the Accounting Requirements for the 2013/14 accounts

Report of the Interim Financial Services Manager, Jo Nacey

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

1. Executive Summary

This report updates the Committee on the significant changes which are applicable to the Statement of Accounts 2013/14 and the associated disclosures and restatements which have resulted.

2. Background

Each year the Code of Practice on Local Authority Accounting is updated by a technical panel from the Chartered Institute of Public Finance and Accountancy (CIPFA) and communicated to authorities via publications and when necessary, workshops.

Sometimes these changes are wide-ranging and have significant impact on the accounts, eg the move to International Financial Reporting Standards (IFRS). In other years the changes are more subtle and are often for transparency purposes only.

3. This year's changes

This year there have been two significant changes to the code, one of which has resulted in a "prior-period adjustment" i.e. we have had to amend some of the figures in the approved 2012/13 Accounts but there is no impact on the useable reserves of the Council for this change.

a) Accounting for Pension Interest Costs in Relation to Current Service Cost and Pension Administration Costs.

The accounting standard IAS 19 – Employee Benefits has changed and because the change is reflected in various parts of the accounts it has been necessary to restate last year's figures to provide suitable comparatives. These are only

presentational changes to meet the requirements of the Code. The “bottom line” stays the same.

The standard requires that administration costs are split between:

- those that relate to the management of plan assets, these are recognised as a reduction in the return on scheme assets and recorded in Other Comprehensive Income and Expenditure and;
- “other” administration costs which are required to be shown in Surplus or Deficit on the Provision of Services. We have opted to include this amount in “Other operating expenditure in the Comprehensive Income and Expenditure”.

In previous years they were all netted off against the return on scheme assets.

Interest Costs in relation to Current Service Cost.

In 2012/13 we included in Note 10 Financing and Investment Income and Expenditure, a line for “Pension interest cost and expected return on pensions assets”. The new requirements have “split” these values and the line now contains the “net interest cost” only. The expected return on pensions assets is now shown within “Actuarial (gains)/losses on pension assets/liabilities”. For this reason we have restated those lines in the notes and the “Comprehensive Income and Expenditure Statement”. Last year the administration costs were £8k and this year (13/14) they were £29k, hence not material.

This change also impacts on the Cash Flow Statement and Note 25 as the distinction between the categories has changed. See Appendix A for the Prior Year Adjustments.

Overall, because these entries are notional, they are reversed out before they impact on Council Tax and are therefore for transparency reasons only.

b) Non Domestic Rates – Provision for Appeals against the Rateable Value of Business Properties

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013.

The change has meant that billing authorities like us, have to make a new provision for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts relating to non-domestic rates charged to businesses in 2012-13 and earlier financial years.

To create a provision the following criteria must be met,

- The authority has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, ie it is more likely than not that a settlement will take place, and
- A reliable estimate can be made of the amount of the obligation, ie that a fair figure can practicably be assessed for recognising the obligation.

The Code requires that if the conditions cited in the above are not met, a provision must not be recognised in the financial statements.

In the extremely rare case where no reliable estimate can be made, a liability exists that cannot be recognised. That liability is disclosed as a contingent liability.

The amount recognised as a provision should be the best estimate at the Balance Sheet date of the expenditure required to settle the present obligation.

In order to determine the amount to settle the appeals, this entailed a great deal of analysis by our Principal Revenues Officer and input by ourselves to analyse trends and precedents to provide us with a reliable estimate of the impact for our council.

After much deliberation and robust challenge we have included a provision of £1,979,731 in 2013/14 as an estimated cost of outstanding appeals and refunds.. This is a high risk estimate and fluctuations will impact directly on the “bottom line”. In future years this provision will be determined by the financial effect of appeals submitted.

4. Finance Comments

We are confident that we have complied with the changes to the Code and have made the necessary amendments.

5. Legal Comments

We have a statutory requirement to adhere to the Code.

6. Links to Corporate Aims

N/A

7. Environmental Implications

N/A

8. Community Safety Implications

N/A

9. Equalities Impact

N/A

10. Risk Management

N/A

11. Partnership Implications

N/A

12. Recommendations

Members are asked to note the changes which will be reflected in the accounts for 2013/14.

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Appendix A

Changes to the Comprehensive Income & Expenditure Statement

	2012/13 Statements £'000	Adjustments Made £'000
Other Operating Expenditure	(1,908)	8
Financing and investment income and expenditure	4,715	889
(Surplus) or Deficit on Provision of Services	(5,462)	-897
Actuarial (gains)/losses on pension assets/liabilities	2,406	-897

Changes to the Movements in Reserves Statement

Movement in Reserves Statement – Usable Reserves

	2012/13 Statements £'000	Adjustments Made £'000
Surplus or (deficit) on provision of services	5,462	-897
Adjustments between accounting basis and funding basis under regulations	4,859	897

Movement in Reserves Statement – Unusable Reserves

	2012/13 Statements £'000	Adjustments Made £'000
Other Comprehensive Income and Expenditure	4,859	897
Adjustments between accounting basis and funding basis under regulations	(3,098)	-897

Changes to the Cash Flow Statement

	2012/13 Statements £'000	Adjustments Made £'000
Net surplus or (deficit) on the provision of services	5,462	-897
Adjustments for items included in the net surplus or deficit on the provision of services for non-cash movements (Note 25)	11,550	897

Changes to Note 25 – Cash Flow Statement – Operating Activities

	2012/13 Statements £'000	Adjustments Made £'000
Other non cash items charged to the net surplus or deficit on the provision of services	(445)	897

Taunton Deane Borough Council

Corporate Governance Committee – 23 June 2014

Annual Governance Statement (draft)

Report of the Corporate Performance Lead

(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 Taunton Deane Borough Council 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.
- 2.2 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*”.
- 2.3 The Annual Governance Statement explains how Taunton Deane Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2011 in relation to the requirement to prepare an annual governance statement which must accompany the Statement of Accounts.
- 2.4 The Corporate Performance Lead has led the 2013/14 review of the governance framework, supported by the Monitoring Officer (Assistant Chief Executive), the Deputy s151 Officer (Assistant Director –

Resources), the Audit Manager, and other members of the Joint Management Team (JMT).

3. Annual Governance Statement (AGS)

- 3.1 The draft Annual Governance Statement is included as Appendix A to this report.
- 3.2 The conclusions from this review is that overall, the council's governance framework is robust and working effectively. This is further endorsed by the Group Auditor's annual opinion report 2013/14, which offers 'reasonable assurance' in respect of the areas reviewed during the year.
- 3.3 The AGS describes how the council complies with each of the six core principles of the Code of Corporate Governance, and additionally communicates significant governance issues and the steps that remain to be taken during 2014/15 to address these matters.

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 in respect of this report.

8. Community Safety Implications

- 8.1 There are no direct implications in respect of this report.

9. Equalities Impact

- 9.1 There are no direct implications in respect of this report.

10. Risk Management

- 10.1 The council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The AGS describes the arrangements that are in place.

10.2 The council's Corporate Risk Register reflects the significant governance issues identified in the AGS, and the annual audit programme is developed and agreed with full consideration of risk.

11. Partnership Implications

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 consider the content of and approve the draft Annual Governance Statement, as appended (Appendix A).

Contact:

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APPENDIX A.

TAUNTON DEANE BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2013/14 (DRAFT)

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 is 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(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of statement on internal control.

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 of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood 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 2014 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 Business Plan (2013/14 – 2015/16) which was developed after detailed consultation work with councillors and all political groups and following an external peer review by the Local Government Association (LGA). It sets out a new Vision, four corporate aims, and a series of high level actions to achieve its aims and transform the council, ensuring statutory requirements are met whilst being fit for purpose, addressing funding pressures and setting a balanced, sustainable budget. The Corporate Business Plan 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 Business Plan to show how each service will contribute to the delivery of the Corporate Aims and its service objectives.

Hyperlink to TDBC Corporate Business Plan: [TDBC Corporate Business Plan](#)

- The council has developed and approved a new 'Growth Prospectus for Taunton' which feeds into a higher-level Somerset Growth Plan – this document sets out an ambitious vision, commitment and a clear direction for the growth of Taunton's economy over the period to 2028, together with an outline of the key schemes needed to deliver Taunton's full economic potential. In addition, a project was completed in 2013 to deliver a 'Taunton Rethink', which is a short sharp health-check of the Taunton Vision, and sets out a refreshed set of ambitions and plans for the future of Taunton Town Centre. A robust Programme Management approach and governance structure is being established in 2014 to deliver the council's growth outcomes.
- The 2013/14 Performance Outturn Report and Annual Accounts review our performance over the last year. An Annual Report is also published highlighting some practical examples of our activities, achievements, financial position and performance.
- The council's Joint Management Team, Scrutiny Committees and the Executive review our performance and delivery of the strategic and service delivery plans and priorities on a quarterly basis. All performance and finance reports are published on the council's website.
- Additional performance monitoring reports for key service delivery partners are also reviewed by the management team and Scrutiny committees (eg Southwest One, Somerset Waste Partnership, Tone Leisure).

