

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 22 June 2015 at 18:15.

Agenda

- 1 (a) (i) Appointment of Chairman.
(ii) Appointment of Vice-Chairman.
(b) Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 9 March 2015 (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 Grant Thornton External Audit Plan 2014/15. Report of the External Audit Manager.
Reporting Officer: Peter Barber
- 6 Grant Thornton External Audit - External Audit Fees 2015/16. Report of the External Audit Manager.
Reporting Officer: Peter Barber
- 7 Grant Thornton External Audit Update. Report from the External Audit Manager.
Reporting Officer: Peter Barber
- 8 Update on Health and Safety and Performance and Strategy for 2015/16. Report from the Health and Safety Manager.
Reporting Officer: Catrin Brown
- 9 SWAP Internal Audit Plan 2014-2015 Annual Opinion. Report of the Assistant Director, South West Audit Partnership.
Reporting Officer: Alastair Woodland

- 10 Review of Effectiveness of Internal Audit. Report of the Director of Operations and Deputy Chief Executive Officer.
Reporting Officer: Shirlene Adam
- 11 Draft Annual Governance Statement 2014/15. Report of the Corporate Strategy and Performance Manager.
Reporting Officer: Paul Harding
- 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

15 March 2016

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.

Full Council, Executive, Committees and Task and Finish Review agendas, reports and minutes are available on our website: www.tauntondeane.gov.uk



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 V Stock-Williams (Chairman)
Councillor J Blatchford (Vice-Chairman)
Councillor N Cavill
Councillor S Coles
Councillor D Cossey
Councillor A Govier
Councillor T Hall
Councillor J Hunt
Councillor R Lees
Councillor Miss F Smith
Councillor A Sully
Councillor C Tucker
Councillor D Webber
Councillor D Wedderkopp

Corporate Governance Committee – 9 March 2015

Present: Councillor D Reed (Chairman)
Councillor Coles (Vice-Chairman)
Councillors Beaven, Hall, Horsley, Hunt, R Lees, Miss Smith, P Smith,
Mrs Stock-Williams and A Wedderkopp.

Officers: Catrin Brown (Senior Environmental Health Officer – Health and Safety),
Bruce Lang (Assistant Chief Executive and Monitoring Officer), Richard
Sealy (Assistant Director - Corporate Services), Shirlene Adam (Director
of Operations and Section 151 Officer), Paul Harding (Corporate Strategy
and Performance Manager) and Andrew Randell (Corporate Support
Officer).

Also Present: Councillor Morrell
Alistair Woodland from South West Audit Partnership (SWAP)

(The meeting commenced at 6.15 pm)

62. Apologies/ Substitution

Apologies : Councillors Denington, Gaines, Horsley and Mrs Lees.

Substitution : Councillor R Lees for Mrs Lees.

63. Minutes

The minutes of the meeting held on 8 December 2014 were taken as read and were signed.

64. Declaration of Interests

Councillors Coles, Hunt and A Wedderkopp declared personal interests as Members of Somerset County Council. Councillor A Wedderkopp also declared a personal interest as a Member of Wessex Water's Environmental Panel. Councillor Hunt also declared a personal interest as a Member of Somerset County Council's Pensions Committee.

65. Taunton Deane Borough Councils Constitution

The Assistant Chief Executive, Bruce Lang, provided an update on the progress being made with revising the Council's Constitution and the latest position as to the review of Member numbers on Taunton Deane Borough Council.

During the discussion of this item, Members made comments and statements and asked questions which included:-

- It was requested that an edited version of the Constitution be submitted to the Committee, with Councillors requesting more time to assess this.

- Full Council would have the final say as to what is included within the Constitution but Councillors would have the opportunity to input any concerns before it reached this point.
- After any amendments had been made, a full further report would come to the Committee after the forthcoming elections.
- The Boundary Commission review was due to begin in August 2015.
- The Committee would be provided with a 'road map' which set out the stages and timeline to enable Members to prepare for the review.
- It was important that the views of individual Councillors were captured to provide detailed information about their Wards.
- Contact would be made with the Boundary Commission to ascertain what could be done in advance.

Resolved that the verbal update provided be noted.

66. Update on Health and Safety Performance and Strategy for 2014-2015

Considered report previously circulated, which provided an update on the progress of a range of Health and Safety matters across the organisation.

Below was a summary of topics which included:-

- Accident and Incident data for the part of the financial year 2014-2015 was as follows:-

TDBC Accident Totals 1st April 2014 - 31st January 2015				
Classification	TDBC	DLO & Crematorium	Public	Tenants (public areas)
Reportable	0	3	0	0
Non-reportable	6	41	3	2
Near Miss	0	9	0	0
Period Total	6	53	3	2

- There had been two dog bites to employees working in Council domestic housing recorded.
- Key performance indicator (KPI) monitoring from 1 April 2014 had shown two of the four indicators were green and on target as well as one red and one amber.
- Copies of the reviewed and updated Joint Health and Safety Policies had been circulated for consultation. The policies continued to be reviewed to a dated schedule.
- Hearing tests had been carried out for 40 employees (DLO and the Print Room) and a further 27 were planned.
- Medical assessments for the task trained DLO employees who were involved in removing asbestos and those working in confined spaces were planned for completion before the end of March 2015.

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

- It was questioned if incidents were followed up. *If they were serious incidents such as dog bites then they were reported to the Police.*
- The KPI's were targeted to reduce accidents.
- The reduction of Health and Safety audits by 60% were believed to be due to greater raising of awareness by the Health and Safety Service leading to increased requests for assistance.
- Hearing tests would be an annual process for employees exposed to noisy equipment in the workplace.
- Members requested that incidents should be colour coded. *Any Health and Safety audits involved an inspection of the workplace and documentation along with risk assessments.*
- An issue relation to a pond at Cotford St Luke would be picked up separately with the Councillor raising the issue.

Resolved that the report be noted.

67. Grant Thornton - Certification Report 2013/2014

Considered report previously circulated, on the Council's Annual Audit Letter which summarised the key findings arising from the work that had been carried out for the year ended 31 March 2014. The key messages were:-

- Both claims/returns were submitted and certified by the required deadlines;
- The pooling of Housing Capital Receipts Return was certified without amendment or qualification however the Housing Benefit Claim was qualified and amended; and
- Working papers were in place to support the entries on the claim/returns and requests for additional information had been dealt with promptly.

The Audit fees for 2013/2014 certification had been based on the final 2011/2012 certification fees. The fees for certification of Housing Benefit subsidy had been reduced by 12% to reflect the removal of Council Tax Benefit from the scheme.

Resolved that the Auditor's report be noted.

68. Risk Management Update Report

Considered report previously circulated, about the corporate risks which were being managed by the Joint Management Team (JMT) as well as an action plan for improving risk management within the Council.

Both Taunton Deane and WSC recognised the importance of effective identification, evaluation and management of all key strategic and operational risks.

Risk management was a key element of the Council's overarching Governance arrangements and it covered the whole spectrum of risks and not just those

associated with finance, health and safety, business continuity and insurance. It also included risks associated with:-

- Service provision,
- Effectiveness and continuity;
- Public image (reputation);
- Compliance with legislation; and
- Environment.

The Corporate Risk Register was a 'live' document which highlighted the key corporate risks facing the Council and was formally reviewed by JMT on a quarterly basis.

There were currently 16 (13 joint risks and three Taunton Deane specific risks) risks which had been identified for inclusion on the Corporate Risk Register. This was a reduction of two from one from the last time an update was provided to Members.

Since the last update, the four risks relating to the growth programme had been amalgamated into a single risk as there was a degree of duplication with the four previous entries and their mitigation.

Reported that a new risk had been added to the register regarding staff retention, engagement and development.

Mitigating actions have continued to be delivered in respect of the various risks. These are set out in the risk register and will continue in order to manage down the risks to an acceptable level.

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

- The changes since the last report were detailed along with the direction of travel.
- Universal Credit was thought to be a risk, with the danger of reduction from rental income. To diminish any risks work was being done in conjunction with the Department of Work and Pensions and landlords.
- It was considered what action was being done to mitigate risks to retain and attract staff.
- Member briefings on Universal Credit were requested. *It was clarified that Universal Credit was not a migration process and would only be for new claimants.*
- Concern was expressed relating to service continuity and dealing with issues and growing expectations with less staff capacity.
- Risks were shared by both Taunton Deane and WSC in relation to some cases.
- Members commended the clarity of the report.

Resolved that the report be noted.

69. Internal Audit Plan 2014-2015 Progress

Considered report previously circulated, which summarised the Council's Internal Audit Service progress with the 2014-2015 Internal Audit Plan and included:-

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the Committee in December 2014; and
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority ranking of these.

Reported that there were some high priority recommendations identified since the September update. The recommendations had been assessed at service level.

The Internal Audit Service were making steady progress against the 2014-2015 plan. It was recognised that significant changes had occurred over the last few months at the Council with regard to officer responsibilities. Whilst this had caused movement in the Audit Services timings of some of the audits, SWAP still anticipated full delivery of the plan.

Progress had been made with SW1 on the ICT audits and the audit engagement protocol with SW1 was out for final approval and should be a live document for the end of the year.

It was also reported that although SWAP had returned to partial assurance audits, no significant corporate risks had been identified.

Resolved that the SWAP Progress Report be noted.

70. Internal Audit Plan 2015-2016

Considered report previously circulated, which provided details of the Internal Audit Plan 2015-2016.

During the discussion of this item, Members made comments and statements and asked questions which included:-

- The Section 151 Officer was confident in the report which made connections with the Risk Register. Further comment was made that this was a good start for the year ahead.
- The Housing Revenue Account (HRA) was not something that was specifically being looked at. All costs were being charged back to the HRA.
- The Internal Audit Charter was attached for approval.

Resolved that the report be noted.

71. External Audit (Grant Thornton) Update Report

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.

The report updated Members on the status and progress on the auditor's programme of work as at November 2014.

In July, there had been the release of Code Changes by Chartered Institute of Public Finance and Accountancy (CIPFA) / Local Authority Scotland Accounts Advisory Committee (LASAAC) regarding the 2015/2016 Code of Practice on Local Authority Accounting. This had been the subject of public consultation.

During the discussion of this item, Members were informed that the internal control regime was working effectively. The purpose was to give assurance to Members what they were doing was acceptable, affordable and budgeted amongst audit fees.

Resolved that the report be noted.

72. Corporate Governance Committee Forward Plan

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

Resolved that the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 8.00 p.m).

Declaration of Interests

Corporate Governance Committee

- Members of Somerset County Council – Councillors Coles, A Govier and Hunt.

Taunton Deane Borough Council

Corporate Governance Committee – 22 June 2015

External Audit Plan 2014/15

Report of the Assistant Director - Corporate Services (Richard Sealy)

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

1. Executive Summary

This report introduces the External Audit Plan for the 2014/15 financial year. This is prepared by our external auditors, Grant Thornton, and is detailed in the appendix to the report.

The report, which will be presented by Grant Thornton, summarises their approach to the 2014/15 audit programme, provides information on the work already undertaken, the tasks yet to be completed, the timescales and the auditors view on risk.

2. Background

- 2.1 Each year our external auditors, Grant Thornton, provide a plan, which details their approach to the audit work required in respect of the preceding financial year (2014/15). Specifically this audit work focuses on the provision of an audit opinion in relation to the accounts, value for money (VFM) and associated key risks.
- 2.2 The plan for 2014/15 is set out in Appendix A.

3. Finance Comments

- 3.1 The report sets out the external auditors view on key risk areas for the Council and their approach to auditing them.

4. Legal Comments

- 4.1 There are no legal implications from this report.

5. Links to Corporate Aims

- 5.1 There are no direct implications.

6. Environmental Implications

6.1 There are no implications.

7. Community Safety Implications

7.1 There are no implications.

8. Equalities Impact

8.1 There are no implications.

9. Risk Management

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

10. Partnership Implications

10.1 The S151 Officer and the Internal Audit Team (SWAP) will take the issues flagged in this report into account when reviewing the areas of risk to be reviewed by Internal Audit in the current and future years.

11. Recommendations

11.1 Members are requested to note the External Audit Plan for 2014/15 received from Grant Thornton.

Contact: Officer Name Richard Sealy
 Direct Dial No (01823) 358690
 E-mail address r.sealy@tauntondeane.gov.uk



The Audit Plan for Taunton Deane Borough Council

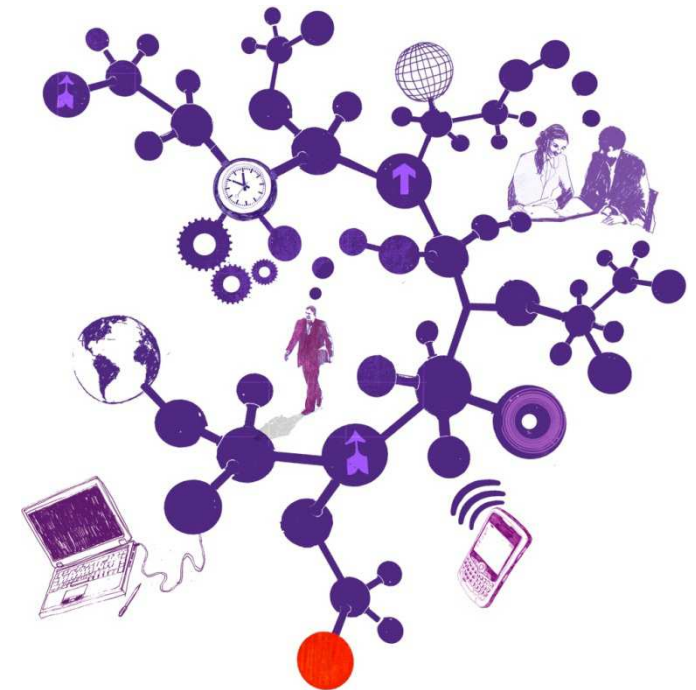
Year ended 31 March 2015

19 May 2015

Peter Barber
Assistant Director
T 0117 305 7897
E peter.a.barber@uk.gt.com

Ashley J Allen
Audit Manager
T 0117 305 7629
E ashley.j.allen@uk.gt.com

Sarah Crouch
Executive
T 0117 305 7881
E sarah.crouch@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

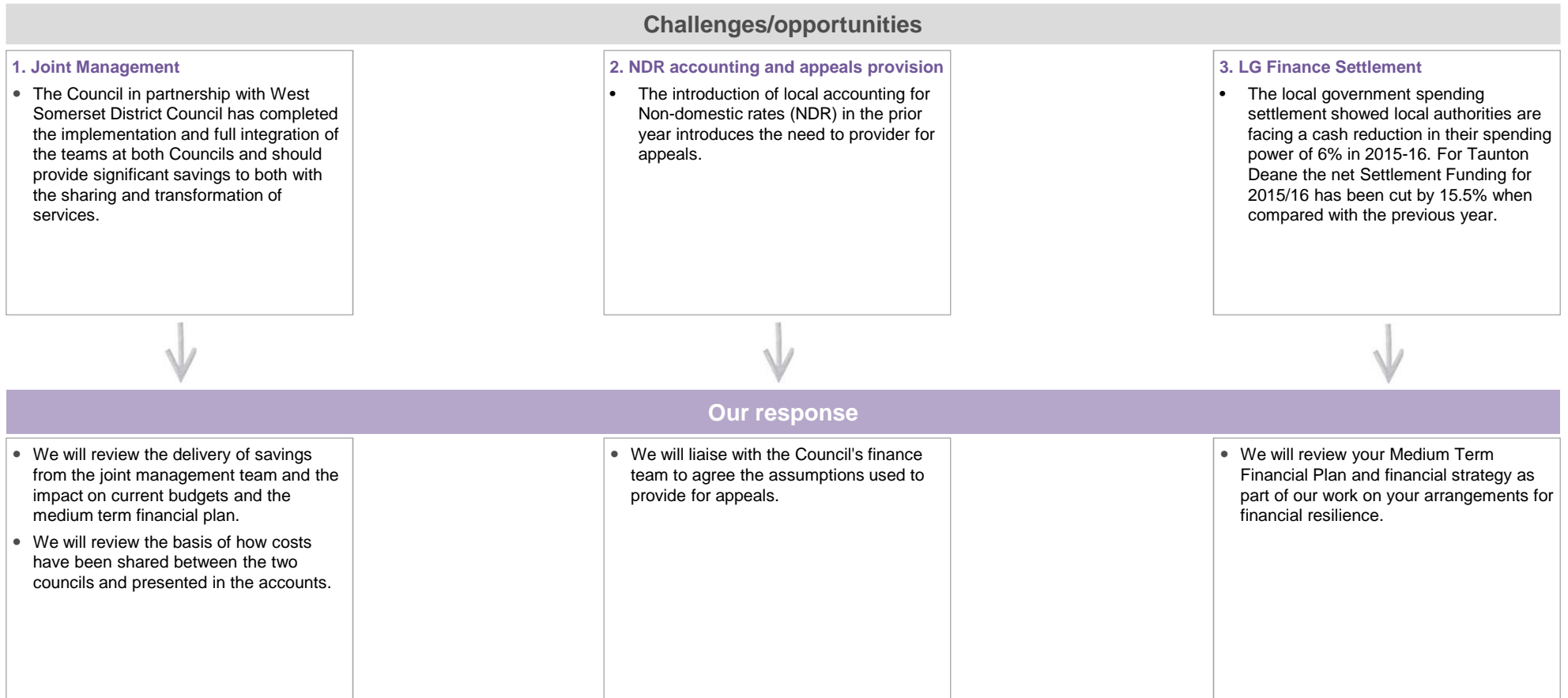
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Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.



Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice ('the code') and associated guidance.

