

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 7 December 2015 at 18:15.

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### Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 21 September 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 Auditor - Annual Audit Letter. Report of the Audit Manager and Appointed Auditor (attached).  
Reporting Officer: Peter Barber
- 6 Grant Thornton External Auditors - Audit Update. Report of the Audit Manager and Appointed Auditor (attached).  
Reporting Officer: Peter Barber
- 7 SWAP Internal Auditor - Progress Report 2014/15. Report of the Audit Manager (attached).  
Reporting Officer: Alastair Woodland
- 8 SWAP Internal Auditor - Report Design Discussion Item. Report of the Audit Manager (attached).  
Reporting Officer: Alastair Woodland
- 9 Update on Health and Safety Performance and strategy for 2015/16. Report of the Health and Safety Manager.  
Reporting Officer: Catrin Brown
- 10 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.

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



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

**For further information about the meeting, please contact the Corporate Support Unit on 01823 356414 or email [r.bryant@tauntondeane.gov.uk](mailto: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 R Ryan  
Councillor Miss F Smith  
Councillor A Sully  
Councillor C Tucker  
Councillor D Webber  
Councillor D Wedderkopp

## **Corporate Governance Committee – 28 September 2015**

**Present:** Councillor Mrs Stock-Williams (Chairman)  
Councillors Coles, Govier, Hall, Horsley, Hunt, Mrs Lees, Ryan, Miss Smith, Sully, Mrs Tucker and Mrs Webber

**Officers:** Paul Fitzgerald (Assistant Director - Resources), Steve Plenty (Finance Manager), Paul Harding (Corporate Strategy and Performance Manager), Ian Timms (Assistant Director – Business and Development), David Evans (Economic Development Manager), Richard Sealy (Assistant Director – Corporate Services), Shirlene Adam (Director – Operations and S151 Officer) and Emma Hill (Democratic Services Officer).

**Also Present:** Councillor Aldridge  
Peter Barber - Associate Director, Grant Thornton  
Ashley Allen - Manager, Grant Thornton  
Alastair Woodland - Audit Manager, South West Audit Partnership (SWAP)  
Anne Elder, Chairman of the Standards Committee

(The meeting commenced at 6.15 pm)

### **25. Apologies/ Substitution**

Apologies: Councillors R Lees and Wedderkopp  
Substitutions: Councillor Mrs Lees for Councillor R Lees  
Councillor Horsley for Councillor Wedderkopp

### **26. Minutes**

The minutes of the meeting held on 22 June 2015 were taken as read and were signed.

### **27. Declaration of Interests**

Councillors Coles, Govier and Hunt declared personal interests as Members of Somerset County Council. Councillor Hall declared a personal interest as a Director of Southwest One.

### **28. Grant Thornton External Audit – Audit Findings**

Considered report previously circulated, which introduced the annual report of the Council's external auditor Grant Thornton outlining their findings from their audit of the Statement of Accounts, and our arrangements to secure Value for Money. This also incorporated a review of our financial resilience as a Council.

The report detailed a review of financial statements and the Council's governance and control arrangements. The Auditor had indicated its intention to provide an

“unqualified” opinion on our accounts for 2014/2015, and an “unqualified VFM conclusion” in respect of arrangements to secure economy, efficiency and effectiveness in our use of resources.

The report highlighted a small number of “amber” risks regarding internal controls, which would be followed up as set out in the Action Plan within the Auditor’s report.

With regard to our value for money and our financial resilience, there were some issues flagged as “amber” – highlighted as areas for development – that the Council needed to continue to focus on moving forward. None of these matters were a significant concern and plans were in place to progress these where appropriate.

There were significant challenges ahead and the Council needed to remain committed to addressing these in our approach to budget setting and decision making.

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

- Officers were commended for the work done towards this very positive report.
- Why was the Council not currently benchmarking?  
*The Council used to have a budget in respect of benchmarking but this had been cut as part of a past savings exercise. It was recognised though that ideally the Council needed to do more benchmarking.*
- What did the reference to a risk within the report refer to?  
*The risk was the Council putting incorrect figures into the Council’s accounts.*

**Resolved** that the report on the Council’s Statement of Accounts and arrangements to secure financial resilience, and the action plan be noted.

## **29. Approval of the Statement of Accounts**

Considered report previously circulated, regarding the approval of the Council’s Statement of Accounts 2014/2015 by the Corporate Governance Committee prior to it being signed by the S151 Officer (Shirlene Adam) and the Chairman of the Corporate Governance Committee (Councillor Mrs Stock-Williams). A copy of the Statement of Accounts document had been circulated to all Members of the Committee.

This report also linked to and reflected the Audit Findings Report which had been prepared by the Council’s external auditors Grant Thornton.

The Statement of Accounts for 2014/15 had been prepared on an IFRS (International Financial Reporting Standards) basis in line with the CIPFA (Chartered Institute of Public Finance Accounting) Code of Practice on Local Authority Accounting in the UK.

In 2014/2015 there were no significant changes to our accounting requirements which might have made it necessary to change the comparative financial details related to 2013/2014.

There were no material errors relating to previous years, or other material changes to accounting requirements, therefore no other changes to comparative financial details relating to 2013/14 had been made.

The Statement of Accounts contained four main statements reflecting the position of the Council at 31 March 2015:-

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet; and
- Cash Flow Statement.

There were also supplementary statements related to the Collection Fund (which detailed the collection and distribution of Council Tax and Business Rates) and the Housing Revenue Account.

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

- Could the Council's "share of the surplus" be explained?  
*The surplus was on the Council Tax bill. The total surplus fund was £1.2million. Taunton Deane's share of this surplus was 9 – 10% or £126K.*
- Would the pension's deficit affect our Council Tax payers? What was the Council's position?  
*The employer's contribution to the Pension Fund, which included an element of repaying the deficit, forms part of the annual budget.  
The budget requirement was met by a number of income streams including Government grant, fees and charges, housing rent payments and Council Tax. Therefore, Council Tax income did contribute over the long term.*
- Was there any way to note and monitor this?  
*This was being monitored by the financial risk.*
- If the Council's liability was increasing, why would we be looking at decreasing the payments?  
*The way the Council paid its liability had changed. The Council wanted to reduce the payments to a 13% repayment to match the staff contributions and then put in lump sums annually to help manage and reduce the pension deficit.*

**Resolved** that:-

- (1) The Auditor's unqualified opinion on the Statement of Accounts be noted;
- (2) The Statement of Accounts 2014/2015 as presented to the Committee be approved; and
- (3) The Chairman of the Committee and the S151 Officer be authorised to sign off the Statement of Accounts.

### **30. SWAP Internal Audit – Progress Report 2015/2016**

Considered report previously circulated, concerning a progress report from the Council's Internal Audit Service, South West Audit Partnership (SWAP)

The 2015-2016 Annual Audit Plan was intended to provide independent and objective assurance on the Council's Internal Control Environment. This work would support the Annual Governance Statement.

Looking at future planned work, there were a number of partial assurance audits that had been identified and whilst there was time available to accommodate some of the reviews, there would be a need to review the plan to ensure that all partial assurance audits could be followed up. This was to provide assurance to the Committee that control failures and weaknesses had been addressed.

Currently, for the internal audit for 2015/2016, there were 16 reviews to be undertaken with six not started yet, six in progress, three at the draft stage and two in the final stage.

In conclusion, there had been some officer time put into clearing the 2014/2015 plan and the Auditor was pleased to report that all field work was complete. Steady progress was being made against the 2015/2016 plan and SWAP had identified a 'High Risk' in relation to Disaster Recovery arrangement.

Further reported that SWAP had been requested to undertake, as part of the Council's 2015-2016 Audit Plan, a review to assess the adequacy of controls and procedures in place for Investment Business Grants which were administered by the Economic Development Team. This audit had only received 'partial assurance'.

The Investment Business Grants were offered to help increase the number of full time jobs available in the Taunton Deane area and therefore boost the local economy. However, the current arrangements for assessing the suitability of applicants was not considered to be robust to challenge the assumptions behind the financial figures provided.

There was also no process to confirm if the applicant had already or had been in receipt of public sector financial support. Although unlikely, this could potentially fall foul of limitations on State Aid or fail to identify restrictions for those in receipt of support through other concessions, such as Non-Domestic Rate relief or commercial rent relief. A number of lower level weaknesses were identified too, which if addressed would enhance the grants process.

The Committee was assured that changes to the system of distributing Business Grants would be implemented and that efforts to recover the funding that had not been used for its intended purpose would be made.

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

- Looking at Disaster Recovery Plans, did the decrease in distance need to be looked at?  
*This was a valid point and this was being looked at. Prior to Southwest One, the Council's Disaster Recovery was Bristol and the recovery was limited.*
- Was it normal for the system to take three or more days for system to be totally back up and running?