- The Taunton Deane Partnership comprises key agencies within the public and voluntary sectors that seek to tackle both urban and rural deprivation. The focus of activity within Taunton is North Taunton, Taunton East, Wellington and the rural areas. The TDP have prepared the Priority Areas Strategy and Action Plan (PAS). This was developed through extensive consultation and engagement. 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. A revised version of the PAS will be published in summer 2014. The TDP also supports the delivery of the Troubled Families agenda and the Somerset Health and Wellbeing Strategy
- Actively supporting the Halcon One Team model which recognises the government agenda of joining up public services at the point of delivery. This model has delivered significant outcomes to the community particularly around reduced crime. Our structure proposals look to extend this model across other parts of Taunton Deane.
- To ensure the council makes best use of resources and provides value for money to service users, Service Plans and service profiles have been developed, which include: financial & personnel resources, and performance & service cost comparisons with other similar authorities (benchmarking). Work is continuing to build benchmarking data into on-going performance reports.

Joint Management and Shared Services:

- TDBC & WSC jointly developed a business case for joint management and shared services. The business case went through the democratic process and was approved by both Councils in Nov 2013.
- Between Jan-Mar 2013, the management teams from both councils met on various occasions to discuss and develop the expectations and vision for a partnership. The Leaders from both councils also worked together early on in the process to ensure they held common aims and expectations.
- During the development of the Business case a Joint Members Advisory Panel (JMAP) was established – JMAP. This included 4 members from each council. Following the approval of the business case, this has developed into the Joint Partnership Advisory Panel (JPAG), with a similar format, 4 members from each council and also now includes the leader from each council.
- An elected member development programme is also in the process of being developed with the support of the LGA/member peers and a member representative from each council.
- Communications plans during the business case development and since approval, have included activities to keep members from both councils informed of proposals and actions underway. These activities have included member briefing sessions at key stages of the process
- Outcomes and benefits to the community include - Value for money services, Attracting funding to the council to improve the council and maintain level of service delivery, Maintaining local democracy and a greater local/regional/national influence/ representation as a partnership than as individual councils

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. The Constitution was reviewed and updated in January 2014 to reflect the TDBC / West Somerset Council 'JMASS' project.
- The Statutory Officers meet as a Corporate Governance Group. The Monitoring Officer and S151 Officer are members of the Joint Management Team (JMT) and the Senior Leadership Team (SLT) which meets weekly and regularly considers governance issues.
- The Group Leaders, Chief Executive and other relevant key officers meet regularly 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 Joint Management Team, which consists of the Directors, Assistant Directors, Assistant Chief Executive and a representative of Southwest One – who meet on a monthly basis with the Chief Executive. In addition to this the Chief Executive, Assistant Chief Executive and Directors (the Senior Leadership Team) meet on a weekly basis.
- The Council's Lead Officers meeting monthly along with the members of JMT. Many items are discussed and the contents of the OneTeam Briefing are approved in these meetings. The expectation is that key messages are shared back to teams through team meetings.
- The Leader and Chief Executive meet on a monthly basis in order to maintain a shared understanding of roles and objectives.
- The statutory roles of Monitoring Officer and Chief Finance Officer and Head of Paid Service are well established with their own control regimes to enhance the control environment, and these roles are embedded within the new Joint Management structure. In the new JMT arrangements in place since Jan '14, the Assistant Chief Executive and monitoring officer is a member of the Senior Leadership Team (two deputies are also appointed and are available to cover both WSC and TDBC)
- 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.
- The financial management arrangements are reviewed 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. From Jan 2014 onwards, the Chief Financial Officer and Section

151 provision is covered by the Director – Operations as part of the TDBC/WSC Joint Management now in place. The Chief Financial Officer is a CCAB qualified accountant and is responsible for maintaining a robust system of internal control

- TDBC is part of a partnership called Southwest One. We are represented on the main Southwest One Board, which meets quarterly, through a nominated elected member. The Board is responsible for setting the strategic direction of the company and for its financial performance
- The Assistant Director – Corporate Services meets on a monthly basis with Southwest One's CEO and Senior Responsible Officers of the other two partners, to discuss strategy and broad operational issues. They also meet on a monthly basis with the Southwest One Director of Service Operations and the Heads of Client of the other two partners, to discuss day to day operational issues

Joint Management and Shared Services:

- A transparent, equitable and fair recruitment process has been developed with input from Unison and JPAG to support the re-structure phase of the partnership. The 'Creating a shared workforce and transition redundancy policy' report was presented to and approved both councils in Nov 2013
- The Chief Executive meets monthly with the Leader of TDBC and Leader WSC individually and again with both Leaders together on a monthly basis.
- All staff briefings are held monthly with sessions at West Somerset House and Deane House. These are headed up by the CEO and Asst CE with support from other Directors and Assistant Directors as required. Senior management Team (SMT) briefings are also being held to disseminate information at key stages of the restructure process.

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 Localism Act 2011 made a number of changes to the Standards Regime which was implemented by the Council in July 2012. The Council decided to keep a Standards Committee. The Committee is politically balanced with five elected members, three independent co-opted members and two parish council representatives. In addition the Council also appointed an Independent Person and a reserve Independent Person. The terms of reference for the Committee are set out in the Constitution set out at

<http://www.tauntondeane.gov.uk/irj/public/council/councillors/councillor?rid=/wpccont ent/Sites/TDBC/Web%20Pages/Council/Councillors/Taunton%20Deane%20Standar ds%20Committee>

- 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, and deals with any formal complaints as required.

- The Council has a set of four Core Values and Business Principles which underpin and support the Council's Vision, and reflect its fundamental beliefs as an organisation and guide how it deals with staff, customers and partners.
Core Values:
 - **Integrity** – we will be honest, do what is right and stick to it
 - **Fairness** – we will consistently treat everyone as an equal, respecting their individual needs and abilities
 - **Respect** – we will always show respect for everyone
 - **Trust** – we will show trust and confidence in our staff and customers
 Business Principles:
 - **Quality Services** – ensuring the delivery of accessible, quality services that provide good value for money (either as direct providers or through partnership)
 - **Customer Driven** – we will put the needs of our customers at the heart of all that we do
 - **A dynamic organisation** – innovative, forward-looking and focussed on results
 - **Environmentally Responsible** – we will minimise the environmental impact from our operations
- Managers are responsible for ensuring that staff operate within council policies, procedures and legislation and for the management of risk and maintenance of risk registers.
- A complaints procedure is in place for the Council to receive and investigate any complaint made against Borough or Parish members.
- Internal and External audit work together to review and provide annual opinions on the control framework, governance and validity of the annual accounts.

Joint Management and Shared Services:

- The Joint Partnership Advisory Group (JPAG) that provides the member governance for the JMASS programme encourages mutual working and trust between the member representatives.
- Member development programme is in development will encourage opportunities for TDBC/WSC members to meet and work together. There is also the potential in the future for joint committees eg. Audit/Standards.
- The project mandate agreed by both councils, included the non-negotiable issues and these were reflected throughout the development of the business case. eg, retain sovereignty/no cross subsidy.
- The trust and respect of and between the councils and management has been key to the speed of progress that has been made. Following the appointment of the Joint Chief Executive and the establishment of the Joint Management team (in place by Jan 2014) there has been the promotion and endorsement of a 'OneTeam' culture across both councils. This approach is also under-pinned by the agreed employment model where people appointed in the new structure are employed by TDBC.
- Additional HR resource (from SCC and via internal secondment) has been drafted in during the development of the business case and latterly as the restructure gets underway to support the recruitment process.
- A Joint Unison Board (unison reps from TDBC & WSC) was established at an early stage of the partnership process (first meeting held Mar '13). JUB meet

monthly and are consulted at all stages of the process e.g. Employment model, recruitment process, Job evaluation process

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. The Monitoring Officer is responsible for the Constitution.
- 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 on a monthly basis. The Forward Plan was amended in line with the Local Authority (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and now has a column where it is anticipated that confidential items are likely to be discussed and allows for representations to be made to state why a decision should not be made in private session. To date no representations have been received.
- 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 Policy and Strategy, and maintains a Risk Management Action Plan which ensures that Risk Management is embedded within the Council and 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 JMT has reviewed and refreshed the Corporate Risk Register during the course of the year
- Council committee reports include a standard section for the consideration of risks, which informs decision-making.

- 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.
- The council's Fraud and Whistle-blowing policies were updated during 2013/14.

Joint Management and Shared Services:

- Savings from the Joint Management and staffing restructure were based on a budget envelope to ensure the required savings would be achieved.
- The business case identified savings from joint management and staffing restructure was based on a budget envelope to assure savings are achievable. Savings from future transformation phase were not included because it relies on member appetite for change and cannot be anticipated with enough assurance at this stage.
- There are many services delivered by both councils that can be integrated into a single delivery team
- There are also differences (eg Housing stock/coastal management) which can still be brought together under joint management & structure, although the scope for savings in these areas through joining services is obviously more limited
- Staff briefings held throughout the process have clearly stated the reasons and advantages of the partnership. A monthly project newsletter was produced during development of the business case to keep staff informed and this has been replaced with the 'OneTeam'
- A risk register was developed and maintained as part of the business case process and was monitored and managed by the project board and JMAP. Following approval of the business case an implementation risk register has been drafted and this is monitored and managed by the project board and JPAG.
- Risks associated with the Partnership project are also included in the joint TDBC/WSC Corporate risk register as appropriate.

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.
- A 'Programme Management Group' oversaw and monitored the Council's programme of major projects during 2013/14 – a key role was to understand capacity and resourcing issues within project delivery, and report to JMT to enable these issues to be addressed. The council's approach to programme management for corporate transformation and growth and development projects will be strengthened as part of the new 'JMASS' management structure during 2014/15.
- 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.