Developments and other requirements

1. Financial reporting

- Changes to the CIPFA Code of Practice
- Adoption of new group accounting standards (IFRS 10,11 and 12)

2. Legislation

- Local Government Finance settlement

3. Corporate governance

- Annual Governance Statement (AGS)
- Explanatory foreword

4. Financial Pressures

- Managing service provision with less resource
- Progress against savings plans

5. Other requirements

- The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion
- The Council completes grant claims and returns on which audit certification is required

Our response

We will ensure that

- the Council complies with the requirements of the CIPFA Code of Practice through discussions with management and our substantive testing
- the group boundary is recognised in accordance with the Code and joint arrangements are accounted for correctly

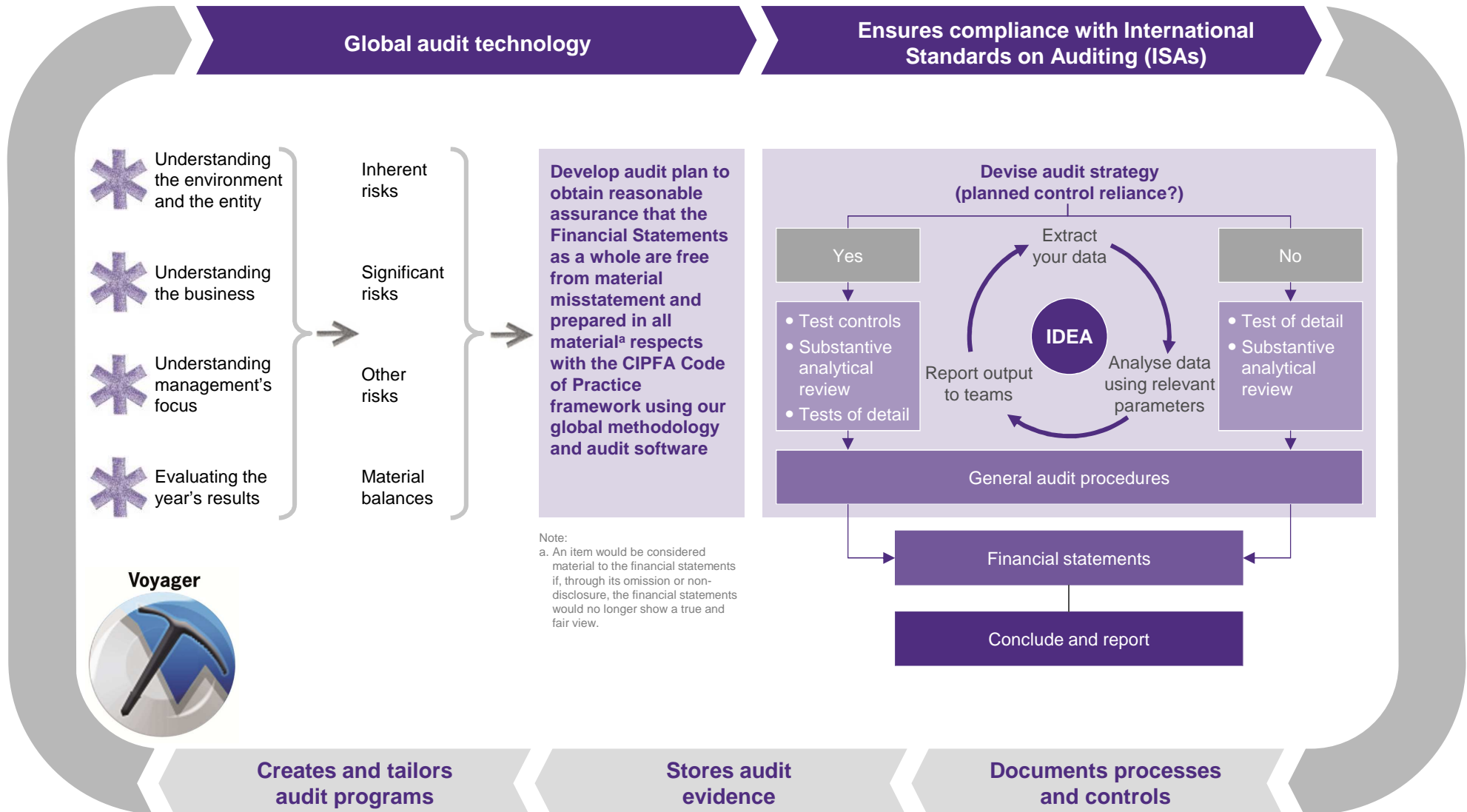
- We will discuss the impact of the legislative changes with the Council through our regular meetings with senior management and those charged with governance, providing a view where appropriate

- We will review the arrangements the Council has in place for the production of the AGS
- We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge

- We will review the Council's performance against the 2014/15 budget, including consideration of performance against the savings plan
- We will undertake a review of Financial Resilience as part of our VfM conclusion

- We will carry out work on the WGA pack in accordance with requirements
- We will certify the housing benefit subsidy claim in accordance with the requirements specified by Public Sector Audit Appointments Ltd. This company has taken over the Audit Commission's responsibilities for housing benefit grant certification from 1 April 2015.

Our audit approach



Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Taunton Deane Borough Council , we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Taunton Deane Borough Council, mean that all forms of fraud are seen as unacceptable.
Management over-ride of controls	Under ISA 240 the presumption that the risk of management over-ride of controls is present in all entities.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of prior year accounting estimates, judgments and decisions made by management <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries • Review of unusual significant transactions

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit Approach
Operating expenses	Creditors understated or not recorded in the correct period (Operating expenses understated)	<p>Work completed to date:</p> <ul style="list-style-type: none"> Review of system documentation and walkthrough tests of design and operation of controls <p>Further work planned:</p> <ul style="list-style-type: none"> Search for unrecorded liabilities by testing after period payments Obtain an understanding of the accruals process and determine whether our understanding identifies areas where additional procedures are required Obtain written representations from management for significant assumptions used in estimates
Employee remuneration	Employee remuneration accruals understated (Remuneration expenses not correct)	<p>Work completed to date:</p> <ul style="list-style-type: none"> Review of system documentation and walkthrough tests of design and operation of controls <p>Further work planned:</p> <ul style="list-style-type: none"> Analytical procedures over the payroll figures throughout the year to ensure that it is reasonable and complete Substantive testing of a sample of payroll payments for the remainder of the year Reconciliation of the payroll system figures to the general ledger figures

Value for money

Value for money

The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

Our VfM conclusion is based on the following criteria specified by the Audit Commission:

VfM criteria	Focus of the criteria
The organisation has proper arrangements in place for securing financial resilience	The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness	The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity

We have undertaken a risk assessment to identify areas of risk to our VfM conclusion. We will undertake work in the following areas to address the risks identified:

- review the Council's medium term financial planning regarding plan to balance future budgets
- review the progress in delivering the savings outlined in the business case for the joint working arrangements with West Somerset District Council
- follow-up on prior year recommendation regarding using benchmarking for decision making

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings report and in the Annual Audit Letter.

Results of interim audit work

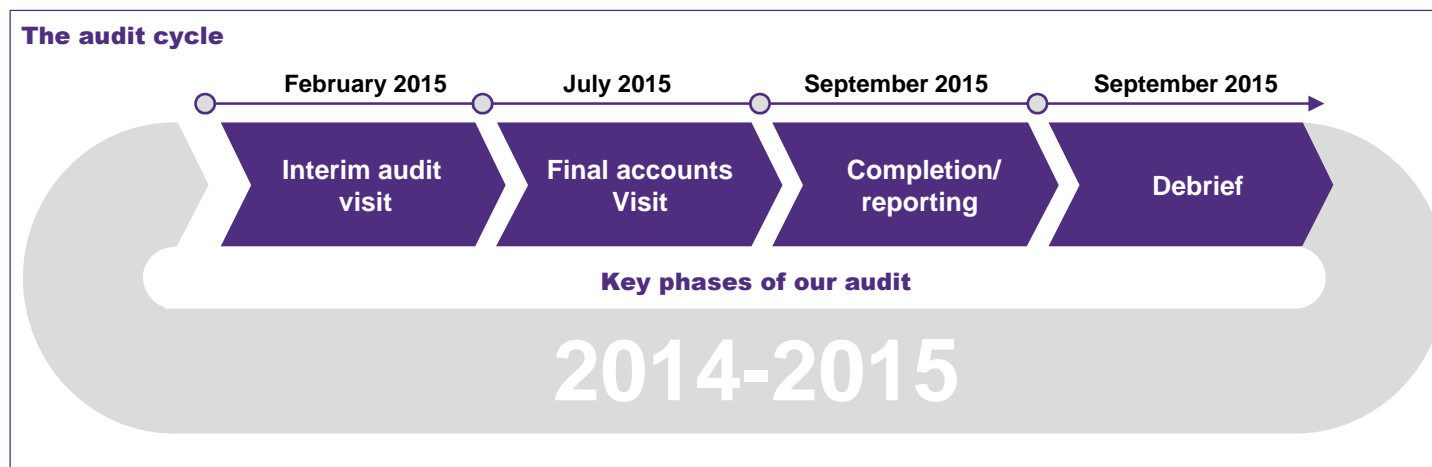
The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed and findings	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention</p> <p>We also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service continues to provide an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment at the Council.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Walkthrough testing	<p>We have completed walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>

Results of interim audit work cont'd

	Work performed	Conclusion
Journal entry controls	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.	We will undertake detailed testing on journals created in the financial year during the accounts audit.
Early substantive testing	We have started procedures to test the Council's operating expenditure, income and capital expenditure. This testing has been started for the first few months of the year.	To date, no significant issues have been identified in the operating expenditure, income and capital expenditure tests completed to date. During the audit we will consider the remainder.
Value for money	We have undertaken an initial review of your financial resilience risks and identified areas where some risks exist.	This will be further updated as the year progresses and we will report where risks still exist in our Audit Findings Report at the conclusion of the audit.

Key dates



Date	Activity
February 2015	Planning
February to March 2015	Interim site visit
May 2015	Presentation of audit plan to Audit Committee
July to August 2015	Year end fieldwork
August 2015	Audit findings clearance meeting with Director of Finance
September 2015	Report audit findings to those charged with governance Corporate Governance Committee
September 2015	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	67,505
Grant certification	10,390
Total fees (excluding VAT)	77,895

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited, as the successor to the Audit Commission in this area.
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services.'

Fees for other services

Service	Fees £
None	Nil

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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Taunton Deane Borough Council

Corporate Governance Committee – 22 June 2015

External Audit Fees 2015/16

Report of the Assistant Director - Corporate Services (Richard Sealy)

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

1. Executive Summary

The report details the fee position for external audit services for 2015/16.
--

2. Background

- 2.1 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 has resulted in significant savings for local authorities.
- 2.2 The attached letter provides details of the fees set by the Audit Commission for 2015/16.
- 2.3 The letter also sets out details of the process and timetable for completing the external audit work in respect of the 2014/15 financial year together with details of the team who will lead the work.
- 2.4 Any additional audit work, outside of the planned audit and grant certification work, will be billed separately and in addition to the fee quoted.

3. Finance Comments

- 3.1 The total indicative audit fee is £61,594. This amount is split between the fee for the main audit of £50,629 (which represents a reduction of £16,876 from the previous year) and the grant certification work of £10,965 (which represents a small increase of £575 from the previous year).
- 3.2 The fee is within the Council’s budget allocation for 2015/16.

4. Legal Comments

- 4.1 There are no legal implications from this report.

5. Links to Corporate Aims

5.1 There are no direct implications.

6. Environmental Implications

6.1 There are no direct implications.

7. Community Safety Implications

7.1 There are no direct implications.

8. Equalities Impact

8.1 There are no implications arising from this fee reduction.

9. Risk Management

9.1 No specific risks have been identified in relation to the fee reduction.

10. Partnership Implications

10.1 There are no implications.

11. Recommendations

11.1 Members are requested to note the Grant Thornton Audit Fee letter for 2015/16

Contact: Officer Name Richard Sealy
 Direct Dial No (01823) 358690
 E-mail address r.sealy@tauntondeane.gov.uk



Grant Thornton

Penny James
Chief Executive
Taunton Deane Borough Council
The Deane House
Belvedere Road
Taunton
Somerset
TA1 1HE

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol BS1 6FT
T +44 (0)117 305 7600
www.grant-thornton.co.uk

17 April 2015

Dear Penny

Planned audit fee for 2015/16 – Taunton Deane Borough Council

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The Council's scale fee for 2015/16 has been set by the Audit Commission at £50,629, which compares to the audit fee of £67,505 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission's closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/ and on the Public Sector Audit Appointments PSAA website psaa.co.uk.

The audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

Chartered Accountants

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Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

Certification of grant claims and returns

The Council's indicative grant certification fee has been set by the Audit Commission at £10,965.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2015	12,658
December 2015	12,657
March 2016	12,657
June 2016	12,657
	50,629
Grant Certification	
December 2016	10,965
Total	61,594

Outline audit timetable

We will undertake our audit planning and interim audit procedures between December 2015 and March 2016. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in September 2016 and work on the whole of government accounts return in September 2016.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2015- March 2016	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to September 2016	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January to Sept 2016	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2016	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2016	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2016	Grant certification report	A report summarising the findings of our grant certification work.

Our team

The key members of the audit team for 2015/16 are:

	Name	Phone Number	E-mail
Engagement Lead	Peter Barber	0117 305 7897 07880 456122	peter.a.barber@uk.gt.com
Engagement Manager	Ashley Allen	0117 305 7629 07775 705341	ashley.j.allen@uk.gt.com
In Charge Auditor	Sarah Crouch	0117 305 7881	sarah.crouch@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact John Golding our Public Sector Assurance regional lead partner john.golding@uk.gt.com.

Yours sincerely



Peter Barber
Associate Director
For Grant Thornton UK LLP

cc Shirlene Adam, Director of Operations

Taunton Deane Borough Council

Corporate Governance Committee 22 June 2015

External Audit (Grant Thornton) Update Report

Report of the Assistant Director – Corporate Services (Richard Sealy)

This matter is the responsibility of the Leader of the Council, Cllr John Williams

1. Executive Summary

This is a regular progress update report for Members by our external auditors, Grant Thornton. Specifically the report provides an update in relation to their work for the 2014/15 financial year and also provides an update in relation to emerging national issues.

2. Background

- 2.1 Each year our external auditor is required to carry out “set” audit work and this report provides a useful progress update on this work. Specifically the report focusses on the audit work for the 2014/15 financial year.
- 2.2 Additionally, the report shares headlines on some national issues that may have an impact upon the Council.

3. (Full details of the Report)

- 3.1 The report from Grant Thornton is attached to this report.

4. Finance Comments

- 4.1 This is an update report only.

5. Legal Comments

- 5.1 There are no legal implications from this report.

6. Links to Corporate Aims

6.1 No direct implications.

7. Environmental Implications

7.1 No direct implications.

8. Community Safety Implications

8.1 No direct implications.

9. Equalities Impact

9.1 No direct implications.

10. Risk Management

10.1 No direct implications.

11. Partnership Implications

11.1 No direct implications.

12. Recommendations

12.1 Members are requested to note the update report.

Contact: Officer Name Richard Sealy
 Direct Dial No (01823) 358690
 E-mail address r.sealy@tauntondeane.gov.uk



Corporate Governance Committee Update for Taunton Deane Borough Council

Year ended 31 March 2015

June 2015

Peter Barber

Associate Director

T +44 (0) 117 305 7897

E peter.a.barber@uk.gt.com

Ashley J Allen

Manager

T +44 (0) 117 305 7629

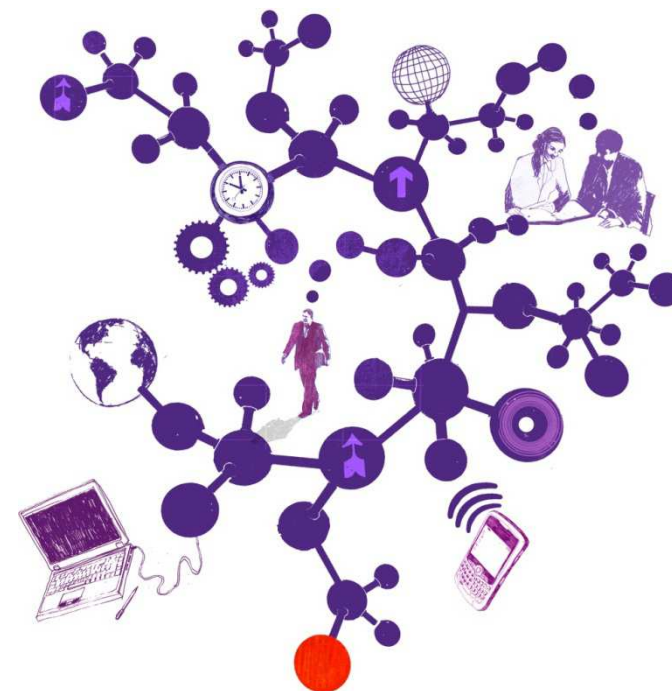
E ashley.j.allen@uk.gt.com

Sarah Crouch

Executive

T +44 (0) 117 305 7881

E sarah.crouch@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Corporate Governance Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Corporate Governance Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Easing the burden: the impact of welfare reform on local government and the social housing sector
- Spreading their wings: building a successful local authority trading company

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Peter Barber Engagement Lead **T** 0117 305 7897 **M** 07880 456122 **E** peter.a.barber@uk.gt.com

Ashley J Allen Audit Manager **T** 0117 305 7629 **M** 07775 705341 **E** ashley.j.allen@uk.gt.com

Progress at June 2015

Work	Planned date	Complete?	Comments
<p>2014/15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on Council's 2014/15 financial statements.</p>	April 2015	Yes	The audit plan is being presented as a separate item on the Corporate Governance Committee agenda on 22 June 2015.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • initial risk assessment to support the Value for Money conclusion 	January to April 2015	Yes	Our interim audit work has been completed and we summarised the findings in the audit plan referred to above.
<p>2014/15 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2014/15 financial statements • proposed opinion on the Council 's accounts • proposed Value for Money conclusion 	July to September 2015	Not yet due	

Progress at June 2015

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>We are required to assess whether the Council has proper arrangements in place for:</p> <ul style="list-style-type: none"> • securing financial resilience • challenging how it secures economy, efficiency and effectiveness 	July to September 2015	Not yet due	
<p>2014/15 certification work</p> <p>This work is expected to cover housing benefits scheme claim.</p>	June to November 2015	Not yet due	
<p>Other activity undertaken</p> <p>Reporting to provide assurance over pooling of housing capital receipts return.</p>	September 2015	Not yet due	Historically we have provided assurance on the pooling of housing capital receipts return as part of the certification work completed under the 2006 Audit Commission contract. New for 2014/15 the Council has to separately engage to have Independent Reporting on the return to provide assurance. We are discussing this with management and will update you in our next report.