*For the Council to recover essential data and systems, it would be three days. But this was not adequate in this day and age with the level of technology available.*

- Had the Council approached local businesses for advice and help with better and more efficient Disaster Recovery systems?  
*The Council could encourage Southwest One to review this and make any improvements the Council deemed necessary.*
- Had the Council run a test to see if the Disaster Recovery worked or not?  
*The Disaster Recovery system had been tested but not fully. The Auditor's had raised this and a full test the systems of the systems needed to be completed.*
- Disaster Recovery allowed for the recovery of six critical systems. Surely, the Council needed to identify the six critical systems?  
*The Council had a historic list of systems but this needed to be reviewed and the Council needed to identify those essential and critical systems for recovery.*

**Resolved** that the report detailing the delivery of the 2015/2016 Internal Audit Plan and significant findings since the previous update in June 2015, be noted.

### **31. Corporate Governance Action Plan**

Considered report previously circulated, that provided an update of progress against the Annual Governance Statement Action Plan at September 2015

The Corporate Strategy and Performance Manager updated the Committee on the recommendations and actions for improvements, which the Council had received from both Internal and External Auditors. Each recommendation/action would be rated regarding its urgency and level of risk.

Currently, there were ten actions emerging from audits. Four of these were green, six were amber and there were no actions with a red status.

**Resolved** that the report be noted.

### **32. Corporate Governance Committee Forward Plan**

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

**Resolved** that the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 7.40 pm).

## **Usual Declarations of Interest by Councillors**

### **Corporate Governance Committee**

- Members of Somerset County Council – Councillors Coles, Govier, Hunt and Wedderkopp.
- Councillor Hall – Director of Southwest One

# Taunton Deane Borough Council

## Corporate Governance Committee 7 December 2015

### Annual Audit Letter 2014/15

#### 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 report introduces the Annual Audit Letter for 2014/15, which has been prepared by our external auditors, Grant Thornton. The letter is set out in Appendix A.

The report summarises the findings from the external auditors work in respect of the 2014/15 financial year and confirms the issue of unqualified opinions in relation to our accounts and value for money arrangements.

#### 2. Background

- 2.1 Each year our external auditor, Grant Thornton, is required to make arrangements for the production of an audit letter for each local authority. The letter covers the follows:
- i) A conclusion on the Statement of Accounts and Annual Governance Statement; and
  - ii) A conclusion on Value for Money, the focus being on financial resilience.

#### 3. Financial Issues/Comments

- 3.1 The letter confirms, as previously reported to the September 2015 Corporate Governance Committee, that the external auditors have issued an unqualified opinion in regard to the Council's statement of accounts and value for money arrangements.
- 3.2 The letter also provides a progress update in relation to the certification of grant claims work being undertaken by the external auditors.
- 3.3 The audit fees for 2014/15 were £67,505, which was the planned fee for the year.
- 3.4 The external auditors have made a number of recommendations, which are detailed in the Appendix to the letter.

#### **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 direct implications.

#### **9. Risk Management**

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

#### **10. Partnership Implications (if any)**

10.1 There are no direct implications.

#### **11. Recommendations**

11.1 Members are requested to note the Annual Audit Letter for 2014/15

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Appendix A – The Annual Audit Letter for 2014/15

# The Annual Audit Letter for Taunton Deane Borough Council

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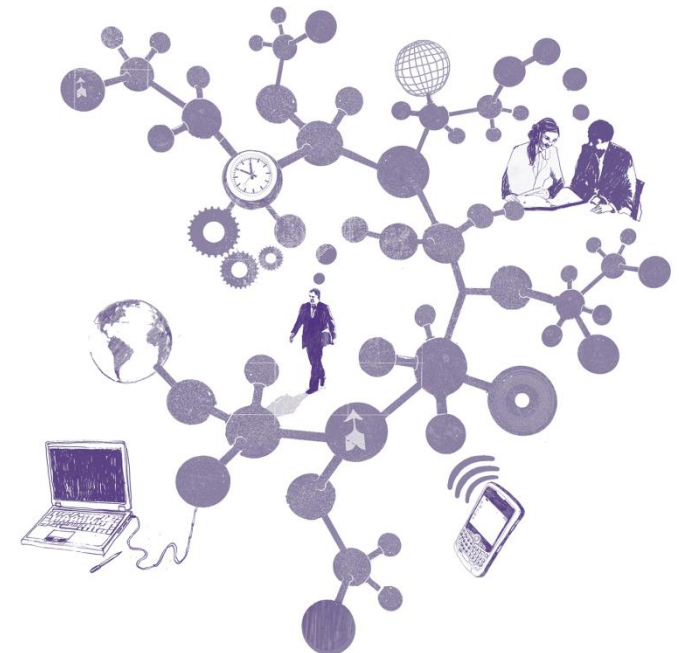
**Year ended 31 March 2015**

27 October 2015

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# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Taunton Deane Borough Council ('the Council') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 19 May 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

<p><b>Financial statements audit (including audit opinion)</b></p>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 28 September 2015 to the Corporate Governance Committee. The key messages reported were:</p> <ul style="list-style-type: none"> <li>• the draft accounts were produced to a good standard with no material errors identified</li> <li>• the audit has been facilitated by good supporting working papers and excellent assistance from the finance team</li> <li>• all requests for additional information were dealt with promptly by the finance team</li> <li>• an action plan has been agreed with the Council based on our findings from our audit work and is attached at appendix A</li> </ul> <p>Further, our audit has not identified any adjustments affecting the Council's reported financial position. However, we have identified a number of adjustments to improve the presentation of the financial statements.</p> <p>We issued a unqualified opinion on the Council's 2014/15 financial statements on 29 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p>
<p><b>Value for Money (VfM) conclusion</b></p>	<p>We issued a unqualified VfM conclusion for 2014/15 on 29 September 2015.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.</p>

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## Key messages continued

<b>Certification of housing benefit grant claim</b>	Our work on the certification of the Housing Benefits claim is ongoing and the key messages from our certification work will be reported in our certification report due to be issued on completion of work on this claim.
<b>Audit fee</b>	Our fee for 2014/15 was £67,505, excluding VAT which was in line with our planned fee for the year and the fee charged in the previous year. Further detail is included within appendix B.



# Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2014/15 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
1.	<p>As part of our VfM work, we have examined the Council's use of benchmarking. Benchmarking has been used by the Council but not yet in decision making for allocating resources.</p> <p><b>Recommendation:</b> The Council should ensure that the recommendation from the VfM conclusion in 2011/12 is implemented, that is, to develop benchmarking to support decisions in allocating resources.</p>	Medium	<p>This is recognised and will be considered as part of forthcoming decisions on transforming the Council and its services to the community.</p> <p>Responsible office: Assistant Director – Corporate Services Due date: March 2016</p>
2.	<p>Our testing identified that the journals procedure had not been followed in a number of cases. As a result not all journals were authorised by a Principal Accountant.</p> <p><b>Recommendation:</b> The Council should ensure that their Journal Review policy is reviewed and properly implemented.</p>	Medium	<p>Agreed.</p> <p>Responsible office: Finance Manager Due date: September 2015</p>
3.	<p>The Council has a rolling programme in place for property plant and equipment revaluations which ensure that all assets are revalued within a five year period, but all assets in the same class are not revalued in the same year.</p> <p><b>Recommendation:</b> The Council should ensure that all assets within the same class are valued within the same financial year to meet the Code's requirements for revaluing of Property, Plant and Equipment in paragraph 4.1.2.35.</p>	Medium	<p>Recommendation accepted and the valuation process will be updated to reflect latest requirements taking into account the anticipated changes to the Code. The approach will be discussed with auditors in advance of year end.</p> <p>Responsible office: Finance Manager and Asset Manager Due date: March 2016</p>

## Appendix A: Key issues and recommendations continued

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
4.	<p>There is a risk that the organisation lacks adequate controls to prevent segregation of duties conflicts within the SAP role structure. Our review highlighted several medium to high risk conflicts that were present in user accounts. Our analysis focused on two business cycles, purchase to pay and record to output.</p> <p><b>Recommendation:</b> It is recommended that management:</p> <ul style="list-style-type: none"> <li>• take steps to examine the extent of all user access segregation conflicts and reduce the number of conflicts where possible given the size of the organization</li> <li>• examine whether existing compensating controls are appropriately configured to control the risks posed by the access conflicts</li> <li>• consider a process to prevent further conflicts from being introduced into the SAP role structure and user base</li> </ul>	High	<p>The Council notes the issues, risk and recommendations, identified in the draft report received 7 September 2015. We are not able to comment on the findings at this stage as further detailed work needs to be undertaken in conjunction with South West One, who manage and operate SAP, to assess the risks and understand the controls that are in place including mitigating secondary controls that were not reviewed as part of the audit.</p> <p>Responsible office: Assistant Director - Resources Due date: December 2015</p>
5.	<p>The Council made multiple money market fund investments (MMFI) in the year and as part of our audit work we looked to ensure that investments were made in line with the treasury management policy. It was identified during the audit that the Treasury Management Strategy (TMS) in 2014/15 was not in line with the Treasury Management Practices (TMP) regarding MMFI. The TMS stated that MMFI could not be more than £2 million each and the TMP stated the MMFI could not be more than £3.5 million each.</p> <p><b>Recommendation:</b> The Treasury Management Strategy should be consistent with the Treasury Management Practices.</p>	Medium	<p>Agreed.</p> <p>Responsible office: Finance Manager Due date: December 2015</p>

# Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

## Fees for audit services

	Per Audit plan £	Actual fees £
Audit fee	67,505	67,505
Housing benefit grant certification fee	10,390	*10,390
<b>Total audit fees</b>	<b>77,895</b>	<b>77,895</b>

\* The indicative fee published by the Public Sector Audit Appointments for grant certification work required in 2014/15 for the Council is £10,390. As the work has not yet been completed on the grant certification, we therefore cannot confirm the final fee.