- As part of the annual planning processes the Learning and Development Lead liaises with all senior managers on the training plans before preparing a plan for JMT approval. Work is currently underway regarding an organisational development programme to ensure that staff appointed into the new 'JMASS' structure have the appropriate support, training and development to be effective in their new roles.
- In addition to this there is a corporate training plan developed every year to meet corporate needs. This year the Corporate Business Plan is being used as the baseline for identifying needs and this also links to the emerging Workforce Plan.
- 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.
- All Executive reports are required to include an Equalities Impact Assessment to ensure that members make decisions with a clear understanding of the impacts on groups with protected equalities characteristics.
- The Council has regular member briefings and training opportunities (such as Finance) 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.

Joint Management and Shared Services:

- The business case includes an ICT programme including technologies to enable managers and staff are able to work effectively across the disparate office locations. This includes a dedicated secure communications line that has been installed between Deane House and West Somerset House. A trust domain has also been established to enable both MS Outlook instances to be integrated, including calendars. Work is underway to combine/integrate building access control systems at both locations.

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. A corporate Consultation Register is maintained.
- Council's vision and priorities are regularly communicated to the Community through the Somerset County Gazette, especially through the 'Deane Dispatch' page each month.
- The Council produces the Annual Statement of Accounts. The Council Tax booklet shares with Council Tax and Business Rate payers, details on the Council's financial position (ie a summary of the Statement of Accounts),

priorities, and other useful information and is available on line and also available in paper format on request.

- 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.
- Set up a Tenants Services Management Board, whose members include tenants and councillors. This board holds the Housing Service to account including performance and expenditure and helps shape the direction of the service. Other groups such as the Tenants Forum and Sheltered Housing Forum also allow tenants to have a strong voice in ensuring accountability of the Housing service.
- The Council encourages all types of feedback (complaints, compliments, comments & suggestions) from a number of channels (website, telephone, e-mail/letter, face-to-face), and these are logged on a central database for analysis and review. A Customer Feedback Guidance & Process document is available for Managers and Officers to deal with feedback consistently and effectively.
- Corporate use of social media ('Twitter') is being trialled during 2013-14, and a policy is being developed
- The corporate communications function has been moved into the corporate centre under the responsibility of the Assistant Chief Executive – this will enable closer links with elected Members and the Democratic Services function. Various communication methods are in place to ensure effective internal communications (eg Core Brief / 'One Team' newsletters, staff briefings / Senior Management Team / Leads meetings)

Joint Management and Shared Services:

- Communications plan to support the business case process included keeping community groups and key stakeholders informed.
- A press briefing was held on 1st Oct '13 to ensure the media were kept in the loop and able to report accurately about the business case proposals.
- TDBC's weekly brief and WSC's community matters have also been used to communicate information at key stages.
- Communications, since the Business case approval has been focused internally (for staff and members) appropriate to this stage of the process.
- Communications plan being updated for the next stage of the process and successes at key stages will be communicated to the public as appropriate
- Monthly staff briefings, regular member briefings and the monthly newsletter circulated to all members and officers are key communication channels at this stage of change, to reinforce the 'OneTeam' ethos, to highlight successes and future proposals and developments of the transformation phase.

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 2013/14 statement was led by the Corporate Performance Lead Officer, supported by the Monitoring Officer (Assistant Chief Executive), the Deputy Section 151 Officer (Assistant Director – Resources), and the Council's Audit Manager. The process that has been applied to maintaining and reviewing the effectiveness of the governance framework include:

- **South West Audit Partnership** - Internal Audit (SWAP) is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by Internal Audit. In addition, the s151 Officer carries out an review annually.
A summary of the Internal Audits undertaken during 2013/14 where level 4 () and 5 () recommendations together with their mitigating actions and an update on progress of these is attached as Appendix B
- **Grant Thornton** (as external auditors)
- **Local Partnerships** (subsidiary of the LGA) - undertook the assurance review of the Joint Management and shared services business case)
- **Corporate Governance Committee** - reviews the effectiveness of Internal Audit, and the Annual Governance Statement. It receives reports from internal audit on a quarterly basis and agrees Internal and External Audit Plan
- **Standards Board**
- **Executive committee**
- The **monitoring officer** has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are adequate. The Council reviews the constitution regularly – the latest review being undertaken in March 2013.
- The Council's **Financial Regulations** are kept under continuous review – the last review was approved in December 2012

The conclusion of the review is that, overall, the governance arrangements are robust and are working effectively. 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 2013/14.

High priority recommendations were made in the following areas from audits during 2013/14 - these continue to be included on the council's action plan for 2014/15:

- Strengthening of contractual arrangements
- Creditors – purchase ordering and new creditor authorisation processes
- Equality & Diversity – compliance with requirements and duties
- Fraud – improve awareness of Corporate Counter Fraud & Corruption policy & strategy
- Information governance – introduce a confidentiality code of practice
- **Business Continuity Planning (to be confirmed)**

ACTION PLAN

(NB - still under development)

Area	Action	Who	When
Strengthen contractual arrangements	Address legacy arrangements that are in place where contracts have expired		
	Develop a process to keep Contracts register up to date to ensure it is an accurate reflection of contracts in place.		
Creditors – purchase ordering and new creditor authorisation processes	Ensure vendor checks are undertaken to confirm change of details are correct.		
	Retrospective PO still occurs – address the on-going issue from the previous year.		
Equality & Diversity – compliance with requirements and duties	Monitor compliance and adherence to the TDBC Equalities framework.		
	Increase awareness of the TDBC framework and expectations (staff training and awareness).		
Fraud	Improve awareness of the approved Corporate Counter Fraud & Corruption policy & strategy		
Information governance	Introduce a confidentiality code of practice		
Priority Area Strategy	Improve clarity surrounding the ownership of reviewing the outcomes of PAS, bringing this information to a central point.		
	Introduce a defined reporting structure to formally inform the dashboards.		
Business Continuity Planning			

The Council proposes over the coming year to take steps to address the above matters in order to further enhance our governance arrangements. Regular reports will be made to the Corporate Governance Committee on the 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:

Signed:

Cllr John Williams

Penny James

Taunton Deane Borough Council

Corporate Governance Committee – 23 June 2014

Corporate Governance Action Plan

Report of Corporate 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 2014.

At the previous review point (Dec 2013) the Corporate Governance Action Plan included 8 'open' actions. This included 3 actions carried over from previous years plus 5 new external audit recommendations (Grant Thornton audit findings 2012/13).

- 4 of these actions are now considered 'closed'
- Of the remaining 4 'open' actions, 2 are 'Green' (on track), and 2 are 'Amber' (some concern).

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 This report includes recommendations / actions which have emerged from **external** audits (ie Audit Commission and Grant Thornton) – specifically, recommendations from the Annual Governance Reports and Audit Findings / Financial Resilience reports – most recently the 2012/13 reports (received Sept - Oct 2013).
- 2.3 Actions progress monitoring is undertaken quarterly by the Performance Lead and a summary features in the Corporate Performance Scorecard. The Corporate Governance Officers Group and Joint Management Team (JMT) are provided with an overview of the action plan.

3. Progress of Corporate Governance Action Plan 2013-14

Please refer to the action plan at Appendix A

- 3.1 The position previously reported in:

- May 2013: total 18 recommendations minus 10 closed = 8 remained open.
- December 2013: 6 further recommendations were closed (2 recommendations remained open), 6 new recommendations added (from the 2012/13 Audit Finding and Financial Resilience reports by Grant Thornton) = 8 remained open

3.2 The latest review process (April – May 2014) revealed:

- 4 of these actions are now considered 'closed'
- Of the remaining 4 'open' actions, 2 are 'Green' (on track), and 2 are 'Amber' (some concern).

3.3 The 4 recommendations that have been **closed** since Dec 2013 are:

- a) To fully review the Financial regulations
- b) Review the method for calculating the bad debt provision for housing debts.
- c) Work with Somerset CC, Avon and Somerset Police and South West One to address the recommendations from the review of IT controls.
- d) Ensure that expense claims and supporting receipts are kept in accordance with the Council record retention policy

3.4 Committee Members should also note that all additional recommendations resulting from our on-going annual programme of *internal* audits (ie by the South West Audit Partnership – 'SWAP') are also monitored by the Performance Lead. Regular progress & status updates are provided to the Section 151 Officer, the Corporate Governance Officers Group, and Joint Management Team.

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

Any recommended improvement actions in relation to Climate Change will be included in the Corporate Governance Action Plan.