Welfare Reform Review: Easing the burden

Grant Thornton

Our second welfare reform report, 'Easing the burden', followed on from 'Reaping the benefits?' to provide insight into the impact of welfare reform on English local authority and social housing organisations over the past two years.

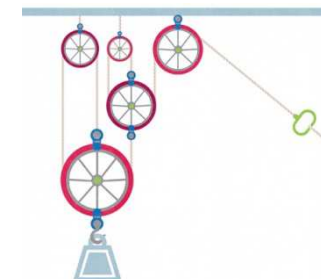
It focused on the governance and management arrangements being put in place in England across the two sectors to deliver reform, the early signs of how successful the reforms have been and the upcoming issues and risks on the reform agenda in the wider context of social impact.

Key messages:

- The cumulative effect of various welfare reforms is putting a significant financial strain on those people needing welfare support
- The majority of local authorities and housing associations surveyed had seen a rise in average council tax and rent arrears since 2012/13, which they attributed at least in part to welfare reform
- There had been limited movement to smaller properties as a result of the spare room subsidy (also known as the bedroom tax) and benefit cap reforms, with generally less than 10% of those affected having moved according to our survey. The shortage of smaller properties for people to move into played a key role in this
- Local authorities are becoming reliant on Discretionary Housing Payments (DHP) to plug the gap for those unable to pay. Ninety-five per cent of local authorities surveyed think that recipients of DHP allocations are either wholly or partly dependent on DHP to avoid homelessness in the longer-term. Any reduction in DHP funding from central government is therefore likely to result in further increases to rent arrears and homelessness in the next two years, unless mitigated by other means
- The withdrawal of ring-fenced hardship funding (formerly the Social Fund) will result in a reduction of provision, as the majority of local authorities told us that they are not in a position to fund this from their own revenue
- Reductions in DHP and hardship funding, in addition to general funding reductions will inhibit the ability of local authorities and housing associations to pursue early intervention policies that avoid people falling into long-term benefit dependency. This will have cost implications for the medium- to long-term.
- The cost of administering housing benefit has risen as a result of welfare reform and now 47% of local authorities and 51% of housing associations surveyed said housing benefit is becoming significantly more costly to administer. This is partly due to the increased complexity of cases

An electronic version of the report can be found here

<http://www.grant-thornton.co.uk/en/Publications/2015/Easing-the-Burden/>



Spreading their wings: Building a successful local authority trading company

Grant Thornton

'Spreading your wings' is the first in a series on alternative delivery models in local government. This report focuses on how to set up a local authority trading company and, importantly, how to make it successful.

The trend in using alternative models to protect and develop services has continued over the last year. As councils continue to confront financial pressure, many have considered how to reduce costs, generate income and improve efficiency by introducing commercial structures.

The introduction of LATCs has been a key part of this innovation and we predict that the number will grow in the next five years. While restricted initially to areas such as entertainment or airports – for example Birmingham's NEC and Manchester Airport – LATCs have grown into new areas such as highways, housing and education. More recently, LATCs dedicated to the delivery of social care services have emerged.

We recognise that the delivery of a successful company is not easy. In light of this, this report provides practical guidance on the steps that need to be followed in:

- deciding to set up a local authority trading company
- setting up a local authority trading company
- building a successful local authority trading company.

Grant Thornton has worked with many LATCs and continues to support growth in this area. We have based this report on market research, interviews with councils and LATCs, and our own experience of working with LATCs and councils. It is a practical guide drawing on our own experiences but also on the successful companies we have worked with.

An electronic version of the report can be found here

<http://www.grant-thornton.co.uk/en/Publications/2015/Spreading-their-wings-Building-a-successful-local-authority-trading-company/>



Inspection into the governance of Rotherham Council

Local government issues

On 4 February 2015 the Secretary of State for Communities and Local Government, Eric Pickles announced the publication of Louise Casey's report. Her inspection of the exercise of functions on governance, children and young people and taxi and private hire licensing states:

"Rotherham Metropolitan Borough Council is not fit for purpose. It is failing in its legal obligation to secure continuous improvement in the way in which it exercises its functions. In particular, it is failing in its duties to protect vulnerable children and young people from harm."

It summarises the following serious failings:

- a council in denial about serious and on-going safeguarding failures
- an archaic culture of sexism, bullying and discomfort around race
- failure to address past weaknesses, in particular in Children's Social Care
- weak and ineffective arrangements for taxi licensing which leave the public at risk
- ineffective leadership and management, including political leadership
- no shared vision, a partial management team and ineffective liaisons with partners
- culture of covering up uncomfortable truths, silencing whistle-blowers and
- paying off staff rather than dealing with difficult issues

The report has had widespread press coverage and the Secretary of State confirmed on 26 February 2015 that he had decided to nominate five commissioners to take over all of the council's executive functions and to begin a rapid improvement programme. He also confirmed that he would act to move Rotherham to 'all out' council elections from 2016.

DCLG – Build to rent scheme

Local government issues

Housing Minister Brandon Lewis announced on 10 January 2015 a £55 million deal to provide nearly 800 homes for private sector rent in Manchester and Salford as part of the government's wider £1 billion Build to Rent scheme, which has the objective of building 10,000 new homes for private rent. The Chief Executive of the Homes and Communities Agency (HCA) Andy Rose said:

"this is a major investment in the private rented sector in Manchester. It demonstrates how the HCA, working closely with partners, is combining financial and local expertise to increase the private rented choice in areas where there is a high demand for homes".

As part of its strategy of creating a bigger and better private rented sector the government has also

- published a How to rent guide, so tenants and landlords know their rights and what to expect when renting privately
- published a model tenancy agreement, so tenants who want to ask for longer tenancy agreements have the opportunity to do so;
- introduced a new requirement for letting agents to belong to one of three redress schemes, so the minority of tenants and landlords who get a raw deal have somewhere to go with their complaint

Provision for Business Rates Appeals

Accounting and audit issues

Unlodged appeals

The Chancellor's Autumn Statement included a change to the rules relating to business rates appeals. As a result we do not expect to see any provisions for unlodged appeals in local authorities' 2014/15 accounts, although we will expect this to be re-considered for 2015/16 accounts.

The change restricts the backdating of Valuation Office Agency (VOA) alterations to rateable values. Only VOA alterations made before 1 April 2016 and ratepayers' appeals made before 1 April 2015 can now be backdated to the period between 1 April 2010 and 1 April 2015. The aim is to put authorities in the position as if the revaluation had been done in 2015 as initially intended, before the deadline was extended to 2017.

There may be some fluctuations in provisions at 31 March 2015 as unlodged appeals provisions are released. However, there may also be increased numbers of appeals lodged prior to 31 March 2015. These appeals may be more speculative in nature and therefore authorities may need to consider whether prior year assumptions remain valid in estimating their provisions.

Utilisation of provision

As part of the provisions disclosures in the accounts, local authorities need to disclose additional provisions made in the year, the amounts used (i.e. incurred and charged against the provision) during the year and unused amounts reversed during the year.

We understand that the software used for business rates may not provide values for the amounts charged against the provision during the year and that there is no simple software solution for this for 2014/15. Local authorities will need to consider available information and make an estimate of the amount for appeals settled in the year.



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Taunton Deane Borough Council

Corporate Governance Committee – 22 June 2015

Update on Health and Safety Performance and strategy for 2015-16.

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
- Monitoring Health and Safety Performance
- Report on actions agreed by Health and Safety Committee
- Policy updates
- Key activities of the Health and Safety Advisor

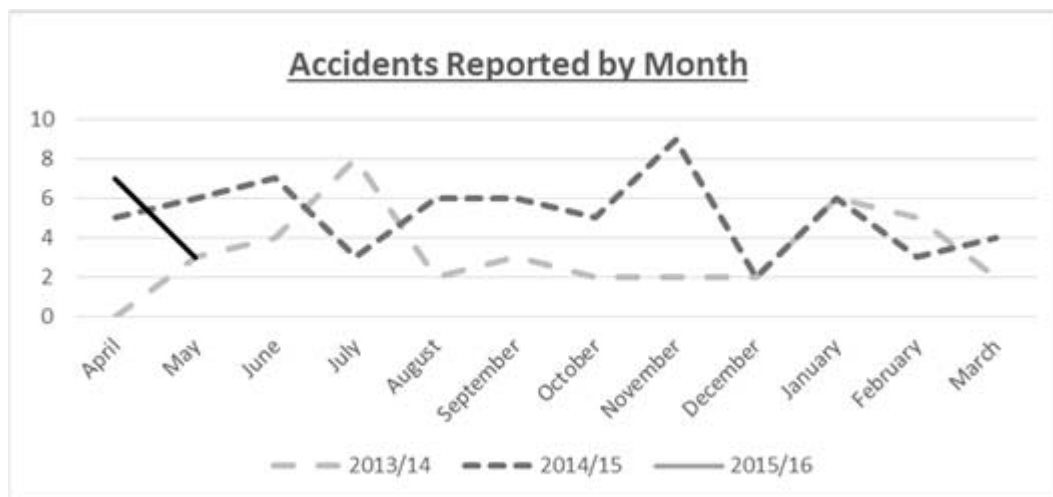
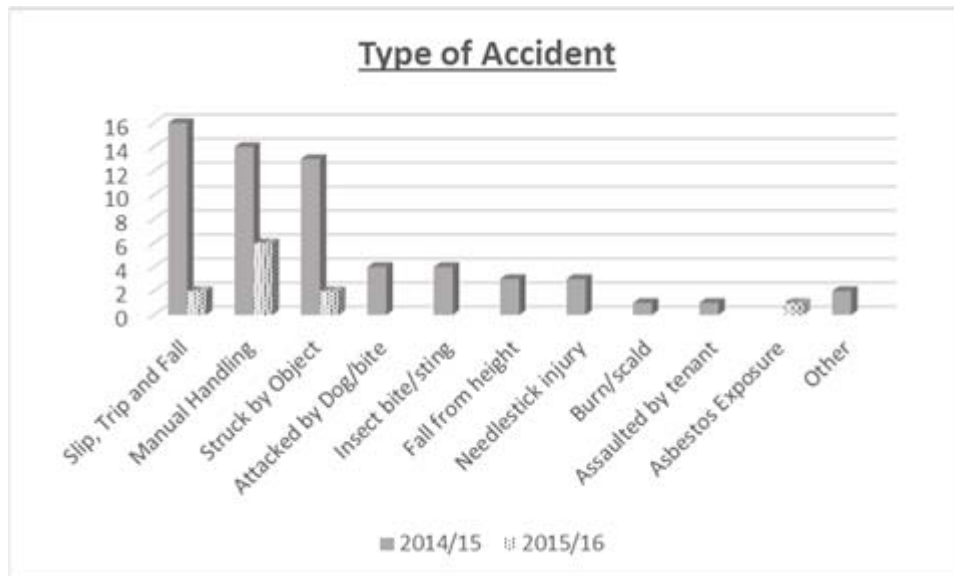
2. Accident and Incident Data for the period

Figures provided up to end of May 2015. Figures listed for 2013 – 2014 and 2014 – 2015 below for comparison.

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 March 2015				
Classification	TDBC	DLO & Crematorium	Public	Tenants (public areas)
Reportable	0	3	0	1
Non-reportable	9	48	5	2
Near Miss	0	9	0	0
Period Total	9	60	5	3

TDBC Accident Totals 1st April 2015 - 31st May 2015				
Classification	TDBC	DLO & Crematorium	Public	Tenants (public areas)
Reportable	1	0	0	0
Non-reportable	2	8	0	0
Near Miss	0	0	0	0
Period Total	3	8	0	0



The graphs above show numbers of accidents reported by month and by type up to the end of May 2015. There was a 70% increase in the total number of incidents reported from the 2013 – 2014, to 2014-15 figures. The significant majority of accidents reported continue to originate with the DLO, due to the nature and risks associated with the work undertaken.

There was an increase in near misses reported from 5 during the 2013-14 period to 9 during 2014 -15. Information on how to report near misses has been delivered at health surveillance sessions and tool box talks and can account for the increase.

Since 1 April 2015 the health and safety team have issued 3 investigation forms for completion by Deane DLO area works managers and are involved in investigating the RIDDOR reportable dangerous occurrence.

3. Monitoring Health and Safety Performance

Monitoring of health and safety performance against the key performance indicators has been carried out since 1 April 2014. Key performance indicators have been revised from the standards set in 2014 -15 as a result of 1) accident reporting having increased to a level commensurate with the size and nature of the organisation 2) the previous audit targets proving unachievable, and having been set as “test targets”.

KPIs Monitored from 1 April 2015

1. Target to monitor accident reporting to ensure that it stays within 10% of baseline figure provided during 2014-15

11 accidents reported April, May 2014
11 accidents reported April, May 2015

2. Target to carry out accident investigation within 2 weeks

1 outstanding accident investigation form – DLO accident

3. Target to carry out 2 audits per quarter Quarter 1

2 Audits currently in progress and planned for completion before the end of June (current amber, on target for green by end of quarter).

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

Audits not yet complete

1	G
2	R
3	A
4	N/A

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

The full Joint Unison H&S Committee met on 23rd April 2015.

The committee considered accident reporting for the period.

The terms of reference for the committee were considered within the context of the new One Team, the review of the safety policy and proposed amalgamation of the TDBC and WSC UNISON branches. It was agreed that a draft terms of reference would be prepared and discussed for the next committee on 16th July 2015.

The committee also discussed the stress survey and how this would be best achieved.

5. Policy updates

Policies continue to be reviewed and taken to joint Unison H&S Committee for approval. A full health and safety policy statement and arrangements is currently being prepared by the Health and Safety Manager for discussion at the next health and safety committee.

A policy for dealing with the internal escalation of outstanding health and safety risks (using prohibition and improvement safety action notices), was considered and approved subject to minor amendments at the Leadership Team Operations meeting on 1 June 2015.

6. Key activities of the Health and Safety Advisor

Stress Management Survey

A stress management survey has been issued to 500 randomly selected employees from across the organisation. The survey has been planned in consultation with UNISON and uses the HSE stress management tool to assess and analyse where causes of stress may lie in order to target resources and set suitable control measures. Drop in sessions for employees were also held and stress management suggestion cards and drop boxes provided at the Deane House, Priory Depot and West Somerset House. The closing date for surveys was 8th June 2015 and an initial report will be provided to health and safety committee on 16th July 2015.

Health Surveillance programme

Hearing tests have been completed for all employees working with potentially noisy machinery (54 in total) including 3 employees working in the print room. There have been a small number of referrals for further assessment with an occupational physician and where recommendations have been made (e.g. for PPE such as specialist hearing protection), arrangements have been made with the DLO stores team and changes in working practices implemented with area works managers. Medical assessments for the task trained DLO employees removing asbestos and those working in confined spaces have been carried out during June 2015.

A full audit has been carried out for the Print section at Deane House and a recommendations report provided to the manager.

Ergonomic assessments for 2 employees who have medical requirements have been carried out by a specialist and appropriate equipment and adjustments made.

A further risk assessment workshop has been organised for DLO Managers.

7. 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.

8. Legal Comments

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

9. Links to Corporate Aims

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

10. Environmental Implications

There are no environmental implications arising from this report.

11. Community Safety Implications

There are no community safety implications arising from this report.

12. Equalities Impact

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

13. 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.

14. 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.

15. Recommendations

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.

Contact: Officer Name Catrin Brown
 Direct Dial No 01823 356578

[e-mail](mailto:c.brown@tauntondeane.gov.uk) address c.brown@tauntondeane.gov.uk

Taunton Deane Borough Council

Corporate Governance Committee – 22 June 2015

Internal Audit Plan 2014-15 Annual Opinion

Report of the Assistant Director – 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.

Internal Audit is required to provide an Annual Opinion on the state of the Internal Control Environment. This report provides that Opinion based on the work undertaken during 2014-15. This work will support the Annual Governance Statement.

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 June (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 service level 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 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 Annual Opinion, progress made in delivery of the 2014/15 internal audit plan and significant findings since the March 2015 update.

Contact:

<p>Ian Baker – Director of Quality 07917 628774 Ian.Baker@southwestaudit.co.uk</p>	<p>Alastair Woodland – Assistant Director 01823 356160 Alastair.woodland@southwestaudit.co.uk</p>
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Taunton Deane Borough Council

Internal Audit Plan – Annual Opinion 2014-15

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The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive

Tel: 01935 385906

gerry.cox@southwestaudit.co.uk

Ian Baker

Director of Quality

Tel: 07917628774

ian.baker@southwestaudit.co.uk

Alastair Woodland

Assistant Director

Tel: 07720312467

Alastair.woodland@southwestaudit.co.uk

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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.

Annual Opinion:

The Assistant Director 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). 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 Assistant Director is required to provide an annual opinion report to support the Annual Governance Statement.

Assistant Director's Opinion

Members through the various committees are ultimately responsible for ensuring 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.

With regards to the 2014/15 Annual Plan for Taunton Deane, there will be a total of 28 reviews delivered. In agreement with management, and previously reported to this Committee, a number of reviews were 'exchanged' or 'removed' as the need to respond to new and emerging risks was identified.

Most audits have been completed to report stage (Draft or Final). There remain 6 reviews we need to bring to report stage and these reviews will remain a priority for completing.

Annual Opinion:

The Assistant Director is required to provide an annual opinion report to support the Annual Governance Statement.

Assistant Director's Opinion (Continued)

Of the 16 reviews that have an Assurance Opinion, including indicative assessments, no reviews were given 'No Assurance', and 3 (19%) were given 'Partial Assurance'.