## Fees for other services

Service	Fees £
None	Nil

## Reports issued

Report	Date issued
Audit Plan	19 May 2015
Audit Findings Report	18 September 2015
Certification Report (expected)	December 2015
Annual Audit Letter	20 October 2015



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# Taunton Deane Borough Council

## Corporate Governance Committee 7 December 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.
- 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.

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# Corporate Governance Committee Update for Taunton Deane Borough Council

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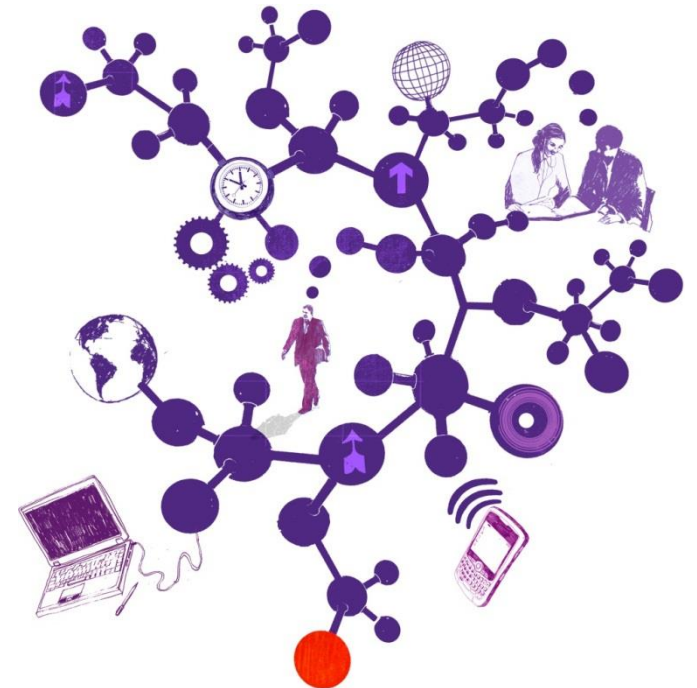
**Year ended 31 March 2016**

December 2015

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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 Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://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:

- Making devolution work: A practical guide for local leaders
- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- All aboard? our local government governance review 2015

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.

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# Progress at December 2015

Work	Planned date	Complete?	Comments
<p><b>2015-16 Accounts Audit Plan</b> 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 the Council's 2015-16 financial statements.</p>	April 2016	Not yet due	We will issue our audit plan following the initial phase of our audit where we will consider the key audit risks and the implication for our audit strategy.
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• proposed Value for Money conclusion.</li> </ul>	January – April 2016	Not yet due	Our audit plan will include commentary on any issues we identify during the initial phase of our audit.
<p><b>2015-16 final accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2015-16 financial statements</li> <li>• proposed opinion on the Council's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	July – September 2016	Not yet due	<p>We will complete the accounts audit in line with the statutory deadline. We will support the efficient production of the accounts with our series of accounts workshops and we will specify our working paper requirements in advance of the audit.</p> <p>The actual timing of our audit will be agreed with the Director – Operations &amp; Deputy Chief Executive and the finance team.</p>

# Progress at December 2015

Work	Planned date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b>            The National Audit Office has recently consulted on a revised approach to the value for money conclusion for 2015/16. The proposed approach has now been finalised. We expect our work to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Sustainable resource deployment</li> <li>• Working with partners and other third parties</li> </ul>	January – September 2016	Not yet due	We expect to undertake the majority of our work by the end of the financial year, but won't be able to finalise our work until shortly before we issue our value for money conclusion.
<p><b>Housing benefit certification (2014/15)</b></p>	30 November 2015	Yes	<p>Our detailed work has been completed. However, at the time of writing (24<sup>th</sup> November) the final steps and reporting were still to be completed. The certified return will be submitted to the Department for Work and Pensions by the deadline. A verbal update will be provided at the Committee meeting.</p> <p>As a result of errors that we identified from our testing we will issue a qualification letter to accompany the certified return. Whilst issuing a qualification letter is not good news, it is not unusual. In 2013/14 around 75% of certified housing benefit returns were qualified.</p>
<p><b>Other activity undertaken</b>            Capital receipts return 2014/15</p>	30 November 2015	Yes	<p>Our detailed work has been completed. However, at the time of writing (24<sup>th</sup> November) the final steps and reporting were still to be completed. The certified return will be submitted to the Department for Communities and Local Government by the deadline. A verbal update will be provided at the Committee meeting.</p>

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# Emerging issues and developments

This section of our update provides a summary of emerging national issues and developments that may be relevant to you.

# Making devolution work: A practical guide for local leaders

## Grant Thornton market insight

Our latest report on English devolution is intended as a practical guide for areas and partnerships making a case for devolved powers or budgets.

The recent round of devolution proposals has generated a huge amount of interest and discussion and much progress has been made in a short period of time. However, it is very unlikely that all proposals will be accepted and we believe that this the start of an iterative process extending across the current Parliament and potentially beyond.

With research partner Localis we have spent recent months speaking to senior figures across local and central government to get under the bonnet of devolution negotiations and understand best practice from both local and national perspectives. We have also directly supported the development of devolution proposals. In our view there are some clear lessons to learn about how local leaders can pitch successfully in the future.

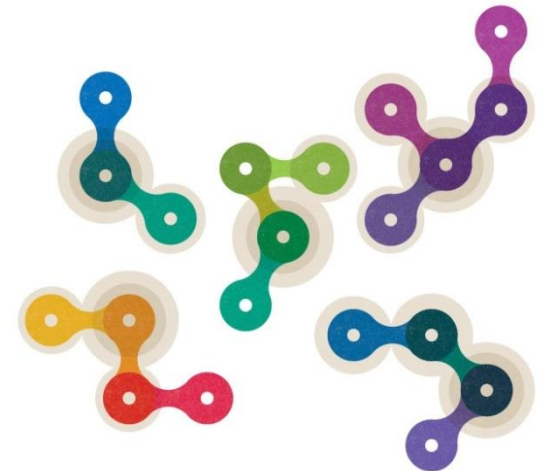
In particular, our report seeks to help local leaders think through the fundamental questions involved:

- what can we do differently and better?
- what precise powers are needed and what economic geography will be most effective?
- what governance do we need to give confidence to central government

The report 'Making devolution work: A practical guide for local leaders' can be downloaded from our website:

<http://www.grantthornton.co.uk/en/insights/making-devolution-work/>

Hard copies of our report are available from your Engagement Lead and Audit Manager

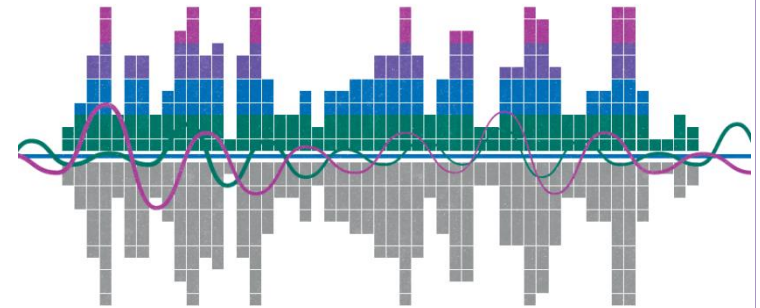


# Turning up the volume: The Business Location Index

## Grant Thornton market insight

Inward investment is a major component of delivering growth, helping to drive GDP, foster innovation, enhance productivity and create jobs, yet the amount of inward investment across England is starkly unequal.

The Business Location Index has been created to help local authorities, local enterprise partnerships, central government departments and other stakeholders understand more about, and ultimately redress, this imbalance. It will also contribute to the decision-making of foreign owners and investors and UK firms looking to relocate.



Based on in-depth research and consultation to identify the key factors that influence business location decisions around economic performance, access to people and skills and the environmental/infrastructure characteristics of an area, the Business Location Index ranks the overall quality of an area as a business location. Alongside this we have also undertaken an analysis of the costs of operating a business from each location. Together this analysis provides an interesting insight to the varied geography that exists across England, raising a number of significant implications for national and local policy makers.