8. Equalities Impact

Any recommended improvement actions in relation to Equalities & Diversity will be 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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Corporate Governance Action Plan (May 2014)

APPENDIX A

	Section	Audit Name	Recommendation Action	Priority	Created Date	Responsible Officer	Progress	Target Implementation Date	Status
1	Corporate Policy	To fully review the Financial regulations.	To complete review of the financial regulations	M	20/03/2012	Paul Fitzgerald	June 2014: The Financial Regulations have been reviewed and are considered to be fit for purpose by the S151 Officer. There is a follow up action to review Financial Procedure Rules, that provide detail to support best practice for applying the FRs, which will be addressed through the JMASS implementation.	March 2014	Closed
2	Housing Debt Provision	Review the method for calculating the bad debt provision for housing debts.	Review the method for calculating the bad debt provision for housing debts. (The Council has reviewed and revised the basis of the provision for Council Tax.)	M	23/09/2013	Paul Fitzgerald	During 2012/2013 the Council reviewed the method to calculate debt impairment within the Collection Fund (Council Tax) and for Housing Benefit. 29/5/14: The method for calculating debt impairment for housing debts has been reviewed for the 2013/14 accounts.	March 2014	Closed
3	Human Resources	Update the Workforce Strategy (ensuring there are clear links to financial planning) and complete & agree a new workforce plan	August 2011 - review statistical data in draft workforce strategy. By November 2011 - Revised workforce strategy to compliment four year budget strategy.	H	22/03/2012	Richard Sealy	<i>The JMASS Project has superceded this action and this will need to form part of that Project.</i>	31 December 2013	Amber
4	Human Resources	Measures to reduce sickness absence.	The Council should consider what further measures it needs to undertake to reduce the high level of sickness absence.	M	23/09/2013	Richard Sealy	The Council has been delivering the actions on its Wellbeing and Sickness Action Plan which has seen the BVPI figure for 2013/14 reduce to 8.2 days per employee (a reduction of over 2 days per employee).	March 2014	Green
5	IT Controls	Work with Somerset County Council, Avon and Somerset Police and South West One to address the recommendations from the review of IT controls.	The Strategic Finance Officer will liaise with the partners of SWOne to fully understand the report and contact SWOne to answer questions arising from the report.	M	Sep-13	Maggie Hammond	SAP access report and action plan reported to Corporate Governance committee 10 March 2014 - all actions completed	October 2013	Closed
6	Main Accounting	Ensure that expense claims and supporting receipts are kept in accordance with the Council record retention policy	The organisation will be reminded of the Council's record retention policy and reminded that supporting evidence can be attached to Electronic Payment Request Forms in SAP.	L	Sep-13	Paul Fitzgerald	June 2014: The service in question has been reminded of the need to retain records, and has updated its processes accordingly. A general reminder to staff will be issued shortly, although issue marked as closed as no other evidence of non-retention of records found.	Ongoing	Closed
7	Resources	Address identified Weakness in financial systems.	The Council should consider address the weakness identified by Internal Audit in the financial systems for creditors and for debtors.	M	23/09/2013	Paul Fitzgerald	June 2014: There are a number of actions arising from the debtors and creditors audits, and these are progressing.	September 2014	Green

8	Value for Money	Develop benchmarking to support allocationg resources	Develop benchmarking to support decisions in allocating resources (Recommendation from the vfm conclusion in 2011/12)	M	Sep-13	Richard Sealy	<p>The Council has started gathering data to allow benchmarking information to assist and support decisions moving forward (as we embark on a period of major change re. shared services and organisational transformation). VFM data (organisational and service) was collated from tools available (LG Inform, Sparse etc) and included in a pack of information produced for Directors to use as part of workshops to decide on approach on developing and implementing the new Corporate Business Plan (May 2013). This data was also included in 2013 Service Profiles issued to & used by Theme Managers during Theme/Service & budget reviews for 2014/15. Some benchmarking data was also used in the JMASS business case.</p>	Ongoing	Amber
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Taunton Deane Borough Council

Corporate Governance Committee – 23 June 2014

Internal Audit Plan 2013-14 Annual Report and 2014-15 Quarter 1 Progress

Report of the Audit Manager – Alastair Woodland

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

1. Executive Summary

The Internal Audit function plays a central role in corporate governance by providing assurance to the Corporate Governance Committee, looking over financial controls and checking on the probity of the organisation.

This report highlights the outturn position of the 2013-14 Internal Audit Plan and significant findings and recommendations that have been made since the last Committee in March 2014.

This report also provides a brief update on progress of the 2014-15 Audit Plan.

2. Background

This report summarises the work of the Council's Internal Audit Service and provides:

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in March (Appendix B).
- 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 (Appendix A).

Members will note that there are some high priority recommendations (4 or 5) identified since the March update. These will be followed-up by Internal Audit to provide assurance that risk exposure has been reduced.

3. Detailed Update

Please refer to the attached SWAP Annual Opinion 2013-14 Opinion Report.

4. Finance Comments

There are no specific finance issues relating to this report.

5. Legal Comments

There are no specific legal issues relating to this report.

6. Links to Corporate Aims

Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, South West Audit Partnership.

7. Environmental Implications

There are no direct implications from this report.

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

There are no direct implications from this report.

9. Equalities Impact

There are no direct implications from this report.

10. Risk Management

Any large organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. TDBC has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement. The most significant findings since the last committee report are documented in Appendix B.

11. Partnership Implications

There are no direct implications from this report.

12. Recommendations

Members are asked to note the content of this report, in particular the opinion being given on the state of internal control and the significant findings since the last Committee in March.

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Taunton Deane Borough Council

Internal Audit Plan – Annual Opinion 2013-14 & Progress
Quarter 1 2014-15

Contents

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Purpose & Background	Page	3
Annual Opinion	Page	4 - 5
 <u>Internal Audit Work Plan 2013-14</u>		
SWAP Performance	Page	6
Internal Audit Work Programme	Page	7
Audits Completed	Page	8-12
Priority Action Points	Page	13-14
Summary of Control Assurances and recommendations	Page	15-16
Audit Plan Progress 2014-15	Page	17
 <u>Appendices</u>		
Appendix A -	Audit Plan Progress 2013-14	Page 18-21
Appendix B -	High Priority Findings and Recommendations (since last Committee)	Page 22-23
Appendix C -	Audit Plan Progress 2014-15	Page 24-25
Appendix D -	Audit Definitions	Page 26

Annual Opinion:

The 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 Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. 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 through the work based on the Annual Plan agreed by Senior Management and this Committee.

Annual Opinion:

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

Audit Manager's Opinion

Members through the various committees are ultimately responsible for maintaining an effective system of internal control. The purpose of internal control is to manage risk rather than eliminate it. Getting the balance of internal control right is essential for organisational success—to knowingly take risk rather than be unwittingly exposed to it. Under control could expose the organisation to unacceptable risk and destroy value as over control stifles value creation and entrepreneurship. Therefore the Internal Control Environment needs the right balance to help Taunton Deane to deliver its services with ever decreasing resources.

The control environment sets the tone of an organisation, providing discipline and structure. Control environment factors include the integrity, ethical values and managements' competencies, managements' philosophy and operating style, the way authority and responsibility are assigned and how the Council is organised. Key segments include identification and evaluation of risks, control activities (policy and procedures, approvals, authorisations, verifications, etc), monitoring activities and information and communication processes.

Internal Audit has not reviewed all risks and assurances relating to Taunton Deane and cannot provide absolute assurance on the internal control environment. Our opinion is derived from the completion of the risk based internal audit plan and as such it is one source of assurance on the adequacy of the internal control environment.

Of the 18 reviews that have an Assurance Opinion, including indicative assessments, no reviews were given 'No Assurance', although 1 (6%) returned a no rating as there was Insufficient evidence provided to enable us to provide assurance, and 5 (28%) were given 'Partial Assurance'.

This left a total of 12 (66%) that returned a favourable opinion of 'Reasonable Assurance' or 'Substantial Assurance'. We have also taken assurance that the risk around the frequency of gas servicing inspections has been addressed to ensure statutory time periods are met.

Annual Opinion:

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

Audit Manager's Opinion (Continued)

We are further encouraged that all internal and external audit recommendations are being actively monitored by Taunton Deane to seek assurance from relevant managers that the recommendations have been implemented.

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.

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.

In keeping with the public sector in general, there continues to be challenges for the Senior Management at the Taunton Deane Borough Council. The shared service arrangement with West Somerset Council is not without risk if the benefits are to be realised over the medium to longer term. In order to make changes and react to new and emerging risks, such as the shared service arrangement with West Somerset Council and welfare reforms, the Council will need assurance that Internal Controls are in place and operating effectively.

Performance:

The Chief Executive reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

Last April SWAP became a Publicly Owned Company, Limited by Guarantee. We have again managed to absorb some Partner day reductions and maintain day rates for the eighth consecutive year.

SWAP have not been able to undertake any accurate Benchmarking work as there are very few Partnerships of its size or nature. It is also not possible to obtain information on Private Sector costs from which to draw comparisons. We do know however that some larger firms charge well in excess of £300 per day and even more for IT Audit.

Last year, one of our partners completed the CIPFA Benchmarking exercise, comparing the service they receive from SWAP with others. Comparing day rates, SWAP came out the second lowest for the family group to which this partner belongs to for comparative purposes. The average day rate was £319 against the rate charged by SWAP of £280; £39 per day more expensive. Based on TDBC's Annual plan days for 2013/14 of 420, this represents a reduced charge of £16,380 per annum.

Members will also be interested to note that the Unitary Council of Herefordshire has now joined the South West Audit Partnership, bringing the total number of Partner Councils to 13. This demonstrates the excellent reputation SWAP maintains within the Local Authority community and that SWAP day rates are found to be very competitive.

With regards to the 2013/14 Annual Plan for Taunton Deane Borough Council, there were a total of 41 reviews delivered. In agreement with management, and previously reported to this Committee, a number of reviews were exchanged as the need to respond to new and emerging risks was identified.

Most audits have been completed to report stage with 10 drafts to be finalised, 5 reviews in progress and 4 dropped at the time of this report. These are targeted to be finalised by the end of June 2014.