This left a total of 13 (81%) that returned a favourable opinion of 'Reasonable Assurance' or 'Substantial Assurance'.

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.

I believe that the Senior Management of Taunton Deane have worked hard to cooperate with the audit process and while there have been difficulties in progressing some audits expediently, I recognise the pressures they face through managing the changing environment. In this regard I have also been grateful for the support of the Assistant Director – Corporate Services and the Corporate Strategy and Performance Manager.

I have considered the balance of audit work, the assurance levels provided and outcomes together with the response from Senior Management and feel confident 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.

Performance:

SWAP strives to deliver audit excellence and works hard to demonstrate VFM, increased productivity and quality outputs for its Partner Councils.

SWAP Performance

Two years ago now, SWAP became a publically owned Company Limited by guarantee. A review of SWAP by Local Partnerships and organisation jointly owned by HM Treasury and the Local Government Association was undertaken in December 2014. The purpose of the review was to assess the benefits realised by the Partnership and its on-going commercial delivery. In short the conclusion of the review, in relation to SWAP, was that “all of its key objectives have been achieved”.

The full report is attached as Appendix D however, the review team summarised the following as positive outcomes achieved since incorporation:

- More efficient decision-making
- Scope for more flexible and proactive management
- Economies of scale which facilitate the development of specialist skills enabling more resilience
- Effective leveraging of technology
- Training and professional development opportunities for staff
- Effective partnership working and ‘best practice’ knowledge transfer across member organisations
- Ability to provide a cost effective service tailored to individual members budgetary needs.

With regards to the last bullet point, while we have not been able to carry out any further benchmarking for the year, I am pleased to report that for the eighth consecutive year we have not increased the day rate.

The Public Sector Internal Audit Standards (PSIAS) require that there should be an external quality review to validate that Internal Audit Teams are conforming to the International Professional Standards at least every five years. SWAP carried out such an assessment in 2012 and at that time agreed that it would be best practice to complete such a review every three years and therefore we have commissioned our next review to take place in September 2015. As a result of the quality review, a Quality Assessment Improvement Plan (QAIP) is produced. This document is a live document, reviewed regularly by the SWAP Board to ensure continuous

SWAP Performance Continued

improvement. Many of the original actions from the review have been completed, but I attach a copy of the latest QAIP ([Appendix F](#)) reported to the SWAP Board in April 2015, for your information.

And finally, just like any other Company and TDBC itself, our accounts are subject to both Internal and External Audit Review. Again, purely for information, the report of the Internal Auditors is attached as an [Appendix E](#) to the Review of Internal Audit and I can provide assurance that all actions have been completed or in progress.

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the Service Manager or nominated officer. The aim of the questionnaires is to gauge satisfaction against timeliness, quality and professionalism. As part of the Balanced Scorecard presented to the SWAP Boards, a target of 85% is set where 80% would reflect the fact that the client agreed that the review was delivered to the expected standard. For Taunton Deane Borough Council the average feedback score was 82%.

As reported in March 2015 to this Committee, due to the SWAP restructure we will only have capacity to deliver c.93% of the 2014-15 plan. With regards to the 2014/15 Annual Plan for Taunton Deane Borough Council, there were a total of 28 reviews delivered from the originally agreed 31 reviews. Further, 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 6 reviews where we are required to bring these to report stage. All except the Asset Management review should be at report stage by the end of June 2015.

Summary of Work 2014-15

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 2014-15 and the final outturn for the financial year. In total, 28 will be delivered. 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 28 reviews in the revised 2014-15 audit plan, they are broken down as follows:

• Operational Audits	6
• Information Systems	4
• Key Control	7
• Governance, Fraud & Corruption	8
• Special Reviews	0
• Follow-up	3

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 C](#).

Summary of Work 2014-15

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 2014 to March 2015, together with the Control Assurance offered, are summarised in the following table:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Parks and Open Spaces	Partial	Housing New Build	Substantial
Safeguarding	Reasonable	Community Infrastructure Levy	Reasonable (Draft)
Housing Sales (Right to Buy)	Reasonable (Draft)	Commercial Property/ Rents	(In Progress)

The 4 reviews returned 12 recommendations for improvement. The breakdown of these recommendations in terms of priority scores are; 2 priority four, 9 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 C](#).

Summary of Work 2014-15

Continued.....

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 2014/15:

Audit Area	Audit Opinion
COSY Replacement/ Open Contractor	Non Opinion
Software Asset Management	Drafting
Hardware Asset Management	Drafting
Financial Key Controls	Review

The 1 completed review returned 5 recommendations for improvement. The breakdown of these recommendations in terms of priority scores are; 4 priority three and 1 priority two.

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 2014 to March 2015 are as follows:



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.

Summary of Work 2014-15

Continued.....

Audits Completed – Key Controls, Finance

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Creditors	Partial	Payroll (Starters, Leavers, Changes)	Substantial
Housing Rents	Reasonable	Housing Benefits	Substantial
Debtors	Reasonable	Council Tax & NNDR	Substantial
Treasury Management	Reasonable		

A total of 28 recommendations were raised between the 7 reviews. The breakdown of these recommendations in terms of priority scores are; 4 priority four; 15 priority three and 9 priority two recommendations. It was pleasing to find that the vast majority of key controls were all operating effectively.



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.

Summary of Work 2014-15

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
Absence Management	Reasonable	Private Water Supply	Reasonable
Data Transparency	Partial	Protective Marking	Reasonable
Fraud Theme - Housing	Reasonable (Draft)	Choice Based Lettings	In Progress
Asset Management	In Progress	Legal Services - Shared	Non Opinion

The completed governance reviews resulted in 32 recommendations for improvement. There were 3 priority four recommendations; 11 priority three recommendations; 13 priority two recommendations and 4 priority one recommendations.



Summary of Work 2014-15

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 2014-15:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Procurement Cards	Non Opinion	Priority Area Strategy	Non Opinion
Data Centre	Non Opinion		

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

A total of 23 recommendations were followed up through these reviews with 13 completed by their target date and a further 9 in progress. Seven were found not to be implemented and have been reported in the corresponding final reports issued to management.

Significant Corporate Risks

Where a risk is assessed as inherently high or very high within and audit review and further assessed as high or very high after we have tested the controls in place it is to be considered as a corporate risk for inclusion on the risk register by Senior Management.

We are pleased to report that whilst our work in 2014-15 has identified some partial assurance opinions, the corresponding risk assessment did not evaluate these to be significant and considered a corporate risk. Therefore no additional corporate risks have been identified during 2014-15.



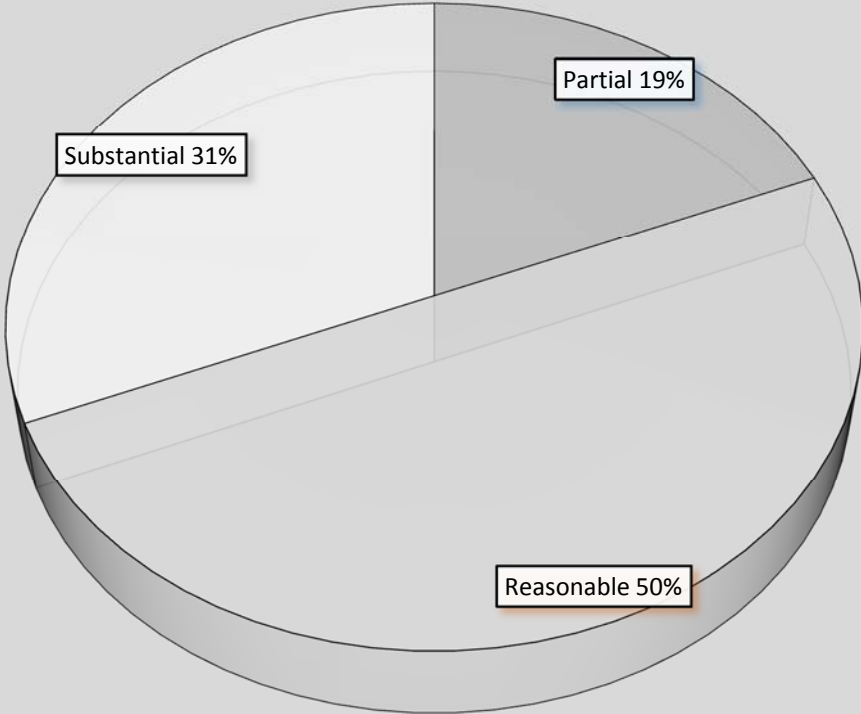
SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS.

Summary of Work 2014-15

Continued.....

Summary of Control Assurance and Recommendations

Removing the non-opinion work shows that just over 81% 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.

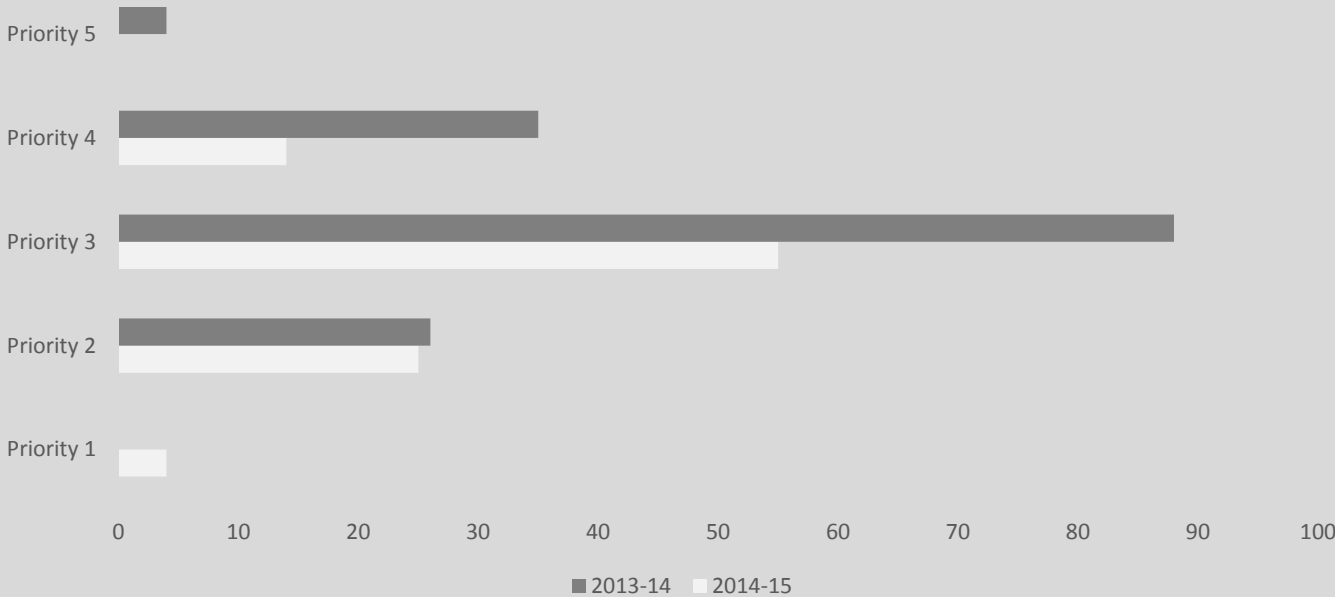


Summary of Work 2014-15
Continued.....

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 2014-15.

Priority Recommendation Yearly Comparison



These are actions that we have identified as being high priority at a service level and that we believe should be brought to the attention of the Audit Committee

Priority Actions – at Service Level

Internal Audit is required to bring to the attention of senior managers and members any 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).

Creditors Key Control - Partial Assurance

It is acknowledged that since the last Internal Audit report was published improvements have been made within the creditor's process. These are acknowledged within the updated action plans below (Appendices A. and B.) However, there are matters still outstanding and these have contributed towards the opinion offered. Most significantly these cover:

- The number of potential duplicates identified by AP Forensics across all company codes within SAP. A report run in October 2014 identified out of 58,588 vendors there were 10,447 potential duplicates.
- The number of retrospective purchase orders being raised. Between April 2014 and February 2015 it was found 12.5% of purchase orders were retrospective.
- The number of transactions being raised on 45000 codes. Between April and November 2014 this amounted to 9,990 transactions, with a total value of £2.9m.

Attention is also drawn to the delegation table within SAP. While it is acknowledged Management have reported that an audit function has been added, where SAP identifiers are no longer linked to a position on the delegation table or show an authoriser whose access has changed, the authoriser cannot be identified.

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

Audit Plan Progress 2014-15

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
ICT Audits	Threat Protection (Dropped to allow time for the COSY Replacement Project and Software & Hardware Asset Management audits)	Q1	Dropped	-	-	-	-	-	-	-
ICT Audits	COSY Replacement/Open Contractor (New)	Q1	Final	Non-Opinion	5	0	1	4	0	0
Operational Audit	Parks & Open Spaces	Q1	Final	Partial	5	0	0	4	1	0
Operational Audit	Safeguarding	Q1	Final	Reasonable	6	0	1	4	1	0
Follow-up	Procurement Cards	Q1	Final	Follow-up	6	0	1	3	2	0
ICT Audits	Software Asset Management (New)	Q2	In progress	Unknown	-	-	-	-	-	-
ICT Audits	Hardware Asset Management (New)	Q2	In progress	Unknown	-	-	-	-	-	-
Governance, Fraud & Corruption	Absence Management - Theme	Q2	Final	Reasonable	10	4	6	0	0	0
Governance, Fraud & Corruption	Private Water Supply	Q2	Final	Reasonable	4	0	2	1	1	0
Governance, Fraud & Corruption	Data Transparency	Q2	Final	Partial	6	0	2	2	2	0
Governance, Fraud & Corruption	Protective Marking - Theme	Q2	Final	Non-Opinion	6	0	0	5	1	0
ICT Audits	Corporate Information Security Controls (CIS) (Dropped to allow time for the COSY Replacement Project and Software and Hardware Asset Management audits)	Q2	Dropped	-	-	-	-	-	-	-



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.

Audit Plan Progress 2014-15

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Operational Audit	Housing Sales (right to buy)	Q2	Draft Report	Reasonable	1	0	0	1	0	0
Follow-up	PAS	Q2	Final	Follow-up	4	0	0	3	1	0
Key Control	Main Accounting (2 days from PRSM)	Q2	Final	Substantial	5	0	0	5	0	0
Governance, Fraud & Corruption	Fraud Theme - Housing	Q3	Draft Report	Reasonable	6	0	3	3	0	0
Key Control	Creditors	Q3	Final	Partial	10	0	2	4	4	0
Key Control	Council Tax & NNDR	Q3	Final	Substantial	1	0	1	0	0	0
Key Control	Debtors	Q3	Final	Reasonable	5	0	0	5	0	0
Key Control	Housing Benefits	Q3	Final	Substantial	2	0	1	1	0	0
Key Control	Payroll (Starters, Leaver, Changes)	Q3	Final	Substantial	3	0	3	0	0	0
Key Control	Treasury Management	Q3	Final	Reasonable	7	0	2	5	0	0
ICT Audits	Financial Key Controls	Q3	Review	Unknown	-	-	-	-	-	-
Operational Audit	Housing New Build	Q3	Final	Substantial	0	0	0	0	0	0
Governance, Fraud & Corruption	Choice Based Letting	Q4	In progress	Unknown	-	-	-	-	-	-



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.

Audit Plan Progress 2014-15

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Safer Somerset Partnership/ Community Safety (Due to SWAP Restructure)	Q4	Dropped	-	-	-	-	-	-	-
Governance, Fraud & Corruption	Asset Management Theme	Q4	In progress	Unknown	-	-	-	-	-	-
Operational Audit	Community Infrastructure Levy (CIL)	Q4	Draft Report	Reasonable	-	-	-	-	-	-
Operational Audit	Housing Voids (Due to SWAP Restructure)	Q4	Dropped	-	-	-	-	-	-	-
Operational Audit	Commercial Properties/Rents	Q4	In progress	Unknown	-	-	-	-	-	-
Follow-up	Data Centre	Q4	Final	Follow Up	6	0	0	5	1	0
Governance, Fraud & Corruption	WSC & TDBC Shared Services (Due to SWAP Restructure)	All	Dropped	-	-	-	-	-	-	-
Governance, Fraud & Corruption	Legal Services - Shared Services	All	Final	Non-Opinion	0	0	0	0	0	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.

High Priority Findings and Recommendations – Assessed at Service Level

APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Creditors					
Ten out of twenty purchase orders had been raised retrospectively. This is consistent with Southwest One's analysis of retrospective purchase orders up to the end of August 2012 which showed almost 35% of purchase orders were retrospective.	If purchase orders are not raised in advance there will be reduced assurance that best value has been achieved and that the supplier is aware of the Council's payment terms and conditions.	I recommend the Head of Service (Finance and Property) continues to monitor the frequency and users who raise retrospective purchase orders with the aim of bringing about a change of culture in the procure-to-pay process.	We continue to monitor this through regular reports and feedback at the AP User Group meetings. Some areas have been PO exempted to help with the process. Revised Financial Procedures will be issued soon and will emphasise the need to raise a PO on order and not retrospectively.	30/06/15	Finance Manager
Retrospective purchase orders are not in accordance with financial regulations.		I recommend the Strategic Finance Officer takes appropriate steps to encourage a change in culture within the organisation around the procure-to-pay method.	Will ensure that once the financial regulations have been updated, staff are made aware of the need to stop using retrospective orders. Monitoring of continued use will then be undertaken with further action taken should this continue.	As soon as Financial Regulations have been updated. 30 June 2015.	Finance Manager
To date the cleansing of the master data file is not complete.	If duplicate vendors remain on the system there is an increased risk of duplicate payments going undetected and vendor details becoming out of date where one record is updated over time.	I recommend the Chief Procurement Officer ensures the cleansing of the master data file is completed as expediently as possible.	Update March 2015 – SW1 Finance has recently completed a comprehensive exercise identifying large numbers of redundant vendors are deleted or blocked within SAP. Phase 1 (of 3) has recently been approved by clients	31/12/15 (Phase 1 - For review)	Business Systems & Support Manager

Control Assurance Definitions **Appendix C**

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.