At the more local level, the index helps local authorities and local enterprise partnerships better understand their strengths and assets as business locations. Armed with this analysis, they will be better equipped to turn up the volume on their inward investment strategy, promote their places and inform their devolution discussions.

The report 'Turning up the volume: The Business Location Index' can be downloaded from our website:

<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2015/business-location-index-turning-up-the-volume.pdf>

Hard copies of our report are available from your Engagement Lead and Audit Manager

# Knowing the Ropes – Audit Committee Effectiveness Review

## Grant Thornton

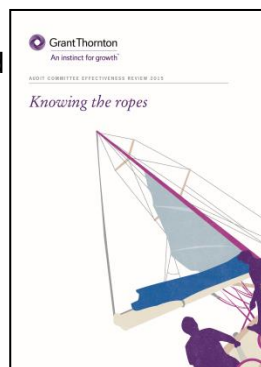
This is our first cross-sector review of audit committee effectiveness encompassing the corporate, not for profit and public sectors. It provides insight into the ways in which audit committees can create an effective role within an organisation's governance structure and understand how they are perceived more widely. It is available at <http://www.grantthornton.co.uk/en/insights/knowning-the-ropes--audit-committee-effectiveness-review-2015/>

The report is structured around four key issues:

- What is the status of the audit committee within the organisation?
- How should the audit committee be organised and operated?
- What skills and qualities are required in the audit committee members?
- How should the effectiveness of the audit committee be evaluated?

It raises key questions that audit committees, board members and senior management should ask themselves to challenge the effectiveness of their audit committee.

Our key messages are summarised opposite.





# Supporting members in governance

## Grant Thornton and the Centre for Public Scrutiny

We have teamed up with the Centre for Public Scrutiny to produce a member training programme on governance. Elected members are at the forefront of an era of unprecedented change, both within their own authority and increasingly as part of a wider local public sector agenda. The rising challenge of funding reductions, the increase of alternative delivery models, wider collaboration with other organisations and new devolution arrangements mean that there is a dramatic increase in the complexity of the governance landscape.

Members at local authorities – whether long-serving or newly elected – need the necessary support to develop their knowledge so that they achieve the right balance in their dual role of providing good governance while reflecting the needs and concerns of constituents.

To create an effective and on-going learning environment, our development programme is based around workshops and on-going coaching. The exact format and content is developed with you, by drawing from three broad modules to provide an affordable solution that matches the culture and the specific development requirements of your members.

- Module 1 – supporting members to meet future challenges
- Module 2 – supporting members in governance roles
- Module 3 – supporting leaders, committee chairs and portfolio holders

The development programme can begin with a baseline needs assessment, or be built on your own understanding of the situation.

Further details are available from your Engagement Lead and Audit Manager



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# George Osborne sets out plans for local government to gain new powers and retain local taxes

## Local government issues

The Chancellor unveiled the "devolution revolution" on 5 October involving major plans to devolve new powers from Whitehall to Local Government. Local Government will now be able to retain 100 per cent of local taxes and business rates to spend on local government services; the first time since 1990. This will bring about the abolition of uniform business rates, leaving local authorities with the power to cut business rates in order to boost enterprise and economic activity within their areas. However, revenue support grants will begin to be phased out and so local authorities will have to take on additional responsibility. Elected Mayors, with the support of local business leaders in their LEAs, will have the ability to add a premium to business rates in order to fund infrastructure, however this will be capped at 2 per cent.

There has been a mixed reaction to this announcement. Some commentators believe that this will be disastrous for authorities which are too small to be self-sufficient. For these authorities, the devolution of powers and loss of government grants will make them worse off. It has also been argued that full devolution will potentially drive up council's debt as they look to borrow more to invest in business development, and that this will fragment the creditworthiness of local government.

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# Councils must deliver local plans for new homes by 2017

## Local government issues

The Prime Minister announced on 12 October that all local authorities must have plans for the development of new homes in their area by 2017, otherwise central government will ensure that plans are produced for them. This will help achieve government's ambition of 1 million more new homes by 2020, as part of the newly announced Housing and Planning Bill.

The government has also announced a new £10 million Starter Homes fund, which all local authorities will be able to bid for. The Right to Buy Scheme has been extended with a new agreement with Housing Associations and the National Housing Federation. The new agreement will allow a further 1.3 million families the right to buy, whilst at the same time delivering thousands of new affordable homes across the country. The proposal will increase home ownership and boost the overall housing supply. Housing Association tenants will have the right to buy the property at a discounted rate and the government will compensate the Housing Associate for their loss.

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# Improving efficiency of council tax collection

## Local government issues

DCLG have published "Improving Efficiency for Council Tax Collection", calling for consultation on the proposals to facilitate improvements in the collection and enforcement processes in business rates and council tax. The consultation is aimed specifically at local authorities, as well as other government departments, businesses and any other interested parties. The consultation document states that council tax collection rates in 2014-15 are generally high (at 97 per cent), however the government wishes to explore further tools for use by local authorities and therefore seeks consultation from local authorities on DCLG's proposals. The consultation closes on 18 November.

The Government proposes to extend the data-sharing gateway which currently exists between HMRC and local authorities. Where a liability order has been obtained, the council taxpayer will have 14 days to voluntarily share employment information with the council to enable the council to make an attachment to earnings. If this does not happen, the Government proposes to allow HMRC to share employment information with councils. This would help to avoid further court action, would provide quicker access to reliable information, and would not impose any additional costs on the debtor. The principle of this data-sharing is already well-established for council taxpayers covered by the Local Council Tax Support scheme, and it would make the powers applying to all council tax debtors consistent. Based on the results of the Manchester/HMRC pilot, Manchester estimate that £2.5m of debt could potentially be recouped in their area alone.

# Code of Audit Practice

## National Audit Office

Under the Local Audit and Accountability Act 2014 the National Audit Office are responsible for setting the Code of Audit Practice which prescribes how local auditors undertake their functions for public bodies, including local authorities.

The NAO have published the Code of Audit Practice which applies for the audit of the 2015/16 financial year onwards. This is available at <https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Final-Code-of-Audit-Practice.pdf>

The Code is principles based and will continue to require auditors to issue:

- Opinion on the financial statements
- Opinion on other matters
- Opinion on whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the "VFM conclusion".)

The NAO will supplement the new Code with detailed auditor guidance in specific areas. The guidance on the auditor's work on value for money arrangements has recently been finalised. The guidance sets out the overall criterion, which is "In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

To help auditors to consider this overall evaluation criterion, the following sub-criteria are intended to guide auditors in reaching their overall judgements but these are not separate and auditors are not required to reach a distinct judgement against each one:

- informed decision making
- sustainable resource deployment
- working with partners and other third parties.



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# Taunton Deane Borough Council

## Corporate Governance Committee – 7<sup>th</sup> December 2015

### Internal Audit Plan 2015-16 Progress

#### 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.

The 2015-16 Annual Audit Plan is to provide independent and objective assurance on TDBC's Internal Control Environment. 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 September 2015.
- 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.

#### 3. Detailed Update

Please refer to the attached SWAP Progress 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.

**11. Partnership Implications**

There are no direct implications from this report.

**12. Recommendations**

Members are asked to note progress made in delivery of the 2015/16 internal audit plan and significant findings since the previous update in September 2015.

**Contact:**

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## **Taunton Deane Borough Council**

### **Report of Internal Audit Activity, November Update, 2015/16**

# Contents

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## Summary

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## Internal Audit Work Plan 2015-16

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Future Planned Work & Conclusions Page 13 - 14

## Appendices

Appendix A - Audit Plan Progress 2015-16

Appendix B - High Priority Findings and Recommendations (since last Committee)

Appendix C - Audit Definitions

Our audit activity is split between:

- **Operational Audit**
- **Key Control Audit**
- **Governance, Fraud & Corruption Audit**
- **IT Audit**
- **Special Reviews**

See **Appendix A** for individual audits

## Role of Internal Audit

The Internal Audit service for Taunton Deane Borough Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Corporate Governance Committee and last reviewed at its meeting on 9<sup>th</sup> March 2015.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes;

- Operational Audit Reviews
- Key Financial Control Reviews
- Cross Cutting Fraud and Governance Reviews
- IT Audit Reviews
- Other Special or Unplanned Reviews

## Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Management Team and External Auditors. This year's Audit Plan was reported to this Committee at its meeting in March 2015.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk. Key Control Audits are undertaken in quarter three of each year and these are planned in conjunction with the Council's External Auditor to assist in their assessment of the Council's financial control environment. This reduces the overall cost of audit to the Council.