Summary of Work 2013-14

The agreed Annual Audit Plan covers the following

Key areas of Activity:

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

Internal Audit Work Programme

The schedule provided at [Appendix A](#) contains a list of all audits agreed for inclusion in the Annual Audit Plan 2013-14 and the final outturn for the financial year. In total, 37 (including 10 at draft and 5 at review stage) audit reviews were completed during the year with a further 4 audits dropped at the time of this report. 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 37 reviews in the revised 2013-14 audit plan, they are broken down as follows:

• Operational Audits	14
• Information Systems	5
• Key Control	5
• Governance & Fraud	4
• Special Reviews (Non-Opinion)	2
• Follow-up	7

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 2013-14

Continued.....

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 2013 to March 2014, together with the Control Assurance offered, are summarised in the following table:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Car Park Contract Management	Reasonable	Procurement Cards	Partial
Taunton Deane Partnership's 'Priority Areas Strategy' (PAS) programme	Partial	Revs and Bens brought in house	Non - Opinion
1. Contract Audit - Spend Analysis	Reasonable	Community Infrastructure Levy (CIL)	Non - Opinion
Affordable Housing	Substantial	Audit Universe (New)	Non - Opinion (Draft)
2. Contract Audit – Pre & Current	Partial (Draft)	Troubled Families/Family Focus (New)	In Progress
Imprest Analysis/Cash Handling	Reasonable	DLO Fleet Vehicles, incl fuel check (New)	In Progress
Health & Safety	Non Opinion Discussion Document	Partnership Arrangements	Reasonable (Draft)

Summary of Work 2013-14

Continued.....

Audits Completed – Operational Continued

The 14 reviews returned 37 recommendations for improvement. The breakdown of these recommendations in terms of priority scores are; 8 priority four and 28 priority three and 1 priority two. For a summary of Control Assurance Definitions, Categorisation of Recommendations and Definitions of Risk Levels, please refer to [Appendix D](#).

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 2013/14:

Audit Area	Audit Opinion
System Development Life Cycle	No Rating (draft)
Non-SAP business critical applications - Civica	Reasonable
IT Financial Controls, Inc Access (Key Financial System Audit)	Review
Disaster Recovery Arrangements	In Progress
Data Centre Facilities Management	Partial

The 5 reviews returned 27 recommendations for improvement (note one still in progress and one at review). The breakdown of these recommendations in terms of priority scores are; 6 priority four; 18 priority three and 3 priority two.

Summary of Work 2013-14

Continued.....

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 2013 to March 2014 are as follows:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Creditors	Partial (Draft)	Payroll	Reasonable
Housing Rents	Reasonable	Capital Accounting	Reasonable (Draft)
Debtors	Reasonable		

A total of 17 recommendations were raised between the 5 reviews. The breakdown of these recommendations in terms of priority scores are; 3 priority four; 11 priority three and 3 priority two recommendations. It was pleasing to find that the vast majority of key controls were all operating effectively.



Summary of Work 2013-14

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. The following reviews of this type were completed:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Fighting Fraud Locally	Reasonable	Debt Management Theme	Non – Opinion (Review)
Council Tax Reduction Scheme	Non – Opinion (Draft)	Home Working Arrangements	Reasonable

These governance reviews with resulted in 15 recommendations for improvement. There were 2 priority four recommendations; 9 priority three recommendations and 4 priority two recommendations.

Audits Completed - Special Reviews (Non-Opinion)

Special reviews are where management have requested our time to be spent looking at a particular area where they may have some concerns. There were 2 special reviews undertaken during this period, these being:

Audit Area	Audit Opinion
Contract Benefits - Van Hire	Non-Opinion
Taxi Licences (New)	Non-Opinion

A total of six recommendations were raised within these two reviews.

Summary of Work 2013-14

Continued.....

Audits Completed — Follow Up Audits

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. In addition to our follow up work internal audit and external audit recommendations are monitored for management assurance that they have been implemented. The following table shows work undertaken on following up no and partial assurance audits during 2013-14:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Project Taunton - Follow Up	Follow-Up	Equality Impacts on Decisions - Follow-up	Follow-Up
Business Continuity Arrangements - Follow-up	Follow - Up	Data Security Breaches Follow-up	Follow-Up
ICT Strategy - Follow Up	Follow - Up	IS Regulatory Compliance - Follow-up	Follow-Up (In Progress)
Gas Servicing Follow up	Follow – Up (Discussion Document)		

Outcomes from the follow up audits feed into the risk assessment for future audit plans.

A total of 51 recommendations were followed up through these reviews with 26 completed by their target date and a further 25 in progress. One of the key risks around frequency of gas servicing has been addressed. Key recommendations still outstanding include development of the ICT Strategy, impact of disaster recovery arrangements on business continuity and revisiting the Business Impact Analysis for each service. The shared

Summary of Work 2013-14

Continued.....

Service arrangements will have an impact on business continuity planning and will need to be considered as part of that process.

Priority Actions

Internal Audit is required to bring to the attention of senior managers and members significant internal control, risk management and governance issues identified through our work. As agreed with this Committee where a review has a status of 'Final' and has been assessed as 'Partial or No Assurance' I provide further details to inform Members of the key issues identified. I normally summarise those actions where the Auditor has assessed the priority to be a level 4 (Medium/High) or 5 (High).

Data Centre Facilities Management

The Council depends upon its information systems to provide services to the community it serves. Physical security and operational efficiency of its Data Centre is integral to its being able to fulfil this role and the contractual arrangements undertaken with Southwest One were designed to assist in this.

The TDBC Data Centre is not a new facility and as such does not benefit from an ideal location or modern advances in data centre design and construction. This imposes constraints on the level of physical security that can be applied to protect the data centre and its services. Fire detection and suppression is installed but the facility lacks moisture detection and a dedicated environmental monitoring system. Reliance being placed on the fire alarm sensors to 'short' and send a fault alert and the uninterruptable power supply (UPS) to detect and alert a rise in temperature respectively.

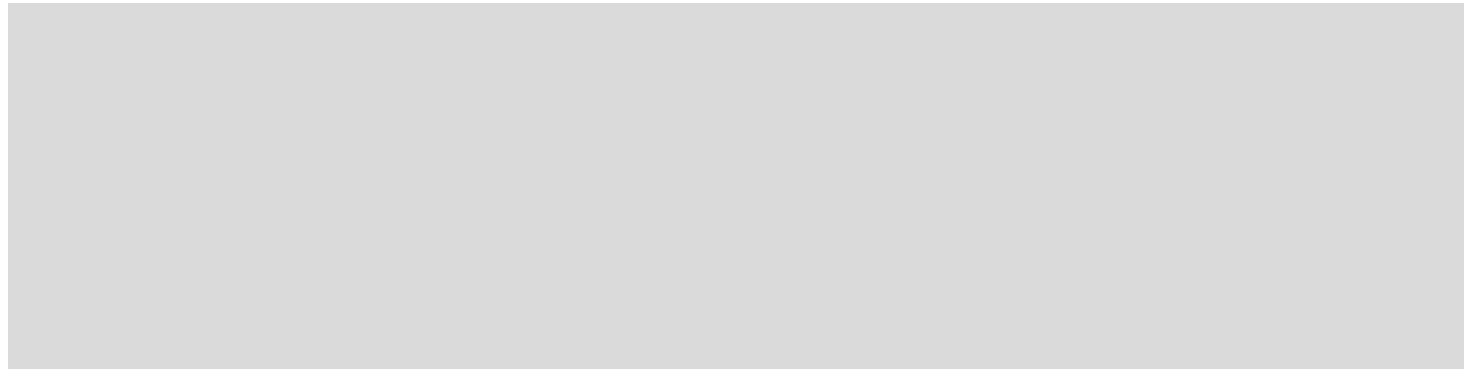
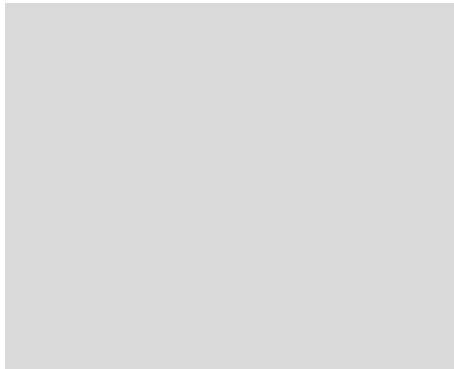
A backup power generator is available to provide power in the event of electrical supply failure but has not been subject to a recent full load test and the generator may not be able to supply the power load of the data centre. Nor is there an automated system to shut down servers before the UPS runs out of power.

Summary of Work 2013-14

Continued.....

We were unable to confirm beyond verbal assurances that critical data and communications equipment have appropriate maintenance arrangements. Southwest One declined to make this information available to us as they felt there was no contractual obligation to do so. Accordingly we are unable to provide assurance to the Council on this point and this is reflected in our overall opinion.

Details of the level 4 and 5 priority recommendations identified since the last Committee are summarised in Appendix B for your information and consideration.