Trading Assurance Health-check 4

Benefits Realisation and On-going Commercial Delivery

South West Audit Partnership

Version number: Final

Date of issue to PO: 4th December 2014

Project Owner: Gerry Cox

Review dates: 1st December to 4th December 2014

Review Team Leader:

David Crowe

Review Team Members:

Rob Hann

Mark Poppy

Jim Scopes

This report reflects the views of the independent review team, based on information evaluated over a three to four day period, and is delivered to the Senior Responsible Officer immediately at the conclusion of the review.

Summary of report recommendations

The review team makes the following recommendations which are prioritised using the definitions below.

Ref	Recommendation	Critical /Essential / Recommended
1.	That SWAP undertake a relationship mapping exercise in order to identify new and emerging business development opportunities and to facilitate the development of a shared business development vision	Essential (do by end Q1 2015/16)
2.	That SWAP clarifies its strategic drivers in order to inform its future business plan	Essential (do by end of 2014/15)
3.	That SWAP should encourage (and where necessary provide training) to staff to see business development as a key part of their role	Recommended
4.	That SWAP management team instigate one-to-one meetings with member Section 151 officers and consider re-establishing a form of user forum or some form of engagement by virtual means	Essential (do by end of 2014/15)
5.	That SWAP considers the production of an annual report to raise awareness of SWAP's services and achievements amongst members and potential customers	Recommended
6.	That SWAP undertake a full appraisal and prioritisation of options for business development, including determining the most effective potential business structures to support the preferred approach	Essential (do by end Q1 2015/16)
7.	That SWAP develop a marketing strategy which is aligned with its strategic drivers and vision for business development	Essential (do by end Q2 2015/16)

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future.

Recommended – The programme/project should benefit from the uptake of this recommendation.

Background

The South West Audit Partnership Ltd (SWAP) is a company limited by guarantee which provides internal audit services to local authorities, police and fire authorities, schools and other quasi-government entities in the south and west of England. It was created in 2005 and currently employs around 60 internal auditors who are located in specialist teams, internal audit, IT audit, contract audit, fraud and investigative audits as well as risk management advice and support.

The current Membership is made up of thirteen local authorities in the south west of England. SWAP is a local authority owned company and as such is focused primarily on public sector enterprises but will also consider providing services in other sectors, particularly the charitable sector and SME's.

Purposes and conduct of the Review

Purposes of the Review

The primary purpose of the Review is to review SWAP's business plan and to determine whether the anticipated benefits of the Partnership are actually being delivered

Appendix A gives the full purposes statement for the review.

Conduct of the Review

This Local Partnerships Review was carried out from 1st December to 4th December 2014 at the Yeovil Innovation Centre. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The Review Team would like to thank Gerry Cox and his team for their support and openness, which contributed to the Review Team's understanding of the organisation and the outcome of this review.

Findings and recommendations

1. THE JOURNEY TO DATE

SWAP has existed in one form or another for nearly ten years. For eight years the partnership was governed under a joint committee arrangement. However, as the partnership grew the governance arrangements were becoming increasingly unwieldy (e.g. one member one vote and attendance difficulties led to problems with decision making). The key objectives behind incorporation were to address those governance issues and to deliver greater flexibility around terms and conditions of employment. Other drivers included a desire to deliver greater value to partners, to provide opportunities for business development and to remove reliance on one authority as host.

Since SWAP became a company in 2013 it has consolidated its member base to thirteen including a new unitary (Herefordshire - outside of traditional geographical boundaries). Over that period, all of its key objectives have been achieved with the move away from joint committee status to corporate status proving successful.

Moreover, the Review Team noted a number of positive outcomes which have been achieved since incorporation including:

- More efficient decision-making
- Scope for more flexible and proactive management including greater flexibility in programming work and in providing a wider range of services to owner/members
- Economies of scale which facilitate the development of specialist skills and enable the provision of a more resilient service to customers
- Effective leveraging of technology
- Training and professional development opportunities for staff
- Effective partnership working and 'best practice' knowledge transfer across member organisations
- Ability to provide a cost effective service tailored to individual members budgetary needs.

All of this has been delivered without disruption to the service provided to customers who remain satisfied with the quality of the service. Indeed, many of the stakeholders engaged stressed how the cost and quality of SWAP services compares favourably to other providers.

2. LOOKING FORWARD

The Review Team understand that SWAP is at a critical point in its development. It needs to make efficiency savings because Member council budgets are being cut. The Member authorities are looking for SWAP to deliver more for less. This creates a need to identify new sources of income and new customers in order to maintain viability. There is a need for diversification, both by identifying new potential members and/or customers and by widening the offer to existing members/customers.

As a prerequisite to diversification, the Review Team believe that a shared vision for the development of the business is needed. Whilst there are a number of ideas and approaches in development this has not yet coalesced into a coherent business strategy. This is understandable given the early stage of the new company. However, there is clear recognition that, given current trends, a potential funding gap will arise in the medium term which could impact on the sustainability of the business.

One way to instigate the development of a shared business development vision is to explore opportunities by engaging front line staff and members/customers in a mapping exercise to identify where existing relationships could be expanded and where new relationships could be forged in order to bring new business to SWAP. This exercise could be undertaken through a series of facilitated workshops engaging staff and stakeholders to identify such opportunities across the region. As part of this exercise the approximate geographical boundaries of SWAP's potential market could also be determined.

Recommendation 1: That SWAP undertake a relationship mapping exercise in order to identify new and emerging business development opportunities and to facilitate the development of a shared business development vision

The relationship mapping exercise needs to be complemented by an exercise to determine the key strategic drivers for the organisation in order to inform the corporate strategy and business planning in the medium to long term. Once determined this should be clearly articulated to all staff and members. Examples of such strategic drivers include:

- Appetite for risk (e.g. willingness to invest in upskilling existing staff and / or recruiting new staff in order to provide new services to new markets)
- Understanding the key priorities of members (e.g. minimising cost to member/owners) and expected outcomes (e.g. what would be an appropriate balance between public and private sector work?)
- Determining the optimum size and scale of SWAP
- Determining the markets SWAP intends to serve

Recommendation 2: That SWAP clarifies its strategic drivers in order to inform its future business plan

3. IMMEDIATE ISSUE - PLANNED RE-STRUCTURE

In order to ensure the short term viability of SWAP, senior management are taking decisive action in the form of a planned restructure of the company.

The Review Team found that, amongst staff, there are high expectations about the level of change which this restructure may deliver. Understandably, there is some nervousness about the impact of the re-structure on individual roles as well as on terms and conditions. In the short term this climate of uncertainty has had some negative impact on staff morale. This has highlighted the need for clear and unambiguous communications to staff, following the commencement of formal staff engagement in mid December. Moreover, there is an expectation from staff that the process of the restructure will be carried out in an open and transparent manner, with all staff having a clear understanding of how any competitive processes will be managed. This is clearly recognised by senior management.

4. STAFF AND STAKEHOLDER ENGAGEMENT/COMMUNICATIONS

The Review Team observed that some front-line staff do not necessarily feel sufficiently informed, empowered, incentivised or skilled to identify and attract new work. As a consequence, SWAP is potentially losing opportunities to undertake informal, low-level business development in the course of its staff carrying out day-to-day work. We believe that there is greater scope to harvest the existing customer knowledge of front-line staff and to access their local contacts and knowledge of new and emerging business development opportunities.

Recommendation 3: that SWAP should encourage (and where necessary provide training) to staff to see business development as a key part of their role

Furthermore, some key customers and stakeholders (e.g. Section 151 Officers) indicated that since incorporation, engagement outside of governance, has declined. Opportunities for customers to discuss emerging business requirements and for the management team to discuss their plans and direction of travel are being missed.

Recommendation 4: that SWAP management team instigate one-to-one meetings with member Section 151 officers and consider re-establishing a form of user forum or some form of engagement by virtual means

The Review Team also found that there is scope to more widely disseminate information about SWAP's achievements and performance.

Recommendation 5: that SWAP considers the production of an annual report to raise awareness of SWAP's services and achievements amongst members and potential customers

5. THE CURRENT TECKAL MODEL

The Review Team found that interviewees appeared broadly comfortable and familiar with the Teckal approach to business development. The fact the company delivers internal audit services to its owners provides both a degree of independence and external scrutiny, whilst maintaining a position within the broader local government environment. This provides a firm foundation upon which the business is based and from which to expand operations. The limitations of the Teckal model were also generally understood in as much as trading with non-members is currently limited to around 10% of turnover which, with legislative changes due next year, may increase this to 20%. The Review Team understand that trading with non-members has not currently reached these limits. This provides some scope for business development within Teckal boundaries.

The Review Team also encountered strong support for maintaining the current member based business model.

The fundamental issues the Review Team examined as a part of this review are how to explore new business opportunities in the short, medium and longer term and how structures could be developed to meet new opportunities as they arise both from members and non-members. We suggest the approach described in section 6.

6. APPRAISING OPTIONS TO DEVELOP THE BUSINESS

When the Review Team were briefed, the main option under consideration was the potential establishment of a separate trading company to explore trading with non-Teckal members in competition with other private sector audit service providers. The Review Team believe a full options appraisal should be undertaken to consider other alternative business structures and to ensure opportunities are maximised within the existing Teckal model.

Some options we have identified include the following (not intended to be exhaustive):

1. Adding SWAP members
2. Deepening the offer to existing members and their subsidiaries (e.g. leisure trusts, ALMOs, other trading companies)
3. Second Teckal company

4. Collaboration or merger with other audit bodies (e.g. Devon Audit Partnership, the proposed Bath and NE Somerset and North Somerset partnership)
5. New non-member customers (e.g. charities, LEAs, Academies, spin outs etc)
6. Setting up a separate trading company

There are likely to be other options and the above are not mutually exclusive.

The Review Team provide an overview below of the initial options identified:

6.1 Adding SWAP Members

SWAP has recently admitted Herefordshire Unitary Council (HC) to the membership. The fact that HC are outside of the traditional South West audit region was a matter for some consideration but overall it was felt that their inclusion would bring valuable new business and much needed additional funding to the company.

The Review Team believe that SWAP need to determine what it considers to be the optimum size and number of members that could comfortably be accommodated within the Teckal arrangements to maintain effective management, control and governance. Whilst there is no strict legal limit to the number of owner/members of a Teckal company, practically it may be difficult to manage an organisation with significantly more and diverse members. For these reasons, we believe that there is likely to be fairly limited scope to expand the number of new members and SWAP needs to think carefully about with whom it may engage and what additional benefits/funding might be added.

New potential members already constitute a relatively limited pool. Adding new key members may also mitigate the risk of losing core business from competition coming from other potential audit bodies (e.g. Devon Audit Partnership or the proposed Bath and NE Somerset and North Somerset partnership).

6.2 Deepening the offer to existing members and their subsidiaries (e.g. leisure trusts, Arm's Length Management Organisations - ALMOs, other trading companies)

Local authorities are delivering services in new ways including through establishing subsidiaries and other partnerships. These new bodies, once set up, need to be monitored and audited to ensure the outcomes expected on start-up and throughout operation are actually delivered. Parent local authorities might include an obligation to provide regular internal audit reports back to the parent bodies by the subsidiaries, perhaps paid for out of the subsidiary companies' allocated resources. In addition, there could be an opportunity, subject to conflicts of interest, to act as internal auditor for such subsidiaries. This could provide SWAP with an additional tranche of work within existing member Teckal boundaries, whilst, at the same time ensuring propriety and appropriate governance of new business structures is maintained to the benefit of all.

There could also be consultancy opportunities where there is some overlap between audit and assurance / advisory work within member authorities. There may be opportunities to prequalify on framework and call-off arrangements. A decision to consider consultancy opportunities would need to be carefully managed so as not to compromise the core service offering and may require new skill sets to be developed or brought into SWAP.

6.3 Second Teckal Company

Given feedback from several customers about the advantages of the Teckal business model, consideration could be given to establishing an additional Teckal company aimed at a specific sector, (assuming demand is sufficient). This would prevent 'member overload' in the existing Teckal company and provide a firm basis for the new sector/business to be delivered via a bespoke Teckal entity, owned by the new customer/members and potentially managed and serviced by SWAP personnel. There might be scope for this from several emerging sectors including the Police and Crime

Commissioners, schools, academies and educational facilities, fire and rescue services etc. This is the business model which has been adopted elsewhere, including by Norse Group.

6.4 Collaboration or Merger with other audit bodies

There may be opportunities to merge or collaborate with other existing audit partnerships within (or outside) the SW area (e.g. Devon Audit Partnership). The Review Team are aware that there are proposals to develop the Bath and NE Somerset and North Somerset partnership, initially into a joint committee with a view to establishing a Teckal company in due course. There may be limited time to consider the collaboration option and offer an alternative to establishing a potential competitor.

Collaboration could be by agreement rather than by way of new company or by way of adding new members to SWAP.

6.5 New non-member customers

A number of non-member potential customers have been identified and there are many more organisations who could potentially be serviced by SWAP and/or a new trading entity set up for that purpose. These new customers include academy schools, Local Enterprise Partnerships, charities and social enterprises and other similar bodies. There is an opportunity for SWAP to deliver up to 10% of its business to such customers currently and this will increase to 20% once the new EU procurement rules come into force next year. The Review Team understand SWAP is not currently trading at the limit of these boundaries and there is scope to expand this work. We understand the level of non-partner income for year ending 31st March 2014 was 4.7% and for the first 6 months of this financial year this has risen to 5.6% but remains well short of the existing 10% threshold. With the expected doubling of this threshold to 20% next year there appears plenty of scope to explore trading opportunities within the existing Teckal SWAP company. If new members join, the Teckal trading limit also grows in line with the growth in turnover.

Where trends become apparent, such as a new line of business from academies or charitable entities, consideration could be given to providing discounts on the basis of work awarded by several such bodies acting together. SWAP might be the conduit for facilitating such collaboration or else it might use its existing contacts to communicate with academies.

If a trend over time (say 1-3 years) can be determined of the Teckal trading limits being exceeded, (in the absence of other drivers such as tax considerations) that would be the time to establish a separate bespoke trading entity based on demand. The Review Team believe that careful consideration should be given to establishing a trading arm until it is absolutely necessary for the reasons given below.

6.6 Setting up a separate trading company

Setting up a separate trading company to service non-Teckal members (public, private or third sector) remains an option. There may be fiscal/tax reasons for doing so irrespective of customer or demand issues driving that approach which is beyond the scope of this review. However setting up a new body brings attendant costs, expenses, management and governance overheads which could be difficult for a relatively new start up business to manage, whilst seeking to embed the core Teckal business and restructure. It would be a different business to SWAP. It would need to compete in the open market for business against other competitors. Consideration would need to be given to which of the existing SWAP members (if any) would own the company. We have assumed any new trading entity would not be a 'subsidiary' of SWAP as this might endanger SWAP's Teckal status.

Recommendation 6: That SWAP undertake a full appraisal and prioritisation of options for business development, including determining the most effective potential business structures to support the preferred approach

7. MARKETING SWAP

The Review Team consider there is significant scope to adopt a more pro-active approach to marketing SWAP's services. For the most part this can be through informal engagement, word of mouth, customer feedback and other relevant channels. Marketing needs to be targeted, focused and customised to individual client needs. The approach to business development needs to be underpinned by a clearly articulated marketing strategy which is informed by the relationship mapping exercise and understood/adopted by all staff and SWAP members. We understand that a specialist marketing expert might be engaged to help develop a marketing strategy.

The marketing strategy should define (amongst other things):

- SWAP's full range of products / services
- Where these products and services have already been delivered to the existing member / customer base
- The benefits (both financial and non-financial) that members / customers have derived from the delivery of existing SWAP services (see bullet points on page 5)
- New markets (public, private and third sector) which have been identified for business development and any new products or services which will be developed to serve those new markets
- The pricing strategy for new the provision of new / products and services
- How the skills set of the restructured organisation will need to evolve to service new customers
- A 'bid qualification' process which articulates the criteria to be used in determining which areas of work to target (e.g. maturity of existing relationship with the potential client, likely bid costs, geographical location of the potential client, likelihood of successfully securing work from the target customer, alignment with existing SWAP skill-sets)

Recommendation 7: that SWAP develop a marketing strategy which is aligned with its strategic drivers and vision for business development

APPENDIX A

Purpose of the review

- Assessment of the business case and whether the anticipated benefits are actually being delivered (benefits will vary with time, so may be different for the first review and subsequent mid-term reviews)
- Confirmation of ongoing governance, leadership and management arrangements
- Consideration of ongoing commercial viability of the organisation, including the impact of cessation of the provision of any corporate services from the parent authority
- Ensuring that appropriate metrics / KPIs are routinely collected and used to inform decision making
- Assessing whether the business is resilient – that is whether it has the flexibility to adjust to future changes in the operating environment. This should include consideration of the wider strategic plans of the now independent organisation, particularly its future plans for ensuring its own viability should its contract with the host Local Authority cease and in that context, its plans to avoid dependence upon one significant contract and/or income stream
- Ensuring that arrangements are in place to monitor and continuously improve performance
- Ensuring that processes are in place to adequately govern and manage the business
- Assessing the scope for further innovation and the approach to managing new projects to deliver further business benefits
- Ensuring that there is appropriate staff engagement and development
- Confirmation that stakeholders are appropriately represented and involved
- Consideration of the effectiveness of the LATCo's maximisation of the opportunities afforded both by its independence from the host Local Authority and the legal form of its constitution and therefore the environment in which it now operates.
- Examination of the LATCo's financial planning arrangements such as its Reserves Policy, longer term budgets and financial planning and cash flow projections.
- Examination of continuing market analysis and responses thereto.
- Ensuring that taxation benefits have been maximised.
- Examination of the application or otherwise of the conditions in all LATCo contracts and the requirement for changes to reflect commercial benefits, penalties for non-performance, etc.
- Examination of the impacts and the acceptance of those impacts by all parties, of changes to funding streams and amounts.
- Ensuring that the LATCo is adhering to the legal requirements attached to its specific legal form.
- Consideration of the changed relationship between the LATCo and the host Local Authority and the staff, executives and non-executives of those two organisations and the impact of those changes in the contexts of both the original business objectives and the individual changed circumstances in both organisations.
- Depending upon the timing and brief of the review, the impact of all aspects of the review on both the LATCo and the host Local Authority.