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

Update 2015-16

## Completed Audit Assignment in the Period

### Audit Plan Progress

The schedule provided at [Appendix A](#) contains a list of all audits as agreed in the Annual Audit Plan 2015/16. 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. Each completed assignment includes its respective “control assurance” opinions 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” as shown in [Appendix C](#)

As can be seen from [Appendix A](#) the following audits have been progressed to date:

#### Operational:

- Final, 2 reviews
- Draft, 1 review
- In Progress, 2 reviews
- Not Started, 4 reviews

#### Governance, Fraud and Corruption:

- Final, 2 Reviews
- In Progress, 1 Review
- Not Started, 1 review

#### Follow-up Reviews:

- Final, 2 reviews

## Audit Plan Progress

### ICT Reviews

- Final, 1 review
- Drafting, 1 review
- Not Started, 2 reviews

### Key Control Reviews

- Drafting, 1 review
- In progress, 5 reviews
- Not Started, 2 Reviews

In addition, there are three reviews at Draft report that need to be finalised from 2014-15. These are Hardware Asset Management, Strategic and Operational Asset Management and Choice Based Lettings. Details of these three reviews are provided at the end of [Appendix A](#).

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

## Report on Significant Findings

As agreed with this Committee where a review has a status of 'Final' and has been assessed as 'Partial' or 'No Assurance', I will provide further detail to inform Members of the key issues identified. I attach as [Appendix B](#), a summary of the agreed 'high' priority actions relating to those reviews completed that have not been previously reported where the Auditor assessed the priority to be a level 4 (Medium/High) or 5 (High). Please note these priorities are assessed as how important they are to the service, not at a corporate level. Since my last update there are four reviews concluded and assessed as 'Partial' and one follow-up audit to bring to your attention.

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

## Report on Significant Findings

Under each partial audit heading a table records the scope of the review with the inherent risk (the risk of exposure with no controls in place – agreed with Service Manager) and our summary assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Areas identified as significant corporate risks, i.e. those being assessed within the ‘Auditor Assessment’ column as ‘high’ risk areas in line with the definitions attached should be addressed as a matter of urgency.

### Software Asset Management – Partial Assurance

Scope:

Risks	Inherent Risk Assessment	Auditors Assessment
1. Money is wasted purchasing excessive licences, acquiring systems or software that do not address a business need, or are incompatible with the ICT estate.	High	Medium
2. The organisation is prosecuted for using unlicensed or illegal software and / or incurs significant unplanned cost in correcting its software license position.	High	Medium
3. Software is not supported and maintained.	High	Medium

There was clear evidence identified in this audit review that progress is being made towards improving management of the software estate. These improvements are evident from the asset management improvement plans as well as in the recent introduction of improved software discovery applications. Completion of the Southwest One ‘Inventory

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

## Report on Significant Findings Continued

Plan Councils' and the creation of a single software inventory should provide a solid foundation for a more systematic approach to software asset management in the future.

At the time we performed our audit these improvements were very much a work in progress and it follows that there are gaps or weaknesses in the control of software assets. In particular:

- The Southwest One improvement plans identify a number of important areas for development but do not represent a strategy for the management of software assets. Nor does the Council have such a strategy.
- The software inventory identified in the improvement plans had not been developed. It was intended to build this from the software discovered by 'SNOW' (product used to detect software installed on computers connected to a network) and other sources and append details of the licences to this. It follows that there was no baseline, or definitive record of software, to measure licence compliance against for the software identified by the discovery tool. We were unable to trace the software licences and their respective support and maintenance details. A complete and up to date inventory would make these relationships explicit and also provide the information to maintain Schedule 11 to the Southwest One contract.
- There is no framework for monitoring and reporting on the software assets. We have rated this as significant as it impacts on the mitigation of all three risks addressed in this audit. The 'SNOW' discovery tool has been largely deployed to the hardware estate and has been proven to deliver significantly more usable results than the TPMX (Software discovery tool) it will replace. Reports should also be devised for the information in the software inventory and we have made some suggestions for these in the detailed audit report.
- We were unable to confirm that the Council are an affiliate to the Microsoft enterprise subscription agreement. It follows that we cannot provide assurance that the Council will be able to renew (or buy out) the agreement independently at renewal in June 2017; however, this matter has since been resolved.

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

## Report on Significant Findings Continued

Whilst we consider these to be important points it is important to note that the materiality or impact of costs arising from using unlicensed software is likely to be mitigated by the annual licence ‘true up’ (process by which software providers confirm assets in use) exercises for two of the major software providers, Microsoft and SAP. Even so there is no process to verify products from other software providers have been deployed in accordance with licence terms and conditions. Accordingly we have assessed risk 2 as ‘Medium’ rather than ‘High’.

### Commercial Rents – Partial Assurance

Scope:

Risks	Inherent Risk Assessment	Auditors Assessment
1. Expected income is not received or maximised	Very High	Medium
2. Property leased by the Council is or becomes unsafe and causes injury to the tenant or public.	High	Low

The Management of this service has recently been brought back in-house, having been previously managed by Southwest One. Management are therefore currently reviewing systems and processes with a view to enhancing the internal control framework. Experienced and knowledgeable managers are in post that should, given time, enable improvement to be made.



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

## Report on Significant Findings Continued

Areas which need to be addressed are:

- a central control record for all commercial properties;
- a policy for the application of discounts and incentives;
- inventories and photographic evidence from condition surveys;
- the recording of some statutory checks that the Council were responsible for;
- spot checks on statutory checks at properties that the tenant was responsible for.

Overall five recommendations have been raised in this report, four under risk 1 and one under risk 2.

### ICT Financial Key Controls – Partial Assurance

Scope:

Risks	Inherent Risk Assessment	Auditors Assessment
Access to Programs and Data. User access controls and physical security allow unauthorised or inappropriate access to programs and data or the equipment that provides the information systems.	High	Medium

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

## Report on Significant Findings Continued

Our decision to restrict this audit opinion to partial assurance is in view of the fact that there has been limited progress toward implementing the recommendations made in 2013-14 review. Whilst the individual issues do not amount to significant findings in themselves, the fact that we were unable to gain assurance that mitigating action is being taken, raises cause for concern. Furthermore we have experienced the same delays and issues with evidence that could not be provided during the scope of the audit, which limits the assurance we can provide.

The access that users have within the SAP system is determined by the position they occupy in the HR structure. Provided users occupy the correct position in the structure and the SAP roles attached to the position remain correct this should mitigate the need for periodic user re-certification in SAP. At the time of the 2013-14 audit, Southwest One were reviewing all users with access to the three clients to confirm they remained appropriate and to confirm the transactions that the Southwest One Finance roles provide are needed and used. This kind of access review has not been carried out routinely, it remains in progress and its completion is required to provide assurance that user access is appropriate to their roles.

There is a well-defined process for determining and approving the access permissions for new users. However we were unable to complete our evaluation of changes to user access, as reports from the SAP User Information System (SUIM) of the change documents for all users obtained from the SAP Support Team identified an issue with the configuration of Tivoli, meaning that the ability to extract 'actual' changes to users only is not currently possible and hence this testing could not be completed.

In addition we were unable to fully evaluate the extent to which TDBC new starters had formally accepted and agreed to comply with the security policy framework, as the supporting evidence for a sample of starters was not provided. Please note there are no priority 4 or 5 recommendations from this review.

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

## Report on Significant Findings Continued

### Housing Voids – Partial Assurance

Scope:

Risks	Inherent Risk Assessment	Auditors Assessment
1. The quality of any maintenance / repairs carried out to a void property does not meet, or exceeds, the required Lettable Standard.	High	High
2. The time period between tenant vacation and the re-letting of the property (void period) is excessive with no clear justification.	High	Medium
3. Poor budgetary control within the voids process resulting in excessive costs.	High	High

Following the quarter 3 projected outturn report for 2014/15 which showed an expected overspend of £250K for void repairs and maintenance, representatives from the various service areas met in April 2015 to identify areas of weakness within the voids process, and find solutions to help ensure void properties were managed within budget; i.e. finding a balance between cost and quality.

At the time of audit testing, pre-void inspections were not being carried out by the surveyors. In addition, post void inspections were often carried out before the works had been completed on the property. An additional budget of £160K has been agreed to fund two estates officers whose responsibilities will include visiting tenants before they vacate the property and therefore, identify any repairs or maintenance which need to be carried out to the property by the tenant.

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

## Report on Significant Findings Continued

These pre-void inspections will also identify the scale of the works at an earlier stage and ensure that all relevant parties are aware of what works will be needed to bring the property back to the Lettable Standard. They will also ensure that the tenant can be re-informed of their responsibilities with regards to certain repairs and where these are not addressed, recharges can be raised.

The delays with carrying out the property inspections, together with the fact that the void costs are not monitored on a property level, are the main reasons for only being able to provide Partial Assurance. A number of recommendations were made that will enhance the existing controls in place and help to provide assurance that the voids process is providing the Authority with value for money and meeting the tenants' needs. The risk assessments have returned a 'high' rating, but we have seen good progress being made to improve controls during our audit.

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

## Report on Significant Findings Continued

### Parks & Open Spaces – Follow-up

As part of the 2015-16 audit plan, a review was carried out to assess the progress on recommendations made by SWAP in the Parks and Open Spaces audit completed in 2014-15, for which partial assurance was awarded.