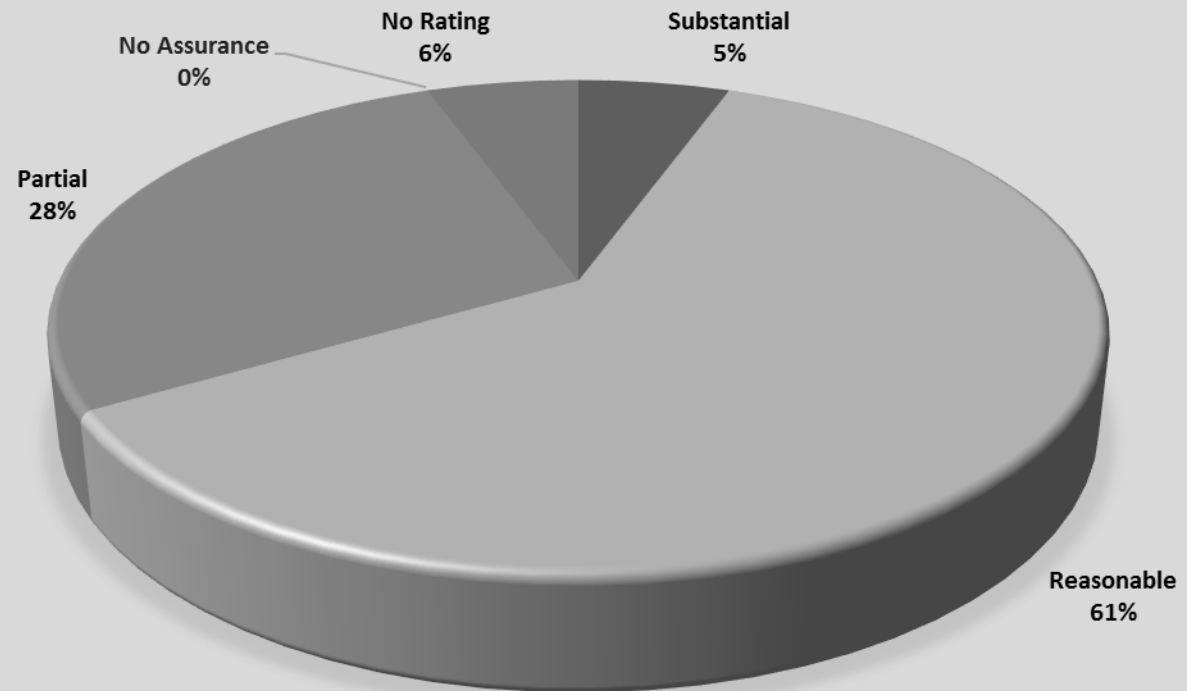


Summary of Work 2013-14

Continued.....

Summary of Control Assurance and Recommendations

Removing the non-opinion work shows that just over 70% of the reviews undertaken returned a favourable opinion. To provide this Committee with the assurance required, follow up audits are being conducted on the reviews that did not return an adequate assurance rating. Further details can be found in [Appendix C](#) where the follow up audits are listed.



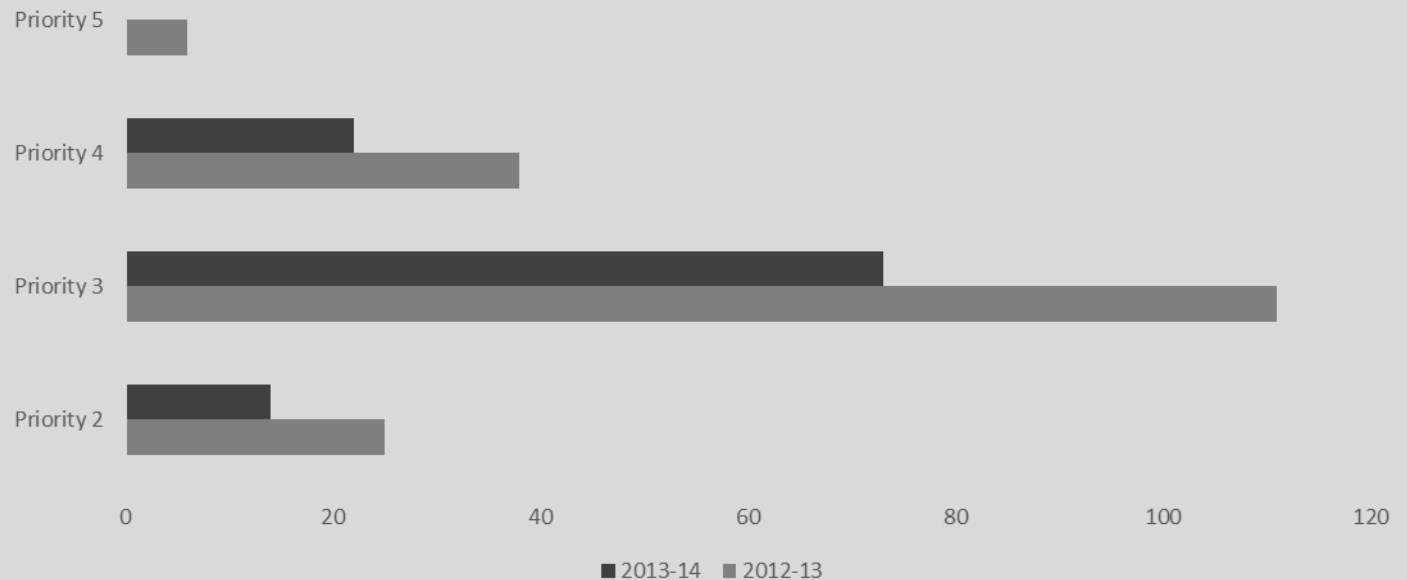
Summary of Work 2013-14

Continued.....

Summary of Control Assurance and Recommendations (Continued)

This shows that the majority of the recommendations made were of a medium priority. The comparison between years show a reduction in the number of recommendations raised across all priority ratings. No additional priority 5 recommendations were made during 2013-14, although four priority 5 recommendations remain outstanding at the time of the follow up audit.

Priority Recommendation Yearly Comparison



Audit Progress 2014-15

Our Audit Progress is Split between:

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

Audit Plan Progress 2014-15

The Annual Audit Plan 2014-15 was agreed by this Committee on Monday, 11th March, 2014 and the progress to date on the quarter scheduled work is detailed in [Appendix C](#).

In terms of the 2014-15 plan I am pleased with the progress that has been made although our priority must be to bring the 2013-14 plan to a swift conclusion. Further details on the 2014-15 plan progress will be presented at the next Corporate Governance Committee in September.

Audit Plan Progress 2013-14

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
ICT Audits	Data Centre Facilities Management	1	Final	Partial	12	0	0	10	2	0
Non-Opinion	Contract Benefits - Van Hire	1	Final	Non-Opinion	6	0	0	4	2	0
ICT Audits	System Development Life Cycle	1	Draft	No Rating	7	0	1	3	3	0
Operational Audit	Car Park Contract Management	1	Final	Reasonable	2	0	0	2	0	0
Operational Audit	Taunton Deane Partnership's 'Priority Areas Strategy' (PAS) programme	1	Final	Partial	9	0	0	4	5	0
Operational Audit	1. Contract Audit - Spend Analysis	1	Final	Reasonable	2	0	0	2	0	0
Operational Audit	Affordable Housing	1	Final	Substantial	0	0	0	0	0	0
Follow-up	Project Taunton - Follow Up	1	Final	Follow-up	2	0	0	1	1	0
Follow-up	Business Continuity Arrangements - Follow-up	1	Final	Follow-up	4	0	0	0	3	1
Non-Opinion	Taxi Licenses (New)	1	Final	Non-Opinion	0	0	0	0	0	0
Operational Audit	2. Contract Audit – Pre & Current	1 & 2	Draft	Partial	9	0	0	8	1	0
Governance, Fraud & Corruption	Fighting Fraud Locally	2	Final	Reasonable	6	0	1	3	2	0
ICT Audits	Non-SAP business critical applications - civica	2	Final	Reasonable	8	0	2	5	1	0

Audit Plan Progress 2013-14

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Operational Audit	Procurement Cards	2	Final	Partial	6	0	0	4	2	0
Operational Audit	Revs and Bens brought in house	2	Final	Non-Opinion	0	0	0	0	0	0
Operational Audit	Community Infrastructure Levy (CIL)	2	Final	Non-Opinion	0	0	0	0	0	0
Follow-up	Equality Impacts on Decisions - Follow-up	2	Final	Follow-up	1	0	0	0	1	0
Follow-up	Data Security Breaches Follow-up	2	Final	Follow-up	5	0	3	1	1	0
Operational Audit	Audit Universe (New)	3	Draft	Non-Opinion	0	0	0	0	0	0
Governance, Fraud & Corruption	Council Tax Reduction Scheme	3	Final	Non-Opinion	2	0	1	1	0	0
Follow-up	ICT Strategy - Follow Up	3	Final	Follow-up	8	0	1	3	2	2
Key Control	Creditors	3	Draft	Partial	5	0	0	2	3	0
Key Control	Council Tax & NNDR (Dropped – replaced by Audit Universe)	3	Dropped							
Key Control	Debtors	3	Final	Reasonable	2	0	0	2	0	0
Key Control	Housing Benefits (Dropped – Fleet vehicles and Fuel)	3	Dropped							
Key Control	Main Accounting (Dropped – replaced by Trouble Families)	3	Dropped							