APPENDIX B

Interviewees

NAME	ROLE
Jason Vaughan	Company Director, Chair of Board, Client Officer and Section 151 for Weymouth and West Dorset
Chris Gunn	Company Secretary: Finance, HR, Risk Management, Board Papers
Nick Hammacott	Senior Auditor based in Somerset County / Fraud Response Team
Charlotte Wilson	Auditor
Jo George	Audit Manager
Suella Coman	Audit Manager
Andrew Ellins	Audit Manager
Jo McCormick	Senior Auditor
CLlr Janet Page	Chairman of Audit Committee at West Dorset District Council / Member on the SWAP Members Board.
Steve Read	Managing Director - Somerset Waste Partnership
Shirlene Adam	Client and Section 151 Officer for Taunton Dean and West Somerset Councils
Donna Parham	Client Officer and Section 151 for South Somerset District Council / User Group co-ordinator
CLlr Richard Tonge	Cabinet Member for Finance, Performance, Risk, Procurement and Welfare Reform
Peter Robinson	Company Director / Client Officer and Section 151 for Hereford Unitary
Alison Holmes	Senior Auditor
Dave Warren	Auditor
CLlr Tim Carroll	Members Board Member for SSDC
CLlr Simon Coles	Audit Committee Member for Taunton Deane Borough Council
Richard Walker	MKi
Jeff Wring	Head of Audit for Bath and North East Somerset
Sue Pangborne	Chief Executive for Forest of Dean District Council
Jacqui Gooding	Audit Manager / Coordinator Fraud Response
Peter Ware	Partner Browne Jacobson Solicitors
Michael Hudson	Company Director, Client Officer and Section 151 Officer for Wiltshire Unitary
Dave Hill	Director of Planning
Ian Baker	Director of Quality
Gerry Cox	Chief Executive



Dart Suite,
Larkbeare House,
Topsham Road
Exeter
EX2 4QJ

Gerry Cox,
Chief Executive
South West Audit Partnership Ltd
Yeovil Innovation Centre,
Barracks Close,
Copse Road,
Yeovil BA22 8RN

Tel: (01392) 382437
Fax: (01392) 382975
Email: robert.hutchins@devonaudit.gov.uk
www.devon.gov.uk

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Date: 13 April 2015

When calling or telephoning please ask for: Robert Hutchins

Dear Gerry,

Internal Audit report for the South West Audit Partnership 2014/15

I can confirm that we have now completed our internal audit of the accounting arrangements for the South West Audit Partnership (SWAP) for the financial year ended 2014/15. I am pleased to report that our audit did not find any areas of concern and I am confident that the processes in place are adequate to support SWAP's annual report and financial statements.

The purpose of our audit was to review the systems of financial and other controls over the Partnership activities and to provide an opinion as to whether the operating procedures are working effectively and satisfactorily. Our work was undertaken in accordance with the Public Sector Internal Audit Standards along with other best practice and professional standards.

As part of the audit work we undertook an assessment of compliance with relevant procedures and controls and our findings are based on the areas examined and appropriate sample checking.

Key Findings

Our audit concluded that accounting statements prepared during the year were prepared on the correct accounting basis, were supported by an adequate audit trail from underlying records, and debtors and creditors were properly recorded.

All financial transactions relating to SWAP are recorded using the SAGE Financial Information Management System (FIMS) operated within the Partnership.

Orders are raised via FIMS and authorised by a member of SWAP's senior management team. Goods are receipted via the system and matched to the service/goods provided. Invoices are received and certified by the SWAP Admin staff and authorised by one of the SWAP senior management team.

A number of SWAP staff have procurement cards and statements are checked and reviewed by the admin staff and authorised by one of the senior management team. A review of a sample of

procurement card payments confirmed that good systems of control were in place and purchases coded correctly.

Invoices are raised via the FIMS system and all income receipted and recorded on the system.

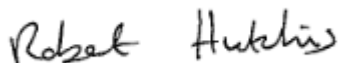
Payroll transactions are managed through South Somerset District Council and feed into FIMS on a monthly basis. A robust payroll checklist is maintained to administer and monitor the payroll on a monthly basis.

Regular bank reconciliations are performed and monthly budget monitoring reports are produced to ensure transactions are accurately recorded and any variances investigated and resolved.

From a review of the FIMS system reports, sample checking of invoices and payments, and the professional services provided by Francis Clark, Chartered Accountants, my view is that the internal control framework is satisfactory and that the accounts will fairly represent the transactions of SWAP for the 2014/15 financial year.

The Partnership has maintained a strategic risk register for a number of years, and the register is reviewed and updated on an annual basis and is a standing item taken to the quarterly board meetings. This identifies key strategic risks, current mitigating control measures and responsibility for managing those risks.

Yours sincerely

A handwritten signature in black ink that reads "Robert Hutchins". The signature is written in a cursive, slightly slanted style.

Robert Hutchins

Head of Devon Audit Partnership

Quality Assessment Improvement Plan

Introduction

This report provides the Board with information on the progress made against the Quality Assessment Improvement Plan (QAIP). The QAIP is reviewed periodically by the Management Team and by the Board at its meetings. The plan is kept under review and reports are presented to the Board on a regular basis. This provides assurance that the issues identified as part of the last review and any new improvements are being effectively managed through to completion.

Resolution

1. That the Board notes the latest update and the proposed actions in place to address the issues identified within the QAIP.

Background

The action plan was last reviewed by the Board of Directors on the 5th January 2015. The action plan remains in the same format as previously presented, with completed actions having been highlighted for removal and new items / or updates to existing items added in red text.

Further progress has been made in completing actions in the following areas:-

- Internal Audit of SWAP has been completed by the Devon Audit Partnership
- Actions arising from the Local Partnerships report have been appended to the QAIP as have further actions identified from a Management Team Away Day post restructure.

The Board's attention should be drawn to the 'management response' column which summarises the actions to be completed to address the recommendation.

A full copy of the outstanding actions is included as an appendix to this report.

C. Gunn – Company Secretary – 17th April 2015

SWAP Quality Assessment Improvement Plan (QAIP)

Final Action Plan

Finding	Recommendation	Priority Rating	Management Response	Responsible Officer	Implementation Date
Periodic Reviews of SWAP to be regularly completed.	I recommend that the SWAP Management Team agree a time period for regular reviews, currently recommend every five years minimum, with an interim review part way through the agreed period.	3	This Action Plan will be kept under constant review. We envisage completing a full review every three years.	Chief Executive	On-Going March 2015
The Client Questionnaire Returns have highlighted a number of matters that need consideration by the Management Team and a plan devised as to how SWAP will respond to improve some of the issues raised.	I also recommend that the Chief Executive ensures that Directors follow up all scores assessed below 3 (Good) with individual Client Officers.	4 3	Agreed. Reduced priority as much picked up in LP report Client Survey results have been shared however, this action has been deferred due to restructuring and other priorities and we hope to revisit it in the new year.	SWAP Management Team	October 2012 October 2014 March 2015 September 2015
	In line conjunction with following up on scores assessed below 3 (Good), I recommend that the Chief Executive ensures that Directors follow up on all comments made with individual Client Officers.	4 3	Agreed. Reduced priority as much picked up in LP report As Above	SWAP Management Team	October 2012 October 2014 March 2015 September 2015

Finding	Recommendation	Priority Rating	Management Response	Responsible Officer	Implementation Date
<p>External assessments must be carried out at least once every five years by a qualified independent reviewer or team from outside the organisation. The chief audit executive must discuss with the board:</p> <p>The need for more frequent external assessments; and</p> <p>The qualifications and independence of the external reviewer or review team, including any potential conflict of interest.”</p>	<p>I would therefore recommend the following:</p> <p>The Chief Executive should use the results of this review to determine whether there is a need for more frequent external assessment.</p>	3	<p>The results of this Assessment have been favourable identifying no failings with regards to the Standards.</p> <p>However, as referred to above we will endeavour to carry out a full Quality Review Assessment every three years.</p> <p>A meeting is taking place on 29th April with the four other major audit partnerships – a repeat of the 2012 exercise is on the agenda and will be scheduled in later this year.</p>	Chief Executive	<p>March 2015</p> <p>September 2015</p>
ACTIONS IN RESPONSE TO STAFF FEEDBACK:					
<p>Partner Websites do not all have clear links to the SWAP website. (Source FFL Reviews)</p>	<p>Audit Managers have agreed to liaise with Client Officers to ensure there is a clear link from Partner Websites to SWAPs.</p>	3	<p>Agreed, progress to be confirmed with Audit Managers</p> <p>The SWAP Website is undergoing some developments – when this is completed and re-launched we will pick up on this action.</p>	SWAP Management Team/ Audit Managers	<p>July 2014</p> <p>22 Oct 2014</p> <p>January 2015</p> <p>June 2015</p>

Finding	Recommendation	Priority Rating	Management Response	Responsible Officer	Implementation Date
Outcome from External Audit of Accounts identified control weaknesses	<p>SWAP MT implement procedures to address the External Auditor's concerns on some issues identified during the External Audit of the Accounts regarding :-</p> <p>The capitalisation of fixed assets Review of Bank Reconciliations Authorisation of Purchase Orders Identification of Non-Partner Income</p>	3	<p>The Company Secretary has reviewed and implemented revised processes.</p> <p>These will be independently audited by DAP to provide the Board assurance.</p> <p>DAP are gaining approval from their Board to complete this work.</p>	The Company Secretary	<p>Completed</p> <p>November 2014</p> <p>Completed</p>
Local Partnerships have identified a number of potential areas for improvement	<p>SWAP MT will present the report to the Board on the 15th January 2015 meeting and prepare an action plan and respond accordingly.</p>	3	<p>Present to Board 15th January and then devise a response plan and incorporate key findings in Business Plan.</p> <p>Actions and responses have been added below.</p>	Management Team	<p>April 2015</p> <p>Completed</p>
SWAP has not fully explored the potential for expanding its current customer base. (Source LP Report)	<p>That SWAP undertake a relationship mapping exercise in order to identify new and emerging business development opportunities and to facilitate the development of a shared business development vision.</p>	4	<p>We agree with the finding and see the importance of following this through. However, post restructure the target date (suggested end of quarter one) will not be realistic and therefore we have targeted to complete by the end of the second quarter.</p>	Management Team	<p>End of September 2015</p>

Finding	Recommendation	Priority Rating	Management Response	Responsible Officer	Implementation Date
Strategic drivers for SWAP although agreed in principle, are not clearly articulated to ensure focussed direction moving forward. (Source LP Report)	That SWAP clarifies its strategic drivers in order to inform its future business plan.	4	Agreed – this now forms a part of SWAP Business Plan	Gerry Cox	Completed
Some front-line staff do not necessarily feel sufficiently informed, empowered, incentivised or skilled to identify and attract new wo (Source LP Report)	That SWAP should encourage (and where necessary provide training) to staff to see business development as a key part of their role.	3	Agreed – we will encourage this with staff starting with our April Staff Away Day. We have also developed a proforma for staff to capture any interest and report to our new AD for External Clients to follow through. Further matters covering training etc will be addressed moving forward.	Management Team	In Progress and On-Going
Opportunities for customers to discuss emerging business requirements and for the management team to discuss their plans and direction of travel are being missed. (Source LP Report)	That SWAP management team instigate one-to-one meetings with member Section 151 officers and consider re-establishing a form of user forum or some form of engagement by virtual means.	3	Agreed – A Director will attend the Somerset meeting of s151 Officers and individual meetings will be scheduled in throughout the year.	Management Team	In Progress and On-Going

Finding	Recommendation	Priority Rating	Management Response	Responsible Officer	Implementation Date
There is scope to more widely disseminate information about SWAP's achievements and performance. (Source LP Report)	That SWAP considers the production of an annual report to raise awareness of SWAP's services and achievements amongst members and potential customers.	4	We will produce an annual report for SWAP and use this as a means to inform our Partners and others of achievements throughout the year. This will also be used as a marketing tool when attending conferences etc.	Management Team	Mid-May
Setting up a separate trading company to service non-Teckal members (public, private or third sector) remains an option. (Source LP Report)	That SWAP undertake a full appraisal and prioritisation of options for business development, including determining the most effective potential business structures to support the preferred approach.	3	This will be picked up later in the year after our marketing plan has been developed.	Management Team	End September 2015
There is significant scope to adopt a more pro-active approach to marketing SWAP's services. (Source LP Report)	That SWAP develop a marketing strategy which is aligned with its strategic drivers and vision for business development	4	Starting with a marketing strategy and appropriate budget we will develop our approach to marketing SWAP. Initial approaches will be made to marketing 'experts' to seek advice on our approach.	Gerry Cox	End of May 2015 for initial research

Finding	Recommendation	Priority Rating	Management Response	Responsible Officer	Implementation Date
We have a suite of KPI's which are reported on the balanced scorecard. These haven't been reviewed for some time. (Source MT Away Days)	Current KPI's should be reviewed to ensure they demonstrate achievement of our objectives and are complete.	3	We will review our current KPI's to challenge them for relevance and where necessary introduce new ones.	Management Team	October 2015
A number of clients are starting to question the length and structure of our audit reports. (Source MT Away Days)	We will review the report structure and seek the views of our clients before considering a refresh.	4	We will invite further feedback from our client officers – letting them know the issues already raised by some. We will also set up a working group to review the content and structure of audit reports for final agreement.	Management Team	September 2015

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 22 JUNE 2015

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 continues 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, Wiltshire Council and Herefordshire Council as well as a number of related bodies such as the Somerset Waste Partnership.
- 1.2 SWAP has moved from being governed via a Joint committee format to a Company structure. The company has over the past year undertaken a significant staffing restructure in order to ensure that it remains appropriately structured to deliver services to its client authorities and as an independent company.
- 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 2014/15, which will be published as part of the Council’s Statement of Accounts in September 2015.
- 1.4 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” as including “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.

1.5 Therefore it is important that 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 2014/15 was approved by the Corporate Governance Committee on 9 March 2015. All aspects of the Standards will be covered by SWAP through the Audit Charter and reviewed and approved by the Corporate Governance Committee on an annual basis.

3. The Review of Internal Audit (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 will also provide 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 The table below shows some of the overall performance of the service during the year compared to the previous three years:

Performance Measure	2011/12	2012/13	2013/14	2014/15
Levels of satisfaction from feedback questionnaires	79% (9 Received)	80% (16 Received)	80% (17 Received)	82% (15 Received)
Audits and reviews completed in year compared to the plan (all at least at final draft stage)	95%	87%	89%	75%
Key Controls audits completed in year compared to plan	100%	100%	100%	100%
Total completed audits and reviews	38	39	37	28 (Additional 3 in draft & 7 In progress)
Cost of audit service to TDBC	£131,600	£117,600	£117,600	£97,300
Number of actions for improvements agreed by managers.	180	151	153	99*
No of audit recommendations considered High Risk (Priority 5)	6	4	4	0*

Value for Money – average cost of audit day compared to private sector (benchmarking)	SWAP = £280 Private Sector = £320	SWAP = £280 Private Sector = £299	SWAP = £280 Private Sector = £299	SWAP = £280 Private Sector = Not benchmarked
SWAP A/Cs outturn on spend compared to budget – (brackets indicate net income)	Budget £(26,830) Actual £(99,256)	Budget £(4,540) Actual £(58,584)	Budget £(0) Actual £(97,840)	Budget £(73,890) Actual (projected) £(120,900)

* Only in relation to assignments at final report stage.

- 3.3 The table shows that the satisfaction from client feedback questionnaires for the audits carried out at TDBC is broadly consistent with previous years.
- 3.4 The cost of the service has reduced from previous years, due to our request to reduce the number of audit days. The average cost of an ‘audit day’ for SWAP remains unchanged at £280.
- 3.5 In total only 95% of the audit plan for 2014/15 will be delivered, which is just within the minimum contractual target agreed with SWAP. The 5% shortfall has resulted from a temporary disruption in service delivery during the staffing restructure undertaken by SWAP. We have sought and received assurances from SWAP that this was a temporary issue and that they intend to return to 100% delivery of the plan from 2015/16 onwards.
- 3.6 There were no new high priority recommendations (service level priority 5) in 2014/15.
- 3.7 The number of audit reviews completed in year has fallen, as you would expect when we have a reduced number of audit days. This has however been heightened by the temporary disruption in service delivery resulting from the restructure within SWAP. This is an area in which we will monitor very closely during 2015/16.
- 3.8 The outturn position for SWAP is likely to show that, as in previous years, the partnership makes a surplus from operations. This gives some scope for reinvestment in the business and hiring additional resource if required and is managed via the Board of Directors for SWAP.
- 3.9 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 Section 151 Officer, I still have access to the SWAP Management Team to influence service delivery and priorities from a customer’s perspective. Additionally, the ‘Members Board’, which is comprised of Elected Member representatives from each partner authority, meets quarterly to review the performance of the company.

4. Service Standards

4.1 In assessing SWAP's performance it is important to review the standards of service to ensure 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 SWAP Chief Executive / Director of Quality at Corporate Governance Committee	At least 1 times per annum	1 time in 2014/15
Attendance by Audit Assistant Director at Corporate Governance Committee	At least 4 times per annum	4 times in 2014/15
Attendance by SWAP Chief Executive at Corporate Governance Officer Group	4 times per annum	0 times (NB. Only one meeting was held in 2014/15 and SWAP were represented at that meeting by the Audit Manager for TDBC)
Liaison meetings with S151 Officer and Audit Assistant Director	6 times per annum	Monthly meetings were held with the Audit Manager during 2014/15, which were attended by the AD-Corp Services and Corp Strategy & Performance Manager. The S151 Officer attended quarterly.
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 February 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	By mid January each year	Delivered. Presented to Corporate Governance Committee in March

Board/S151		2014.
Prepared for Corporate Governance Committee	By end January each year	
To assist with member/officer training in audit and governance	Once per annum	Two half day sessions were held for Members in the autumn of 2014 (3 & 10 October)

5. Audit Review of SWAP

- 5.1 The Devon Audit Partnership have undertaken an independent review of SWAP. This review specifically focussed on the accounting arrangements within SWAP and concluded that SWAP had appropriate arrangements in place.
- 5.2 Whilst this audit review was not focussed on the delivery of the service provided by SWAP it does provide assurance to the Council, as a shareholder, regarding the financial probity of SWAP.