The original review in 2014-15 focused on the following areas:

Risks	Inherent Risk Assessment	Auditors Assessment
1. Serious injury or death occurs for which the Council may be liable and/or incurs reputational damage.	Very High	Medium
2. The quality of work is below required standards leading to loss of contracts and/or not meeting the expectations of the public.	Medium	Low
3. Budgets and Costs are not well-controlled leading to financial loss	High	Unable to fully assess.

The purpose of follow up audits where partial assurance has been given is to provide some assurance to the Section 151 Officer; Senior Management and the Audit Committee that agreed actions to mitigate risk exposure have been implemented. This audit has also revisited risk 3, which could not be fully evaluated in the original audit because various information was not available as managers were busy on the implementation of the new IT system.

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

## Report on Significant Findings Continued

The following summarises progress made to date:

Original Priority Score	Complete	In Progress	Not agreed
Priority 5	0	0	0
Priority 4	0	1	0
Priority 3	2	1	1

For information, the priority 4 recommendation in progress is:

Issue	Progress made
There is no written guidance for the preparation of tenders / quotations.	In progress. Draft guidance is with managers for their comments.

The examination of two financial controls in relation to risk 3 was not completed in the original review. These were ensuring that all works carried out are invoiced accurately and promptly; and ensuring that any non-payment of invoices is identified and actioned. Since the implementation of the new system, the Business Support and Finance Manager has identified problems in accurate and prompt invoicing. She is currently taking steps to address the problems. Additional training has already been provided to managers to make their responsibilities clear, and work in progress reports are being reviewed by Area Managers on a monthly basis. The Business Support Manager advised that the situation has improved, although there is a backlog of jobs from 2014-15, and in total approximately 600 jobs need to be reviewed. The Business Support and Finance Manager is in the middle of an exercise to examine all jobs raised on the new system – this will include checking the cost of the works against the price quoted and against the amount invoiced.

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

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

## Report on Significant Findings Continued

Because the issues have already been identified; steps have been taken to rectify the position; and some improvement has already been seen; we have not examined this area further at this time. Work in this area will be taken forward in the 2016-17 audit planning process for consideration in the 2016-17 Audit Plan.

## Future Planned Work/Plan Changes

The audit plan for 2015/16 is detailed in [Appendix A](#). Inevitably changes to the plan will be required during the year to reflect changing risks and ensure the audit plan remains relevant to Taunton Deane Borough Council. Members will note that where necessary any changes to the plan throughout the year will have been subject to agreement with the appropriate Service Manager and the Section 151 Officer.

Members will note from [Appendix A](#) that the Housing - Responsive Maintenance and Transformation Programme reviews has been removed. Assurance for the Transformational Programme aspect is being provided by external consultant's iESE and it is to avoid any duplication that we have swapped out this review. We have also been asked by the Interim Assistant Director of Property & Development to look at the controls within the DLO due to the change in management responsibility. To avoid additional audit activity on the DLO the quarter 4 Housing – Responsive Maintenance review has been deferred and will be included in the planning cycle for 2016-17.

There is currently a small number of days unallocated. These days will be discussed with Senior Management at TDBC to decide where best the time will be spent.

## Conclusions

Steady progress is being made against the 2015-16 Audit Plan. Due to some changes in our resources the Declaration of Interests, Gifts and Hospitality & Ethical Standards review originally scheduled for a September start will now commence in December. The Information Systems – SAP audit was originally scheduled to examine the SAP migration work starting in September, but now the SAP migration has been deferred this audit will be re-scheduled and re-scoped accordingly.

Members will note that there are 4 partial assurance audits we are reporting and one follow-up audit. I would draw your attention to the risk assessment table within each review which shows that, whilst in their own environment each review has returned a partial assurance, only the housing voids review has returned a high risk at a corporate level. The two risks assessed under this review that returned a ‘high’ rating after all the controls were tested are:

- The quality of any maintenance / repairs carried out to a void property does not meet, or exceeds, the required Lettable Standard.
- Poor budgetary control within the voids process resulting in excessive costs.

As with all our reviews, an agreed action plan is in place. Members can see from **Appendix B** the agreed responses to the high priority recommendations (please note priority scores are assessed on how important the recommendation is to the service, not how important corporately). We are pleased with how positive management have accepted the recommendations and desire to ensure weaknesses are addressed, particularly with the Housing Voids review.

To ensure this Committee is provided with assurance on areas of weakness we will follow up on these partial assurance reviews and report back on progress made against each recommendation.



# Audit Plan 2015-16

## Audit Plan Progress 2015-16

## APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
<b>Final Report</b>											
Follow Up	Data Transparency	Q1	Final	Follow – up	3	0	2	0	1	0	Reported December 2015
ICT Audits	Disaster Recovery Audit	Q1	Final	Partial	5	0	0	1	4	0	Reported September 2015
Governance, Fraud & Corruption	Business Incentive Grants	Q1	Final	Partial	11	0	3	7	1	0	Reported September 2015
Governance, Fraud & Corruption	Business Continuity	Q1	Final	Reasonable	4	0	0	4	0	0	Additional Cross Partnership Report also produced as part of this work to share best practice.
Operational Audit	Crematorium	Q1	Final	Non-Opinion	3	0	0	2	1	0	
Operational Audit	Housing Voids	Q1	Final	Partial	17	0	2	9	6	0	Reported December 2015
Follow Up	Parks & Open Spaces	Q1	Final	Follow-up	3	0	0	2	1	0	
<b>Draft Report</b>											
Operational Audit	Food safety	Q2	Discussion Document								Close out meeting 26 November.



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

# Audit Plan 2015-16

## Audit Plan Progress 2015-16

## APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
ICT Audits	Information Systems – Property Management - Atrium	Q2	Drafting								
<b>In Progress</b>											
Governance, Fraud & Corruption	Cash & Banking	Q2	In Progress								
Operational Audit	Stores	Q2	In Progress								
Key Control	Housing Rents	Q2	In Progress								
Operational Audit	Gas Servicing	Q2	In Progress								
Key Control	Main Accounting	Q3	In Progress								
Key Control	Council Tax & NNDR	Q3	In Progress								
Key Control	Debtors	Q3	In Progress								
Key Control	Payroll	Q3	In Progress								



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# Audit Plan 2015-16

## Audit Plan Progress 2015-16

## APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
Key Control	Creditors	Q3	In Progress								
<b>Not Started</b>											
Governance, Fraud & Corruption	Declaration of Interests, Gifts and Hospitality & Ethical Standards	Q2									Due to start December.
ICT Audits	Information Systems - Finance	Q2									Scope to review SAP Migration work, however the SAP migration has been deferred. This review to be re-scheduled and re-scoped.
Key Control	Treasury Management	Q3									
Operational Audit	DLO Operations ( <b>NEW</b> )	Q3									Request from Assistant Director to examine area in more detail. Replaces Housing – Responsive Maintenance. Initial meeting 26 November.
Key Control	Housing Benefits	Q4									
ICT Audits	Physical and Environmental Controls / Data Centre	Q4									



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# Audit Plan 2015-16

## Audit Plan Progress 2015-16

APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
Operational Audit	Homelessness	Q4									
Operational Audit	Deane Help Line	Q4									
Operational Audit	Land Charges	Q4									
<b>Removed</b>											
Governance, Fraud & Corruption	Transformation Programme	Q3									Assurance provided by external consultant's iESE.
Operational Audit	Housing - Responsive Maintenance	Q4									Replaced by DLO Operations

### Outstanding 2014-15 Audits update from September Committee

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	1	2	
ICT Audits	Software Asset Management ( <b>New</b> )	Q2	Final	Partial	11	0	0	7	4	0	Reported December 2015



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# Audit Plan 2015-16

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor	↔	5 = Major	Comments			
						Recommendation						
						1	2	3			1	2
ICT Audits	Hardware Asset Management ( <b>New</b> )	Q2	Draft	Partial	4	0	0	2	2	0		
ICT Audits	Financial Key Controls	Q3	Final	Partial	7	0	1	6	0	0	Reported December 2015	
Governance, Fraud & Corruption	Choice Based Letting	Q4	Draft Report	Reasonable	6	0	0	6	0	0		
Governance, Fraud & Corruption	Asset Management Theme	Q4	Draft Report	Partial	13	0	2	7	4	0		
Operational Audit	Commercial Properties/Rents	Q4	Final	Partial	6	0	0	5	1	0	Reported December 2015	



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# Internal Audit Plan 2015-16