Audit Plan Progress 2013-14

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Key Control	Payroll	3	Final	Reasonable	3	0	1	2	0	0
Key Control	Capital Accounting	3	Draft	Reasonable	2	0	2	0	0	0
Key Control	Housing Rents	3	Final	Reasonable	5	0	0	5	0	0
Key Control	Treasury Management (Dropped – replaced by Taxi Licenses)	3	Dropped							
Governance, Fraud & Corruption	Debt Management Theme	3	Review	Non-Opinion	0	0	0	0	0	0
ICT Audits	IT Financial Controls, Inc Access (Key Financial System Audit)	3	Review							
Follow-up	IS Regulatory Compliance - Follow-up	4	In progress							
Operational Audit	Troubled Families/Family Focus (New)	4	In progress							
Governance, Fraud & Corruption	Home working Arrangements	4	Final	Reasonable	7	0	2	5	0	0
ICT Audits	Disaster Recovery Arrangements	4	In progress							
Operational Audit	Imprest Analysis/Cash Handling	4	Final	Reasonable	1	0	0	1	0	0
Operational Audit	DLO Fleet Vehicles, incl fuel check (New)	4	In progress							
Operational Audit	Health & Safety	4	Discussion Document		6	0	2	3	1	0



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Audit Plan Progress 2013-14

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Operational Audit	Partnership Arrangements	4	Draft	Reasonable	8	0	1	7	0	0
Follow-up	Gas Servicing Follow up	4	Draft	Follow-up	3	0	0	0	2	1
	Somerset Waste Partnership Plan Contribution	4								

High Priority Findings and Recommendations

APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Data Centre Facilities Management					
<p>Existence of equipment maintenance contracts could not be verified.</p>	<p>Southwest One did not provide a copy of their Asset Monitoring & Maintenance Contract Register and we were advised that they were not contractually obliged to provide this information. As such we can provide no assurance that all critical data and communications equipment used by the Council are under maintenance agreements and that they are sufficient to meet the needs of the organisation. Southwest One's refusal to share information with officers then makes it difficult for the Council to meet its obligation to 'jointly monitor' the contract.</p>	<p>I recommend that the Strategic ICT Lead obtains formal assurances from Southwest One that all critical ICT equipment has appropriate maintenance contracts in place and share maintenance schedules with the Data Centre Manager (DCM)</p>	<p>SWOne have provided formal assurances that appropriate maintenance contracts are in place for critical ICT equipment.</p>		<p>Strategic ICT Lead</p>

High Priority Findings and Recommendations

APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Data Centre Facilities Management Continued					
<p>The Deane House site limits the steps that can be taken to protect the server room and its supporting services. For example, the air conditioning condensers are in the Deane House loading yard area.</p>	<p>There is a higher vulnerability to sabotage where key equipment, such as the condensers, is easily accessible to the public.</p>	<p>I recommend that the DCM and Strategic ICT Lead undertake a risk assessment of the physical and environmental limitations of the data centre on the Deane House site. The possibility of addressing these by remote hosting agreements, relocating equipment to a purpose built facility etc. should be explored whenever refurbishment or Council accommodation reviews are undertaken.</p>	<p>Acknowledged. As part of the accommodation project, all options for future provision of ICT infrastructure will be considered and factored into the decision on future accommodation for TDBC</p>		<p>Data Centre Manager and Strategic ICT Lead</p>

Audit Plan Progress 2014-15

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 Theme	1	Not Started							
ICT Audits	Threat Protection	1	Not Started							
Operational Audit	Parks & Open Spaces	1	Initiation							
Operational Audit	Safeguarding	1	Review							
Follow-up	Procurement Cards	1	Final	Follow-up						
Governance, Fraud & Corruption	Absence Management - Theme	2								
Governance, Fraud & Corruption	Private Water Supply	2								
Governance, Fraud & Corruption	Data Transparency	2								
Governance, Fraud & Corruption	Protective Marking - Theme	2								
ICT Audits	Corporate Information Security Controls (CIS)	2								
Operational Audit	Housing Sales (right to buy)	2								
Follow-up	PAS	2								
Key Control	Main Accounting	2								
Key Control	Creditors	3								
Key Control	Council Tax & NNDR	3								
Key Control	Debtors	3								
Key Control	Housing Benefits	3								
Key Control	Payroll (Starters, Leaver, Changes)	3								
Key Control	Treasury Management	3								
ICT Audits	Financial Key Controls	3								



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Audit Plan Progress 2014-15

APPENDIX C

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 =  5 = Major				
						Recommendation				
						1	2	3	4	5
Operational Audit	Housing New Build	3								
Governance, Fraud & Corruption	Safer Somerset Partnership/ Community Safety	4								
Governance, Fraud & Corruption	Asset Management Theme	4								
Operational Audit	Community Infrastructure Levy (CIL)	4								
Operational Audit	Commercial Properties/Rents	4								
Follow-up	Data Centre	4								
Governance, Fraud & Corruption	WSC & TDBC Shared Services	4								
Governance, Fraud & Corruption	Legal Services - Shared Services	4								

Control Assurance Definitions

Appendix D

Substantial	▲▲▲▲ I am able to offer substantial 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 - 23rd June 2014

Review of Effectiveness of Internal Audit

Report of the Strategic Director (Shirlene Adam).

This matter is the responsibility of the Leader of the Council, Cllr 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 continue to operate at a "satisfactory" level.

1. Background

- 1.1 The South West Audit Partnership (SWAP) is a partnership that provides the Internal Audit service to all of the six Somerset authorities, Dorset County Council, Weymouth and Portland Borough Council, West Dorset District Council, Forest of Dean District Council, East Devon District Council, and Wiltshire Council as well as a number of related bodies such as the Somerset Waste Partnership. There is also the potential for a new partner to join in the next few months.
- 1.2 SWAP has recently moved from being governed via a Joint committee format to a Company structure.
- 1.3 Internal audit forms a part of the corporate governance and internal control framework that provides accountability to stakeholders on all areas of the Council Plan. Their opinion on the adequacy and effectiveness of the Council's internal control framework forms a part of the evidence used in preparing the corporate Annual Governance Statement (AGS) for 2013-14, which will be published as part of the Council's Statement of Accounts in September 2014.
- 1.3 There are several statutory requirements regarding Internal Audit:
 - The Accounts and Audit (England) Regulations 2011 require authorities to review the effectiveness of the system of Internal Audit. They also state "A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control."
 - Section 151 of the Local Government Act 1972 states that every local authority in England and Wales should "make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the proper administration of those affairs." CIPFA has defined "proper administration" in that it should include

“compliance with the statutory requirements for accounting and internal audit”

- The CIPFA Statement on the Role of the Chief Finance Officer in Local Government states that the Chief Finance Officer (CFO) must:
 - Ensure an effective internal audit function is resourced and maintained;
 - Ensure that the authority has put in place effective arrangements for internal audit of the control environment;
 - Support the authority’s internal audit arrangements: and;
 - Ensure that the Audit Committee receives the necessary advice and information, so that both functions can operate effectively.

1.4 Therefore it is important for the findings of the review of the effectiveness of the system of Internal Audit are considered by a committee such as the Corporate Governance Committee as a part of the consideration of the system of internal control. This review has to be carried out by someone independent of SWAP.

2. Compliance With PSIAS and Local Government Application Note

2.1 The 2006 CIPFA Code of Practice for Internal Audit has been superseded by the Public Sector Internal Audit Standards (PSIAS) and a Local Government Application Note on the 1st April 2013 that sets out how an internal audit function should be fulfilled. The main focus is the internal audit service itself, but the Standards also refer to the wider elements of the “system of internal audit”, including the importance of the direct relationship between Internal Audit and the Audit Committee. The Standards cover:

- Purpose, authority, and responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality Assurance and Improvement Programme;
- Managing the Internal Audit Activity;
- Nature of Work;
- Engagement Planning;
- Performing the Engagement;
- Communicating Results;
- Monitoring Progress.

2.2 The Audit Charter for 2013-14 was approved by the Corporate Governance Committee recently. All aspects of the Standards will be covered by SWAP through the Audit Charter and reviewed and approved by the 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 Director of Operations (the Council’s S151 Officer). The findings have been reported as part of the overall evaluation and supporting evidence for the

Annual Governance Statement. The following criteria were used in the evaluation:

- Annual report and opinion of the Head of Internal Audit;
- Audit plan and monitoring reports;
- Reports on significant findings;
- Key performance measures and service standards;
- View of the Council's External Auditor covering the extent of reliance placed on internal audit work on key financial systems.

3.2 It was found that overall the team performed well and that this view was supported by the comments of external auditors and client satisfaction. The table below shows some of the overall performance of the service during the year compared to the previous three years:

Performance Measure	2010/11	2011/12	2012/13	2013/14
Levels of satisfaction from feedback questionnaires	75% (18 Received)	79% (9 Received)	80% (16 Received)	80% (17 Received)
Audits and reviews completed in year compared to the plan (all at least at final draft stage)	90%	95%	87%	89%
Managed audits completed in year compared to plan	100%	100%	100%	100%
Total completed audits and reviews	32	38	39 (4 draft & 3 in progress)	37
Cost of audit service to TDBC	£131,600	£131,600	£117,600	£117,600
Number of actions for improvements agreed by managers.	189	180	151	92*
No of audit recommendations considered High Risk (Priority 5)	4	6	4*	0
Value for Money – average cost of audit day compared to private sector (benchmarking)	SWAP = £280 Private Sector = £320	SWAP = £280 Private Sector = £320	SWAP = £280 Private Sector = £299	SWAP = £280 Private Sector = £299
SWAP A/Cs outturn on spend compared to budget – (brackets indicate net income)	Budget £(48,943) Actual £(142,928)	Budget £(26,830) Actual £(99,256)	Budget £(4,540) Actual £(58,584)	Budget £(x) Actual £(x)

(X Final Accounts not ready until June 2014; outturn figure currently unavailable)

* Only in relation to assignments at final report stage.