6. 2014/15 Action Plan

6.1 The following shows progress against the actions to be completed in 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.

CURRENT STATUS: The system interfaces have not been developed, but TDBC are implementing alternative solutions to reduce the requirement for manual intervention by audit action owners.

- 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.

CURRENT STATUS: A consistent Audit Universe has been devised across all SWAP partners within MK Insight (Audit Tool) which is in line with the LGA list of local authority services. This is to aid greater sharing of audit findings and good practice across the partners. The Audit Universe will continue to be assessed and developed for each annual planning cycle.

- To look for further efficiencies in delivering audit work across Taunton Deane and West Somerset to benefit both Councils.

CURRENT STATUS: Joint audits are being delivered where it is permissible and appropriate to do so, maximising the potential delivery from our limited audit resource.

- To improve on the current 13/14 delivery times re moving from draft to final audit reports.

CURRENT STATUS: There has been a slight improvement but further work is required in this area.

- To work with the Council on improving the reporting of key audit information to the Corporate Governance Committee.

CURRENT STATUS: the content of reports has been reviewed and improved. However, this is an area which will continue to be developed during 2015/16.. We want to work with the Corporate Governance Committee to not only ensure they are getting the information needed to fulfil their responsibilities, but they are given the opportunity to discuss audit issues flagged with the relevant service manager.

7. Actions to be Completed in 2015/16

7.1 The following new actions are to be progressed during 2015/16:-

- SWAP to work with TDBC to ensure that the percentage of audits completed in year for 2015/16 increases to 95% of the audit plan delivered (with the remaining 5% delivered in the first 2 months of the following year).
- Improving engagement with TDBC as a customer of SWAP so as to ensure TDBC are aware at an early point of known changes to service delivery, changes to key personnel or other relevant matters affecting the delivery of audit services to the Council.
- SWAP to undertake a review of the current report template structure in order to identify improvements in clarity and content, in consultation with client officers.
- Current Key Performance Indicators (KPIs) will be reviewed and where necessary new ones will be introduced in consultation with client officers.

8. Opinion

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

9. Financial Issues / Comment

9.1 There are no financial implications arising from this report.

10. Legal Comments

10.1 There are no legal implications from this report.

11. Links to Corporate Aims

11.1 No direct implications.

12. Environmental and Community Safety Implications

12.1 No direct implications.

13. Equalities Impact

13.1 The review of effectiveness of internal audit does not require an equalities impact assessment to be prepared.

14. Risk Management

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

15. Partnership Implications

15.1 Outlined in the report.

16. Recommendation

16.1 The Corporate Governance Committee is requested to note the findings of the review of the effectiveness of internal audit for 2014/15.

Contact Officers:

Shirlene Adam
Director - Operations
01823 356310

Paul Harding
Corporate Strategy & Performance Manager
01823 356309

s.adam@tauntondeane.gov.uk

p.harding@tauntondeane.gov.uk

Taunton Deane Borough Council

Corporate Governance Committee – 22 June 2015

Draft Annual Governance Statement

Report of the Corporate Strategy and Performance Manager

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

1. Executive Summary

The Council is required to conduct, at least once a year, a review of the effectiveness of its systems of internal control and governance arrangements and to produce an Annual Governance Statement (AGS) on behalf of the Leader of the Council and the Chief Executive, providing an assessment of these arrangements.

The review of effectiveness was carried out by the Council's Corporate Governance Officers Group who have concluded the governance arrangements remain adequate and fit for purpose. The review of our governance framework also identified some areas where further improvements could be made and these will receive attention during 2015/16.

The purpose of this report is to submit the draft Annual Governance Statement for review and to recommend its approval 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 Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (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 Governance Officers Group has led the 2014/15 review of the governance framework. The group includes the Monitoring Officer (Assistant Chief Executive), the s151 Officer (Director–Operations), the internal Audit Manager, the Assistant Director Corporate Services and the Corporate Strategy & Performance Manager.

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 reasonable and fit for purpose. This is further endorsed by the Group Auditor's annual opinion report 2014/15, 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 identifies governance issues identified and the steps to be taken during 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 review the draft Annual Governance Statement attached to this report and to recommend its adoption by the Leader of the Council and the Chief Executive.

Contact:

Paul Harding
Corporate Strategy & Performance Manager
01823 356309
Ext: 2216
p.harding@tauntondeane.gov.uk

Draft - Annual Governance Statement

2014/15 v1.1

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Introduction

This document relates to the 2014/15 financial year which started on 1st April 2014 and ended 31st March 2015.

This was a period of significant challenge and change for the Council. Following on from the appointment of a joint Chief Executive and senior management team between Taunton Deane Borough Council and West Somerset Council, during the latter part of 2013/14, the Councils continued to join together the remainder of their officer structure during 2014/15, resulting in the majority of the joint staffing structure being in place by 1st February 2015.

This change resulted in a number of officers leaving the Council and some others taking on new roles and responsibilities but all staff forming part of 'One Team' of officers to serve two independent Councils and their communities.

This significant structural change was a first for Somerset and one of few similar such arrangements within the West of England and has led to total annual savings of £1.802m being delivered to the Councils and the local taxpayer.

Despite the scale and pace of this change no new corporate risks, associated with this undertaking, have been identified by the Council's auditors (South West Audit Partnership).

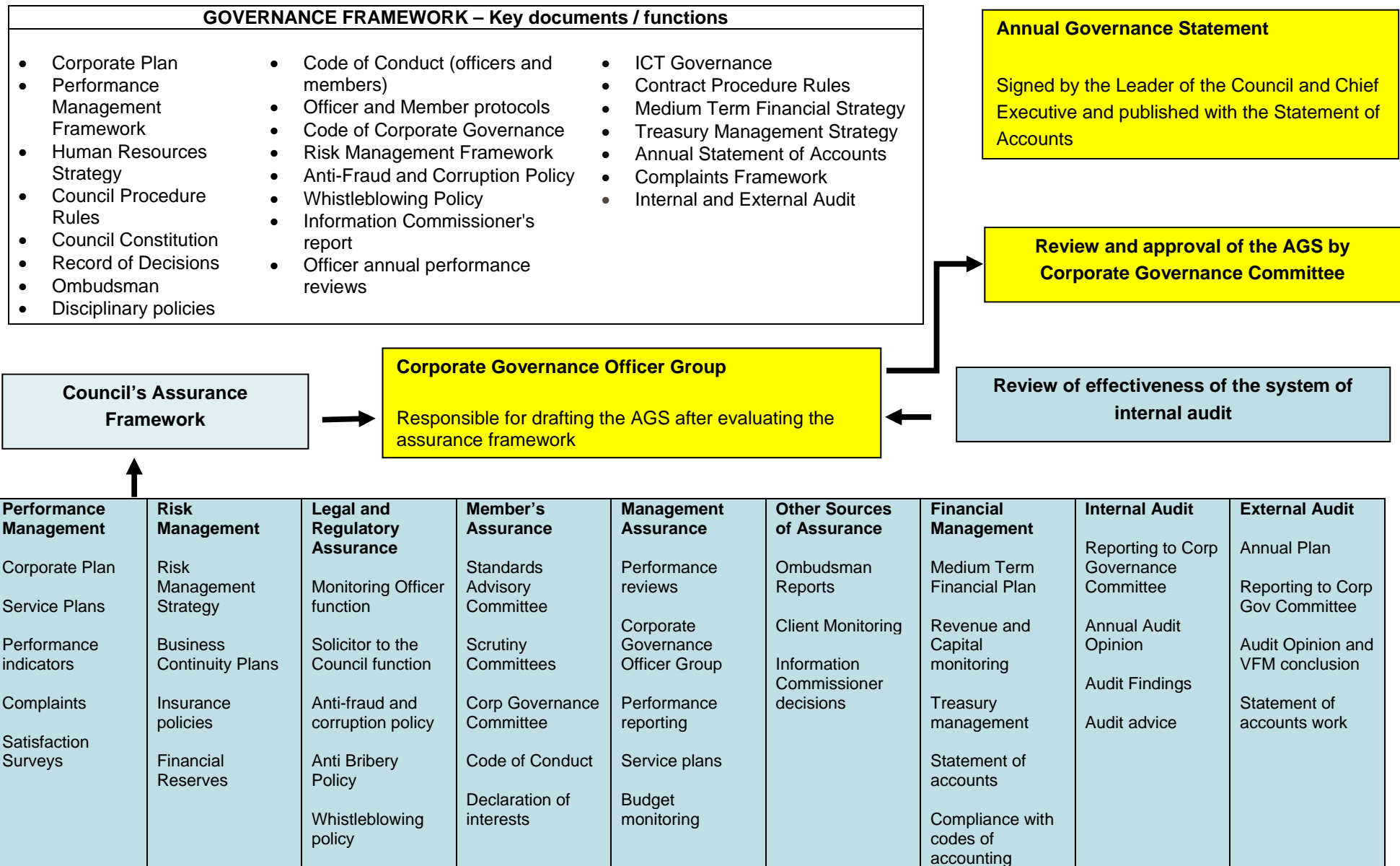
The various sources of assurance and the process leading to the creation of the Annual Governance Statement is illustrated on page 3 of this document.

This Annual Governance Statement provides an account of the processes, systems and records in place during 2014/15 which demonstrate assurance for the effectiveness of the framework of governance of the Borough Council to discharge its responsibilities.

Governance is about how local government bodies, such as the Council, ensure that they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

There are SIX core principles of governance adopted by the Council's Corporate Governance Committee which are used as reference points for the assurance about the effectiveness of the Council's governance arrangements. For each principle a table is provided within this document setting out what arrangements are in place and what assurance each provides.

AGS Process and Sources of Assurance Overview



Scope of Responsibility

Taunton Deane Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

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, Taunton Deane Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for 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 Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework “Delivering Good Governance in Local Government”. A copy of the code can be obtained from The Monitoring Officer, Taunton Deane Borough Council, The Deane House, Belvedere Road, Taunton, TA1 1HE on request.

This statement explains how Taunton Deane Borough Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 which requires all relevant bodies to prepare an annual governance statement.

The Governance Framework

In March 2008 the Council adopted a formal code of corporate governance in line with guidance provide by CIPFA/SOLACE.

These principles of good governance are:

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behavior;
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risks;
5. Developing the capacity and capability of Members and Officers to be effective;
6. Engaging with local people and other stakeholders to ensure robust public accountability.



The 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 and to manage them efficiently, effectively and economically.

The governance framework has been in place at Taunton Deane Borough Council for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

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

How we have set out our vision and the outcomes we wish to achieve	Assurances Received
<ul style="list-style-type: none"> • Members, working with officers, have developed a three year <u>Corporate Business Plan</u> (2013-2016) which describes the Council's priorities, key activities and intended outcomes for citizens and service users, our vision and our core values. This feeds into Service Plans, Team plans and personal plans. • Members and officers have created the <u>Taunton Growth Prospectus</u> which sets out a clear economic vision for Taunton over the period until 2028. • The Council has developed <u>The Core Strategy</u> which sets out a vision for Taunton Deane including strategic objectives, spatial strategy and policies for meeting that vision. • The Council has worked in partnership with key agencies and the local community to prepare the <u>Priority Areas Strategy</u> (2012-17)- The PAS sets out a number of projects that seek to tackle disadvantage and deprivation in the following localities:- <ul style="list-style-type: none"> - North Taunton (Priorswood, Lyngford and Wellsprings) - Taunton East (Halcon, Lane and Lambrook) - Rural Areas - Wellington <p>The Council has approved a Housing Revenue Account Business Plan which sets out new strategic objectives and outcomes for the service for the period 2012-2042.</p>	<ul style="list-style-type: none"> • Performance Management Framework – the Council uses different performance measures (quality, outputs, value for money, customer satisfaction) to give an overview of Council performance and stimulate improvement. Information is published quarterly on our website in the form of reports and minutes against the corporate priorities and targets and reported to the Council's leadership team, Scrutiny Committee and Executive Committees for review and challenge; • Additional performance monitoring reports are also reviewed by the management team and Scrutiny committees (e.g Somerset Waste Partnership, Tone Leisure). • Externally reported data: Government Single Data List; • Internal Audit reports; • External Audit reports; • Employee annual review process linked to the Council's objectives. • Progress against the Growth programme is regularly reviewed by Taunton Economic Advisory Board and the Project Taunton Steering Group. • Progress updates against the HRA business plan is considered regularly by the Tenant Services Management Board. • Updates on progress against the Joint Management and Shared Service Business Plan provided to Corporate Scrutiny, 18th November 2014 and most recently on 26th March 2015, as well

<p>Joint Management and Shared Service Business Plan created jointly between West Somerset Council and Taunton Deane Borough Council setting out how one team of officers would be created to support the two sovereign Councils and deliver significant savings to each.</p>	<p>as the project board and the Joint Partnership Advisory Panel (JPAG) .</p>
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2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Source of assurance
<p>The Council's Constitution defines and documents the roles and responsibilities of member and officer functions, with clear published delegation arrangements and protocols for decision making and communication.</p> <p>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 October 2014 to reflect the joint working arrangements between Taunton Deane Borough Council and West Somerset District Council.</p>
<p>All officers have defined role descriptions which set out their personal roles and responsibilities.</p>
<p>There is a member/officer protocol that sets out the standards of behaviour expected to ensure an appropriate working relationship between members and officers (page 235 of the Council's Constitution).</p>
<p>Members work with officers to develop and approve the Corporate Plan, setting out the Council's priorities. Officers use the Corporate Plan to align service delivery with the Council's priorities and regularly report progress to the Executive.</p>
<p>Portfolio holders and the shadow portfolio holders meet key officers on a regular basis to discuss relevant issues within their portfolio.</p>
<p>The Group Leaders, Chief Executive and other relevant key officers meet regularly to share information and discuss any issues for the authority.</p>
<p>The Leader and Chief Executive meet regularly in order to maintain a shared understanding of roles and objectives.</p>

A 'One Team' newsletter is produced monthly and is issued to all officers and Members highlighting successes, emerging issues, corporate messages in order that both Members and officers share a common understanding of key issues affecting the organisation.

Members and officers work jointly on advisory and steering groups in respect of key corporate projects (e.g. growth, Transformation).

Member induction programme in place for new members.

Officer induction programme for new employees to ensure they have knowledge of the organisation, its values and priorities.

The Chief Executive's annual appraisal is undertaken as per the agreed process.

Service plans are clearly linked to the corporate plan and the Medium Term Financial Plan (MTFP), both of which are developed between Members and officers. They provide detail about the key actions to be undertaken to deliver on the corporate priorities. They also identify the performance measures and targets to ensure services achieve their objectives and to the required standard.

3. Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behavior.

Source of assurance	Where found
External Audit of Accounts	
Members and staff Codes of Conduct	<u>Constitution</u>
Scheme of Delegation	<u>Constitution</u>
Anti-fraud and Corruption Policy	Website

Anti-bribery policy	Website
Financial Regulations	Constitution
Standing Orders on Procurement and Contracts	Constitution
Register of Member Interests	Website – included as part of the personal details for each Member
Register of Officer Interests	Refreshed annually -held by Democratic Services in paper format
Corporate Complaints Policy	Website
Investigation and disciplinary procedures – During 2014/15 there were 8 Disciplinary cases which resulted in 1 written warning, two final written warnings and one dismissal , no further action taken in respect of the remaining cases.	Disciplinary policy held on TDBC Intranet – HR pages
Local Government Ombudsman Annual Review Letter 2014	Available from the Comments and Complaints page of our website
Whistleblowing Policy - The Council has in place arrangements for individuals to raise concerns where they believe that staff do not demonstrate the expected core values and behaviours.	Website
The Council set values for the organisation and publish these within our Corporate Plan.	Corporate Business Plan on our website
The Standards committee exists to promote and maintain high standards on Councillors and co-opted members through assisting Councillors to observe the member's Code of Conduct and monitoring the operation of the Code – during 2014/15 there were there were 7 complaints about Members dealt with in 2014/15; 5 related to parish/town councillors and two to TDBC councillors.	Constitution & Our Website

4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management arrangements

Source of assurance	Where found
<p>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.</p>	<p><u>Constitution</u></p>
<p>Corporate Scrutiny and Community Scrutiny Committees were set up in 2009 and can scrutinise matters to be considered by committees or the Council in order to provide challenge to decisions to be made or policies to be adopted.</p>	<p><u>Constitution</u></p>
<p>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 includes a column to indicate 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.</p>	<p>Our <u>Website</u></p>
<p>Protocol on decision making - The Council issues and keeps an up to date a record of what part of the Council or individual has responsibility for particular types of decisions or decisions relating to particular areas or functions</p>	<p><u>Constitution</u></p>
<p>The Council maintains an internal audit service through the South West Audit Partnership (SWAP) that operates to standards specified by the institute of Internal Auditors (IIA) and the Chartered Institute of Public Finance Accountants (CIPFA). Auditors test compliance with good practice and internal policies and procedures, reporting their findings to officers and to the Councils Corporate Governance Committee.</p>	<p><u>Southwest Audit Partnership</u></p>

All reports to Council or committee contain a section relating to risk which ensures known risks are considered as part of the decision making process	Our website
All reports to Council or committee contain a section relating to legal implications which ensures legal opinion is considered as part of the decision making process	Our website
All reports to Council or committee contain a section relating to finance implications which ensures financial implications are considered as part of the decision making process	Our website
Monitoring Officer and the Solicitor to the Council– responsible for ensuring the legality of the actions of the Council and promoting good standards of ethical and corporate governance.	Roles defined in the Constitution
Council meetings are open to the public (with the exception of items that are exempt under the Access to Information Act). The Council advertises meetings, communicate decisions and minutes to ensure they are publicly available in a timely manner.	Constitution & Our website
A call-in mechanism is in place in relation to challenging decisions made by the Executive which allows re-consideration and further debate of the issue.	Constitution
TDBC operates a Corporate Governance Committee which is independent of the Executive and Scrutiny functions of the Council. Corporate Governance covers 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.	Constitution & Our website
Monthly Budget monitoring by budget holders and quarterly finance reporting to Members helps ensure an accurate position of the Council's finances is available when financial decisions are made.	Internal via the Council's shared 'W' drive and Our website
Basic open data information required under the Transparency Code is available on the Council's website to aid transparency of the operation and conduct of the Council.	Our website
Freedom of Information / Environmental Information Regulations permitting scrutiny of information held by the Council of any matter (subject to exceptions and exemptions)	Our website

<p>A Tenants Services Management Board has been set up, 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.</p>	<p>Agendas and minutes available on our website</p>
<p>Progress of the growth programme is regularly reviewed by the Taunton Economic Advisory Board – which includes various key stakeholders from the local business and public sector, providing independent advice to TDBC, and overseeing the strategic economic development of the Borough</p> <p>Project Taunton Steering Group - TDBC Members only, with a particular focus on Taunton Town Centre regeneration.</p>	

5. Developing the capacity and capability of members and officers to be effective in their roles

Source of assurance

Staff have an annual appraisal 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, helps to develop their skills and identifies any training needs as well as identifying how their role sits with the delivery of Corporate Priorities.