## High Priority Findings and Recommendations (Priority 4 or 5 only)

APPENDIX B

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<b>Software Licensing</b>					
Software asset management strategy: There is no documented plan and defined aims for the management of software assets.	Without an overall strategy there is a risk that money is wasted purchasing excessive licences, acquiring systems or software that do not address a business need, or are incompatible with the ICT estate.	I recommend the ICT and Information Manager work with Southwest One and Somerset County Council to establish a timeframe for producing a documented software asset management strategy and once created that this strategy is readily available, and is subject to periodic review.	We will work with SWOne to establish the terms on which such a strategy would be created, and subject to a satisfactory outcome of this process will proceed to develop the strategy. In the meantime other actions in this report provide a sound basis for a more robust approach to software asset management.	April 2016	ICT and Information Manager
Software asset reporting: There is no formal reporting of the status of software assets.	Absence of reliable information on purchased, deployed and available licensed software may impact adversely on management decision-making and in-turn a negative effect on planned cost savings and delivery of the software asset strategy.	I recommend that the ICT and Information Manager develop a schedule of reporting requirements for software assets. (Suggestions of potential requirements are contained in the body of the audit report).	Agreed. This will be developed in conjunction with SWOne.	December 2015	ICT and Information Manager

# Internal Audit Plan 2015-16

## High Priority Findings and Recommendations (Priority 4 or 5 only)

APPENDIX B

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Software Inventory: There is no definitive inventory of software to provide a baseline to verify software is licensed and underpin the information in Schedule 11 to the contract. <i>Note larger risk area mitigated by the Microsoft enterprise subscription agreement.</i>	Without a software inventory the authority cannot effectively ascertain its license position or view where the organisation is under-licensed.	I recommend the ICT and Information Manager obtain regular updates from Southwest One on their inventory plan to develop a software inventory and ensure license and support and maintenance information is held in this inventory.	Agreed	December 2015	ICT and Information Manager
Renewal of the Microsoft ESA: We are unable to confirm that the Council is a named affiliate.	The Council will not be entitled to renew the ESA in its own right and under the same conditions, or "buy out" (and make perpetual) the software licenses.	I recommend that the ICT and Information Manager confirm with Southwest One that the Council is a named affiliate to the Microsoft ESA and can maintain its Microsoft licensing beyond the end of the Southwest One contract. If necessary the Council should be added as an affiliate to the ESA.	Agreed. We will work with SWOne to ensure that TDBC is a named affiliate on the Microsoft ESA.	October 2015	ICT and Information Manager

# Internal Audit Plan 2015-16

## High Priority Findings and Recommendations (Priority 4 or 5 only)

APPENDIX B

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<b>Commercial Rents</b>					
There is no central record of all key information e.g. statutory checks and fire risk assessments in relation to commercial properties and leases.	Without a central database of all key information related to commercial properties and leases staff will be relying on multiple systems, which will decrease efficiency and have limited capacity for reporting. Because of this there is a risk that staff will be unaware of when issues such as statutory checks and fire risk assessments will need to be undertaken.	I recommend the Asset Manager ensures a complete and up-to-date central record is maintained in relation to all commercial properties and leases.	The permanent solution is an integrated Asset Management System. A project is already advancing to identify requirements, identify suitable systems and then to procure and implement such a system. This has been and continues to be a complex and lengthy project. The interim solution (if necessary) is to bring together all datasets into Excel and migrate all key data into one spreadsheet.	01/12/15 - for interim solution if necessary i.e. Integrated Asset Management System not in place.	Asset Manager
<b>ICT Financial Key Controls</b>					
No priority 4s or 5s. Partial awarded in view of the fact that there has been limited progress toward implementing the recommendations made in 2013-14 review. Whilst the individual issues do not amount to significant findings in themselves, the fact that we were unable to gain assurance that mitigating action is being taken, raises cause for concern.					



# Internal Audit Plan 2015-16

## High Priority Findings and Recommendations (Priority 4 or 5 only)

APPENDIX B

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<b>Housing Voids</b>					
Pre-void inspections are not currently carried out.	By not undertaking a prompt inspection of the property, there is an increased risk that extra work will be required by Property Services / DLO; thus increasing the void period. In addition to this, a recharge to the previous tenant, which could have been prevented, will have to be raised and monitored.	I recommend that the Assistant Director – Housing & Community Development ensures that pre-void inspections are reintroduced and the Lettable Standard used as the basis for these inspections.	Pre void checklist will be drafted by Phil Webb and conducted by pre void officer who reports to Paul Hadley. Joint pre void inspection with property services will be attempted where possible. Purpose of the visit is to advise tenants what works need to be done to get property up to standard and to avoid the void charges, it will also cover other items such as debts. Pre void Officer in post from 12.10.15	12 <sup>th</sup> October 2015	Property Services Manager / Housing Manager – Lettings and Anti-Social Behaviour
On occasion, Post-Void Inspections are carried out before the works have been completed.	There is no assurance that the property had been brought back to the Lettable Standard prior to occupation. Issues such as rubbish being left in the property and painters still being on site have been reported by new tenants.	I recommend that the Assistant Director – Property & Development ensures that the date for the completion of works is monitored by the surveyors so that post-void inspections can be scheduled and carried out on the completed property prior to any new tenant moving into the property and therefore allow for	Line management for DLO and Property Services will report to AD Property and Development from 1 Dec 2015 which will allow closer and more joined up working.	Jan 2016	Property Services Manager



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# Internal Audit Plan 2015-16

## High Priority Findings and Recommendations (Priority 4 or 5 only)

APPENDIX B

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
		any further repairs to be undertaken promptly before occupation. This will also ensure that only the specified works have been undertaken.			
No performance monitoring is undertaken on the work undertaken by the DLO.	There is a risk that these current arrangements do not encourage the DLO to carry out the work with any great urgency, or diligence, since payment is made regardless of the time taken, or the quality of the work produced.	I recommend that the Assistant Director – Property & Development introduces some performance measures to monitor the outputs and the quality of work carried out by the DLO.	Line management for DLO and Property Services will report to AD Property and Development from 1 Dec 2015 which will allow closer and more joined up working.	March 2016	Assistant Director of Property & Development
Where rechargeable areas are identified within the Schedule of Works, a recharge is not being raised for the outgoing tenant.	Where work needs to be recharged to a tenant, the Income Officer needs to receive the Schedule of Works with the recharges recorded on it and good photographic evidence to support the recharge. Without this, there is a risk that the tenant refuses to accept the recharge and the Authority will have to meet these costs.	I recommend that the Assistant Director – Housing & Community Development ensures that, within the pre-void inspection: <ul style="list-style-type: none"> <li>Tenants are given the opportunity to make good any repairs and improve the condition of the property in line with the Lettable Standard;</li> <li>Tenants are reminded of the recharge should they fail to</li> </ul>	Activities are planned with new pre void officers.  Recharges to be raised	Housing Manager – Lettings and Anti-Social Behaviour  Income Officer	12 Oct 2015



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# Internal Audit Plan 2015-16

## High Priority Findings and Recommendations (Priority 4 or 5 only)

APPENDIX B

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
		<p>carry out these repairs / improvements;</p> <ul style="list-style-type: none"> <li>• Clear photographic evidence is obtained and retained to support the rechargeable areas; and</li> <li>• Where the tenant has failed to carry out the necessary repairs or improvements to the property, a recharge is raised.</li> </ul>			
The estimated cost of the works per property is not captured at the initial inspection within the Schedule of Works.	Without determining the expected costs at the pre-void inspection, there is no target against which to compare the actual costs per property within Open Contractor and therefore, management are not able to clearly identify those properties which have contributed to any overspend. This would also allow the Authority to identify any trends in rising costs.	I recommend that the Assistant Director – Property & Development ensures that, as part of the pre-void inspection, an estimated cost of the works is included within the Schedule of Works. This could be done by re-introducing a Schedule of Rates for the materials and labour used.	Property Services can prepare an estimated cost of works for certain void items.	April 2016	Assistant Director of Property & Development

# Internal Audit Plan 2015-16

## High Priority Findings and Recommendations (Priority 4 or 5 only)

APPENDIX B

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Monitoring is not undertaken between estimated cost and actual cost of works per property.	As above.	I also recommend that the Assistant Director – Property & Development ensures that, as part of the weekly void meetings, the estimated and actual costs per property are reviewed with justified reasons for any significant overspends. Alternatively, the surveyor carries out a review of the estimated and actual costs on a sample of properties to justify any overspends.	Actions to be designed by TM once joint DLO and property services structure is in place.	April 2016	Assistant Director of Property & Development

# Audit Framework Definitions

## Control Assurance Definitions

## Appendix C

<b>Substantial</b>	▲★★★★	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.
<b>Reasonable</b>	▲★★★★	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.
<b>Partial</b>	▲★★★	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.
<b>None</b>	▲★★★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

## Categorisation Of Recommendations

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

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

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

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

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

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

## Definitions of Risk

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

# Taunton Deane Borough Council

## Corporate Governance Committee – 7<sup>th</sup> December 2015

### Internal Audit Committee Report re-design

#### 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

To allow members of the audit committee to provide their input into the internal audit committee report re-design process
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#### 2. Background

- 2.1 We are currently undertaking a review of our existing committee reports and would welcome your input.

Why are we doing this?

When we first introduced our new committee reports the idea was to have one approach across all our partners that would;

1. Provide efficiencies and uniformity in production
2. Allow us to compare easily findings from audit reviews
3. Easily be recognised as a SWAP report.