- 3.3 The table shows that the satisfaction with the audits carried out at TDBC is 80%, similar to last year.
- 3.4 The number of audit projects undertaken within the days available has reduced slightly from the previous year to 37 from 39.
- 3.5 There were no new high priority recommendations in 13/14.
- 3.6 The outturn position is likely to show that, as in previous years, the partnership makes a surplus from operations. This gives some room for reinvestment in the business which is managed via the Board of Directors for SWAP.
- 3.7 As SWAP is now a company limited by guarantee the Directors of the company will be required to act in the interests of the company. As s151, I still have access to the SWAP Management Team to influence service delivery and priorities from a customers perspective.

4. Service Standards

- 4.1 In assessing SWAP's performance it is important to review the standards of service and that each authority is afforded the same standards and also senior officer time. The following table outlines the minimum standards to be introduced and whether they would have been delivered for Taunton Deane Borough Council had they been in place:

Service Standard	Expected Standard	Delivery of Standard
Attendance by Head of SWAP/ Group Audit Manager at Audit Committee.	At least 1 times per annum	1 time in 2013/14
Attendance by Audit Manager at Audit Committee	At least 4 times per annum	4 times in 2013/14
Attendance by Head of SWAP at Corporate Governance Officer Group	4 times per annum	1 time (Note only 2 meetings held) – Group Audit Manager Substitute for the other.
Liaison meetings with S151 Officer and Audit Manager	6 times per annum	6 times in 2013/14
Agreement of Audit Plan:		
Prepared for Management Board/S151	By mid January each year	Delivered
Prepared for Audit Committee	By end January each year	Prepared by end January and presented to March 2014 meeting

Audit Plan monitoring reports	4 times per annum including Annual Report	4 times (quarterly report) per annum
Agreement of Audit Charter:		
Prepared for Management Board/S151	By mid January each year	Delivered.
Prepared for Audit Committee	By end January each year	Presented to Corporate Governance Committee in March 2014.
To assist with member/officer training in audit and governance	Once per annum	Not required in 2013/14

5. 2013/14 Action Plan

The following shows progress *in italics* against the actions to be completed in 2012/13:

- SSDC has requested that the Devon Audit Partnership review the annual return and control environment as part of the assurance framework for the statement of accounts. This will be completed over the next few weeks.

COMPLETE

- Update the Audit Charter to reflect the new Public Sector Internal Audit Standards (PSIAS) to be approved by the Corporate Governance Committee in June 2013.

COMPLETE

- To update and maintain the Quality Assurance and Improvement Programme (update attached) and report conformance with the PSIAS in October 2013.

COMPLETE

6. Actions to be Completed in 2014/15

6.1 The following areas will be monitored for progress during 2014/15:-

- To improve the information flows between the SWAP MKI System and the Council, to reduce the manual intervention currently required to maintain up to date records of audit recommendations.
- To further develop the audit universe work started during 13/14 with the s151 officer and team – creating a database of knowledge to be used to manage risk across the Council.

- To look for further efficiencies in delivering audit work across Taunton Deane and West Somerset to benefit both Councils.
- To improve on the current 13/14 delivery times re moving from draft to final audit reports.
- To work with the Council on improving the reporting of key audit information to the Audit Committee.

7. Opinion

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

8. Financial Issues / Comments

8.1 There are no financial implications arising from this report.

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 review of effectiveness of internal audit 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 2013/14.

Contact Officers:

<p>Shirlene Adam Director - Operations 01823 356310</p> <p>s.adam@tauntondeane.gov.uk</p>	<p>Richard Sealy Assistant Director – Corporate 01823 356356</p> <p>r.sealy@tauntondeane.gov.uk</p>
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23/06/2014, Report:Health and Safety Update Report

Reporting Officers:Catrin Brown

23/06/2014, Report:Draft Annual Governance Statement 2012/13

Reporting Officers:Dan Webb

23/06/2014, Report:Corporate Governance Action Plan

Reporting Officers:Dan Webb

23/06/2014, Report:Annual Report of SWAP

Reporting Officers:Alistair Woodland

23/06/2014, Report:Internal Audit - Review of Effectiveness

Reporting Officers:Shirlene Adam

23/06/2014, Report:Overview of Technical Changes to Statement of Accounts 13/14

Reporting Officers:Peter Barber,Paul Fitzgerald

23/06/2014, Report:Verbal Update on Approach to Corporate Fraud

Reporting Officers:Paul Fitzgerald

22/09/2014, Report:Health and Safety Update Report

Reporting Officers:Catrin Brown

22/09/2014, Report:Grant Thornton - Audit Findings

Reporting Officers:Peter Barber

22/09/2014, Report:Grant Thornton - Certification Plan

Reporting Officers:Peter Barber

22/09/2014, Report:Approval of Statement of Accounts 2013/14

Reporting Officers:Paul Fitzgerald

22/09/2014, Report:Internal Audit Plan 14/15 - Progress Report

Reporting Officers:Alistair Woodland

22/09/2014, Report:Corporate Risk Update

Reporting Officers:Paul Harding

22/09/2014, Report:Approach to Corporate Fraud

Reporting Officers:Paul Fitzgerald

22/09/2014, Report:Review of the Standards Regime

Reporting Officers:Bruce Lang

22/09/2014, Report:Review of Petitions Scheme

Reporting Officers:Bruce Lang

08/12/2014, Report:HRA Self-Financing Code Self Assessment Outcome

Reporting Officers:James Barra

08/12/2014, Report:Pensions Deficit Presentation

Reporting Officers:Anton Sweet

08/12/2014, Report:Health and Safety Update Report

Reporting Officers:Catrin Brown

08/12/2014, Report:Grant Thornton - Annual Audit Letter 2012/13

Reporting Officers:Peter Barber

08/12/2014, Report:Grant Thornton - External Audit Update

Reporting Officers:Peter Barber

08/12/2014, Report:Internal Audit Plan - Progress Report

Reporting Officers:Alistair Woodland

08/12/2014, Report:Corporate Governance Action Plan Update

Reporting Officers:Paul Harding

08/12/2014, Report:Regulation of Investigatory Powers Act - Update following inspection

Reporting Officers:Bruce Lang

09/03/2015, Report:Health and Safety Update Report

Reporting Officers:Catrin Brown

09/03/2015, Report:Grant Thornton External Audit - Certification of Grant Claims

Reporting Officers:Ashley Allen,Peter Barber

09/03/2015, Report:Grant Thornton External Audit - External Audit Fees 2015/16

Reporting Officers:Ashley Allen,Peter Barber

09/03/2015, Report:Grant Thornton External Audit - Audit Progress

Reporting Officers:Anton Sweet,Peter Barber

09/03/2015, Report:Risk Management Update Report

Reporting Officers:Paul Harding

09/03/2015, Report:SWAP Internal Audit - Progress Report 2014/15

Reporting Officers:Alistair Woodland

09/03/2015, Report:SWAP Internal Audit Plan 2015/16

Reporting Officers:Alistair Woodland

26/05/2015, Report:Grant Thornton External Audit Plan 2014/15

Reporting Officers:Ashley Allen,Peter Barber

26/05/2015, Report:Grant Thornton External Audit Update

Reporting Officers:Ashley Allen,Peter Barber

26/05/2015, Report:Draft Annual Governance Statement 2014/15
Reporting Officers:Paul Harding

22/06/2015, Report:Health and Safety Update Report
Reporting Officers:Catrin Brown

22/06/2015, Report:Corporate Governance Action Plan Update
Reporting Officers:Paul Harding

22/06/2015, Report:Corporate Risk Update Report
Reporting Officers:Paul Harding

22/06/2015, Report:SWAP Internal Audit - Annual Report
Reporting Officers:Alistair Woodland

22/06/2015, Report:SWAP Internal Audit - Review of Effectiveness
Reporting Officers:Shirlene Adam

22/06/2015, Report:Annual Governance Statement 2014/15
Reporting Officers:Paul Harding

28/09/2015, Report:Health and Safety Update Report
Reporting Officers:Catrin Brown

28/09/2015, Report:Grant Thornton External Audit - Audit Findings
Reporting Officers:Ashley Allen,Peter Barber

28/09/2015, Report:Grant Thornton External Audit - Certification Plan
Reporting Officers:Ashley Allen,Peter Barber

28/09/2015, Report:Approval of the Statement of Accounts
Reporting Officers:Jo Nacey,Paul Fitzgerald

28/09/2015, Report:SWAP Internal Audit - Progress Update Report 2014/15
Reporting Officers:Alistair Woodland

07/12/2015, Report:Health and Safety Update Report
Reporting Officers:Catrin Brown

07/12/2015, Report:Grant Thornton External Audit - Annual Audit Letter 2014/15
Reporting Officers:Ashley Allen,Peter Barber

07/12/2015, Report:Grant Thornton External Audit Update
Reporting Officers:Ashley Allen,Peter Barber

07/12/2015, Report:Corporate Governance Action Plan
Reporting Officers:Paul Harding

07/12/2015, Report:Corporate Risk Update Report
Reporting Officers:Paul Harding

07/12/2015, Report:SWAP Internal Audit - Progress Report 2014/15

Reporting Officers:Alistair Woodland