Southwest Audit Partnership (SWAP) in conjunction with Devon Audit Partnership Audit committee provided training 3 Oct 2014 at Sparkford Motor Museum & 10 Oct 2014 at Buckfast Abbey, Devon. The invite was issued to all Corporate Governance committee members.

A corporate training programme is in place covering a variety of skills and knowledge to help officers become more effective.

On the 8 and 9 April 2014 Councillors William Nunn and David Tutt(both LGA Peers) visited the Council and worked with Members and officers to develop a framework for the Member Development programme. The key findings from this work suggested that the two Councils (West Somerset DC and Taunton Deane BC) should look at joint training opportunities for both sets of members. Councillor Gill Slattery from Taunton Deane Borough Council and Councillor Peter Murphy from West Somerset Council were appointed as Member Champions on Member Development.

With assistance from the LGA, Member Champions and Officers undertook an initial desk top exercise to look at other Councils who had either worked in partnership and/or transformed their services, to see if there was any relevant learning for Taunton Deane and West Somerset.

Taking on board the importance of communicating with Members, a OneTeam newsletter has been produced monthly which is sent to all Members and staff and contains, amongst other things, information relating to the implementation of the joint working business case and this has been extremely well received. In addition, a Joint Programme Advisory Group consisting of five elected Members from Taunton Deane and West Somerset Councils has met regularly and proved an effective vehicle for keeping Councillors advised of progress and disseminating that information where necessary.

Member Development Events held :

28 April 2014 – New Joint Management Team presented their staff restructuring proposals

3 July 2014 – representatives from Breckland Council and Eastbourne Borough Council gave presentations on their respective Authorities' approach to transformation

15 September 2014 – members of Taunton Deane and West Somerset Council's Joint Programme Advisory Group (JPAG) and senior officers met with the Chief Executive, Finance Director, Head of Change and Members from West Dorset DC /Weymouth & Portland BC in order to learn more about Council working together and sharing resource and how they have approached service transformation.

2 October 2014 – the Leader of Eastbourne Borough Council gave a more detailed and practically based presentation on how the Council had transformed its services, particularly through the use of technology

17 February 2015 – representatives from West Devon and South Hams Councils gave a presentation on their journey through shared services to transformation and the Chief Executive of Exeter City Council gave a presentation on the City's Journey to increasing its economic prosperity and regional status.

There was a Joint Member discussion at the workshop on 17 February 2015 giving those Members present the opportunity to set out any thoughts that could be taken forward after the May 2015 election.

6. Engaging with local people and other stakeholders to ensure robust public accountability

Source of assurance	Where found (if applicable)
Greater corporate use of Social Media – a TDBC Twitter account has been created and has shown a significant increases in ‘followers’ during the year and an approved Social Media Policy is in place.	Twitter @ tdbc
The Council produces an Annual Statement of Accounts and publishes these on its website.	Audit of accounts page on Council website
Performance Management Framework – the Council uses different performance measures (quality, outputs, value for money, customer satisfaction) to give an overview of Council performance and stimulate improvement; information is published quarterly on our website in the form of reports and minutes against the corporate priorities and targets and reported to the Council’s leadership team, Scrutiny Committee and Cabinet for review and challenge. Local people can use performance information, to hold the council to account and have a bigger say on what happens in their communities.	Performance reports available on our website
Corporate Business Plan (2013-2016) which describes the Council’s priorities, key activities and intended outcomes for citizens and service users, our vision and our core values	See Corporate Business Plan on our website.
The Council Tax booklet shares details on the Council’s financial position (i.e. 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.	Council Tax booklet available on our website
Groups such as the Tenants Forum and Sheltered Housing Forum allow tenants to have a strong voice in ensuring accountability of the Housing service.	Tenants Forum minutes on Council website

<p>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.</p>	<p>Make a comment or complaint page of our website</p>
<p>The Weekly Bulletin is published every Thursday and gives details of the latest Council news and decisions. In it are details of future Committee meetings, decisions made by Councillors, the Mayors engagements, recent press releases. It is distributed to all Councillors and staff, the local media and some partner organisations including parish Councils.</p>	<p>Available on our website</p>
<p>Articles relating to The Council's vision and priorities are regularly communicated to the community through the Somerset County Gazette – using the 'Deane Dispatch' page.</p>	<p>Somerset County Gazette</p>
<p>An Annual Report highlighting the performance of the Council's Housing Services is sent to all of the Council's tenants and leaseholders</p>	<p>2014 report available on our website</p>
<p>Local Government Ombudsman Annual Review Letter 2014 is published on our website setting out the number of complaints against the Council made to the Ombudsman in the previous year together with the outcome of those complaints.</p>	<p>Available from the Comments and Complaints page of our website</p>
<p>Annual satisfaction Survey introduced in 2014/15 and continued for 2015/16. Relatively low response rate in 2014/15 as was online only. For 2015/16 we have made paper surveys available as well and sent one out with every Council Tax bill in order to boost response rate. The results will be reported to the Executive and published on our website.</p>	<p>Survey on our website</p>
<p>The Council employs Community Development Officers whose roles are to engage with local communities in order to build skills and confidence and support individuals and communities to identify and articulate their needs and then develop their own solutions.</p>	<p>Community Development page of our website</p>
<p>The Council has a consultation policy and throughout the year officers continued to invite input through a wide range of community and business based groups. Public consultations are publicised on our website. Additionally an annual resident's survey is promoted via each the Council Tax bills we issue.</p>	<p>Current Consultations page of our website.</p>
<p>Regular News articles are placed on the home page of the TDBC Website promoting emerging issues and decisions.</p>	<p>News items on the home page of our website</p>

<p>Revenues and Benefits Customer Forum – made up of the landlords, Council tax payers, business rate payers and Customers receiving Council Tax support and /or Housing benefit. The purpose of the Forum is to develop suggestions on how to address any issues customers have told us about and review and comment on any action plans we come up with to improve our service to customers.</p>	<p>Join the Revenues and Benefits Customer Forum page of our website</p>
<p>Council meetings are open to the public (with the exception of items that are exempt under the Access to Information Act). The Council advertises meetings in advance and publishes minutes of meeting held. However please refer to Action Plan on page 20 for improvement identified.</p>	<p>Constitution & Our Website</p>

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 for the 2014/15 statement was carried out on 4th June 2015 by officers of the Corporate Officers Governance Group, made up of the Internal Audit Manager, Section 151 Officer, Monitoring Officer, Assistant Director Corporate Services and The Corporate Strategy & Performance Manager.

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 and external auditors

The opinion of the Internal Auditors was that overall the control environment was reasonable in 2014/15 (the opinion was also "reasonable" in 2013/14).

In its review of effectiveness, the Authority has assessed its overall governance arrangements remain adequate and fit for purpose.

Some areas where further improvements could be made have been identified and these have been included within the Action Plan (Appendix A) which we will seek to address during the 2015/16 financial year.

Certification

Over the coming year we will continue to enhance our governance arrangements. We are satisfied that these steps, shown within the Action Plan, 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.

On behalf of Taunton Deane Borough Council:

Signed:
John Williams
Leader of the Council

Signed:
Penny James
Chief Executive

The review of our governance framework identified some areas where further improvements could be made. These are shown below. We will seek to address these during the 2015/16 financial year (April 2015 to March 2016).

Issue	Action	Who	When
<p>Corporate Plan</p> <p>1. The Council's current Corporate Plan expires April 2016.</p>	<ul style="list-style-type: none"> Refresh the Council's Corporate Priorities and Corporate Plan, re-focusing on the purpose of the Council and on outcomes for the community. Take through the democratic process and publicise through traditional and social media. 	Richard Sealy	Priorities – Oct 15 Plan – Feb 16
<p>Transparency</p> <p>2. There are currently delays in some committee meeting minutes being published on the Council's website which could impact upon the public's ability to effectively scrutinise decisions and hold the Council to account.</p> <p>3. Requirement to meet increased transparency requirements.</p>	<ul style="list-style-type: none"> Publish minutes within 7 working days of the meeting – introduce an internal performance measure to track progress against this target. Add further open data to the Council's website to meet the requirements of the Transparency Code 2015 to meet the Government's desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services 	Bruce Lang Richard Sealy	By end July 15 By September 2015
<p>Developing ONE TEAM working.</p> <p>4. Ensuring staff have the knowledge and skills of key controls and governance process.</p>	<ul style="list-style-type: none"> Develop a new staff Intranet, so there is a single repository of up to date policy and procedures which staff can easily access irrespective of their location. Develop a robust staff induction process for all staff in the One Team ways of working and behaviour. Deploy eLearning solution in order to deliver refresher training in DPA, FOI, Health and safety etc and have a real-time record of who has undertaken the training. 	Richard Sealy Richard Sealy Richard Sealy	Ongoing Dec 15 Early Sept 15

<p>Assurance</p> <p>5 Ensuring the 'basics' are in place within each team.</p>	<p>Initiate a process of assurance that the basics are in place across the One Team– for example regular team meetings, risk registers, appraisals etc</p>	<p>Richard Sealy</p>	<p>Oct 15</p>
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The following actions were identified within the 2013/14 Annual Governance Statement as matters which the Council sought to progress during 2014/15.

Action	Comment
<p>Strengthen Contractual Arrangements</p> <p>Address legacy arrangements that are in place where contracts have expired.</p> <p>Develop a process to keep the contracts register up to date to ensure it is an accurate reflection of the contracts in place.</p>	<p>Southwest One Strategic Procurement Service (SPS) have made good progress working with services in addressing situations where contracts have previously expired. The position is now 'stable' in this regard.</p> <p>A process is now in place to keep the contracts register up to date. There are triggers included within the database to indicate contracts approaching expiry and prompting communications between SPS and services providing appropriate lead time for action.</p>
<p>Creditors – purchase ordering and new creditor authorisation process</p> <p>Ensure vendor checks are undertaken to confirm change of details are correct.</p> <p>Retrospective Purchase orders still occur – address the ongoing issue from the previous year.</p>	<p>Checks are included in the standard business process to verify changes requested to vendor master data records. This includes a daily audit check of any set up and amendments by a supervising officer to review/sign off changes to records.</p> <p>The position regarding use of retrospective purchase orders remains.</p>
<p>Fraud</p> <p>Improve awareness of the approved Corporate Counter Fraud & Corruption Policy & Strategy</p>	<p>The council has approved an updated Corporate Counter-Fraud strategy in 2013, and has been successful in obtaining government grant to support the establishment of a new Southwest Counter-Fraud Partnership. The Partnership is planned to 'launch' in July 2015, and a key priority for 2015/16 will be for the Partnership to support the council through providing training and awareness raising of fraud risks and control systems.</p>

Action	Comment
<p>Information Governance</p> <p>Introduce a confidentiality code of practice</p>	<p>In light of the significant organisational changes which took place in 2014/15 this action was not progressed. The aim is to progress this during 2015/16.</p> <p>Whilst the Council does not have a specific Confidentiality Code of Practice it has a requirement in place for all new staff when signing their contract to of employment to comply with the Council's Employee Code of Conduct Policy and sign an IT security agreement before they are allowed access to TDBC's applications.</p>
<p>Priority Area Strategy (PAS)</p> <p>Improve clarity surrounding ownership of reviewing the outcomes of the PAS, bringing this information to a central point.</p> <p>Introduce a defined reporting structure to formally inform the dashboards.</p>	<p>Closed – will now be part of 'business as usual'. PAS performance monitoring has been agreed with the Taunton Deane Partnership Executive and Board (Spring 2014). We have developed a new outcome focused performance monitoring regime that will monitor both individual project progress and collective progress towards the delivery of the agreed 7 outcomes.</p>
<p>Equality and Diversity – compliance with requirements and duties.</p> <p>Monitor compliance and adherence to the TDBC Equalities Framework.</p> <p>Increase awareness of the TDBC framework and expectations (staff training and awareness).</p>	<p>Ongoing – Action plan created which will be monitored and reported on a 6-monthly basis & included in the JMT performance management sessions</p> <p>Much of this obligation is met through ensuring that our staff and members are properly trained on equalities and Angela Summers will be liaising with HR to ensure that appropriate training is in place on general equalities (all staff and members) and more detailed training for those who are required to complete Equality Impact Assessments (EIAs).</p> <p>There is an emphasis on all Assistant Directors (and our programme managers) to ensure that as we go about introducing transformation, new projects, savings plans, service changes etc that we properly consider the equalities impacts and make sure that we highlight those impacts so that members are clearly sighted on these when making their decisions and where possible we put in mitigating measures to reduce the impacts on groups with protected characteristics.</p> <p>Angela and her team will undertake a twice yearly audit of reports to Executive and Cabinet to quality check EIAs.</p>

22/06/2015, Report:Grant Thornton External Audit Plan 2014/15
Reporting Officers:Peter Barber

22/06/2015, Report:Grant Thornton External Audit Update
Reporting Officers:Peter Barber

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

22/06/2015, Report:SWAP Internal Audit Plan 2014/15 - Annual Opinion
Reporting Officers:Alastair Woodland

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

22/06/2015, Report:Grant Thornton - External Audit - External Audit Fees 2015/16
Reporting Officers:Peter Barber

28/09/2015, Report:Corporate Governance Action Plan Update
Reporting Officers:Paul Harding

28/09/2015, Report:Corporate Risk Update Report
Reporting Officers:Paul Harding

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

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

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

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

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

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

07/12/2015, Report:SWAP Internal Audit - Progress Report 2014/15
Reporting Officers:Alastair Woodland

21/03/2016, Report:Corporate Counter-Fraud Progress Update
Reporting Officers:Heather Tiso

21/03/2016, Report:Electoral Review of TDBC
Reporting Officers:Bruce Lang

21/03/2016, Report:Grant Thornton - Certification Report

Reporting Officers:Peter Barber,Kevin Henderson

21/03/2016, Report:Grant Thornton - Audit Update

Reporting Officers:Peter Barber,Kevin Henderson

21/03/2016, Report:Grant Thornton - Audit Plan

Reporting Officers:Peter Barber,Kevin Henderson

21/03/2016, Report:SWAP Internal Audit - Progress Report

Reporting Officers:Alastair Woodland

21/03/2016, Report:SWAP Internal Audit - Audit Plan

Reporting Officers:Alastair Woodland

21/03/2016, Report:Refresh of Anti-Fraud Policy - Council Tax Penalties

Reporting Officers:Heather Tiso

21/03/2016, Report:Corporate Risk Update

Reporting Officers:Paul Harding

21/03/2016, Report:Proposed Changes to TDBC Constitution

Reporting Officers:Bruce Lang

24/05/2016, Report:Review of Financial Regulations

Reporting Officers:Jo Nacey

24/05/2016, Report:Corporate Governance Action Plan

Reporting Officers:Paul Harding

24/05/2016, Report:Summary of Overdue Level 4/5 Actions

Reporting Officers:Paul Harding

21/06/2016, Report:Grant Thornton - External Audit Fees

Reporting Officers:Peter Barber,Kevin Henderson

21/06/2016, Report:Grant Thornton - External Audit Update

Reporting Officers:Peter Barber,Kevin Henderson

21/06/2016, Report:SWAP Internal Audit - Annual Opinion

Reporting Officers:Alastair Woodland

21/06/2016, Report:SWAP Internal Audit - Review of Effectiveness

Reporting Officers:Alastair Woodland

21/06/2016, Report:Health and Safety Six Monthly Update

Reporting Officers:Catrin Brown

19/09/2016, Report:Grant Thornton - External Audit Findings

Reporting Officers:Peter Barber,Kevin Henderson

19/09/2016, Report:Grant Thornton - External Certification Plan

Reporting Officers:Peter Barber,Kevin Henderson

19/09/2016, Report:Approval of the Statement of Accounts

Reporting Officers:Jo Nacey

19/09/2016, Report:Corporate Risk Update

Reporting Officers:Paul Harding

19/09/2016, Report:Corporate Governance Action Plan

Reporting Officers:Paul Harding

06/12/2016, Report:Grant Thornton - Annual Audit Letter

Reporting Officers:Peter Barber,Kevin Henderson

06/12/2016, Report:Grant Thornton - External Audit Update

Reporting Officers:Peter Barber,Kevin Henderson

06/12/2016, Report:SWAP Internal Audit - Progress Report

Reporting Officers:Alastair Woodland

06/12/2016, Report:Health and Safety Six Monthly Update

Reporting Officers:Catrin Brown

Report:Going Concern Assessment

Reporting Officers:Paul Fitzgerald