This has fallen into some disrepair as we integrated some requests for different things at some sites and this has now resulted in different formats and inefficiency. We would like to agree one common template that we can agree that can be run automatically through the use of our software.

We understand that you will all have slightly differing views and needs but we would like to reach a consensus so that we have one standard report.

We are hoping to introduce a new style report from 1st April 2016 and would very much welcome your input.

#### 3. Detailed Update

Officers representing TDBC have provided their initial thoughts, summarised as:

- i. The report should clearly indicate that it has 2 distinct purposes & be in 2 sections;
  - To allow Members to scrutinise progress in delivering the audit plan for the year;
  - To provide a heads-up on any significant findings.
- ii. The reporting of progress against the delivery of the audit plan should be reported in a shorter and simpler way e.g. a pie chart to show performance against target & charts for overdue audits & the reasons for being overdue.
- iii. More detail should be provided in the standard text to explain the rationale for classifying audits as partial.
- iv. The significant findings element should indicate whether the risks identified are corporate or service risks. This will enable Members to view the individual risks in context.
- v. Report be in portrait format.

#### **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**

N/A.

#### **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**

N/A

#### **11. Partnership Implications**

There are no direct implications from this report.

## 12. Recommendations

Members are asked to share their views on the top 5 priorities of how you would want your committee report to be laid out.

### Contact:

Ian Baker – Director of Quality 07917 628774 Ian.Baker@southwestaudit.co.uk	Alastair Woodland – Audit Manager 01823 356160 Alastair.woodland@southwestaudit.co.uk
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# Taunton Deane Borough Council

## Corporate Governance Committee – 7 December 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:

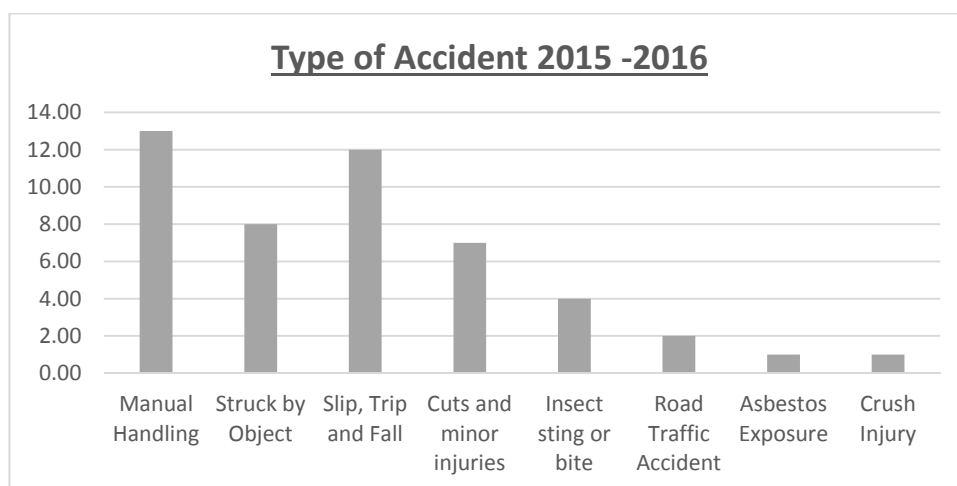
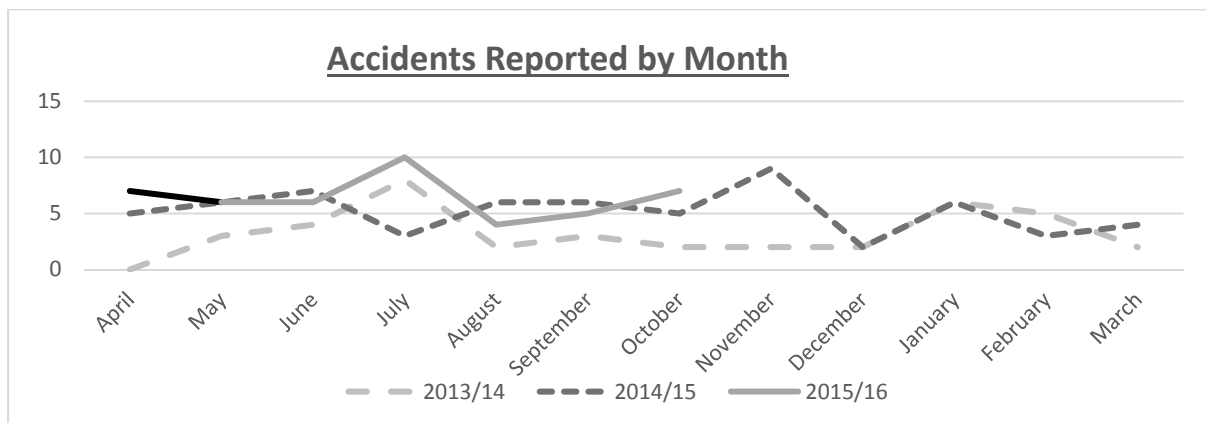
- Accident and Incident Data for the period
- Monitoring Health and Safety Performance
- Report on actions agreed by Health and Safety Committee
- Policy updates
- Key activities of the Health and Safety Advisor

#### 2. Accident and Incident Data for the period

Figures provided up to end of November 2015. Figures listed for 2014 – 2015 below for comparison.

<b>TDBC Accident Totals 1st April 2014 - 31st March 2015</b>				
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	<b>9</b>	<b>60</b>	<b>5</b>	<b>3</b>

<b>TDBC Accident Totals 1st April 2015 - 31<sup>st</sup> October 2015</b>				
Classification	TDBC	DLO & Crematorium	Public	Tenants (public areas)
Reportable	0	1	0	1
Non-reportable	6	33	1	0
Near Miss	1	7	0	0
Period Total	<b>6</b>	<b>40</b>	<b>2</b>	<b>1</b>



The tables above show numbers of accidents and near misses reported by month and by type for the year 2014 – 15 and 2015 to date. 12 accident forms have been issued to managers to date and all actions have been completed where required, unless being dealt with as part of a wider action plan e.g. asbestos RIDDOR. There has been a recent increase in near miss cards submitted as a result of the drop in sessions for DLO employees and the asbestos investigation.

### **Ongoing Investigation Work**

#### **RIDDOR**

A RIDDOR reportable incident whereby a gas flue pipe was removed has prompted significant investigation into the work of the asbestos task team.

#### **Work at height non compliance**

Investigation of use of mobile elevated working platform on the flagpole at Deane House without use of a harness as per safe working practices.

#### **Wellington Park zip wire accident investigation.**

Accident to a child who fell whilst playing on the zip wire type play equipment. Met on site with parent and child who described what happened in the accident and independent play equipment inspector who recommended that the equipment was not taken out of use as it had been installed and maintained correctly and was not defective.

## Hudson Way Play equipment accident

Visit undertaken with Parks Supervisor. The equipment was found to have been installed and maintained in a safe condition.

### 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**

Increase in accidents reported (although the vast majority of these remain trivial / minor injuries)

**2. Target to carry out accident investigation within 2 weeks**

Investigations carried out / started within 2 weeks.

**3. Target to carry out 2 audits per quarter**

Quarter 1 – 2 completed (Print room, Deane DLO Nurseries)

Quarter 2 – 2 completed (Street cleansing, Tourist information centre)

**4. 100% of audit reports completed within 2 weeks**

1	A
2	G
3	G
4	G

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

The full Joint Unison H&S Committee met on 16th July 2015 and 23<sup>rd</sup> October 2015.

The committee considered accident reporting for the period.

##### July matters discussed:

##### Safety Action Notes – escalation policy.

Catrin Brown presented and detailed the Safety Action Notes – escalation policy.

- This had been passed through all the Assistant Directors and was presented for the committee’s approval and any further comment.

**Terms of Reference** for the committee were agreed with an annual review required.

##### October matters discussed:

Stress survey results

Asbestos review being carried out by Savill's Property consultants

## **5. Policy updates**

The health and safety policy statement has been signed by the leaders of both councils and has been published on the intranet.

## **6. Key activities of the Health and Safety Advisor**

There has been significant input from the H&S service to a root and branch review of all of the council's processes that might involve asbestos. The H&S team have been responsible for monitoring the action plan and have been involved in producing plans of work and risk assessments for the Deane DLO non licensed asbestos task team.

On 6<sup>th</sup> October CB and KW visited the swimming pool construction site at Blackbrook Pavilion. Met with site manager and reviewed the health and safety processes in place. Good standards and practices observed at the time of the visit. Receive regular updates following regular clerk of works inspections.

Gave advice on CDM enquiry regarding changes in legislation and Mace ending their role as CDMC from 6<sup>th</sup> October.

Deane House relocation project - advice give on access / egress for interview rooms.

Regular reports to Leadership Team Operations on stress survey

Learning Portal – review and input into H&S training information.

## **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.

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**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