

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 6 December 2016 at 18:15.

---

### Agenda

- 1 Appointment of Vice-Chairman
- 2 Apologies.
- 3 Minutes of the meeting of the Corporate Governance Committee held on 19 September 2016 and 28 September 2016 (attached).
- 4 Public Question Time.
- 5 Declaration of Interests  
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
- 6 Grant Thonton Annual Audit Letter. Report of the External Auditors. (attached).  
Reporting Officer: Peter Barber
- 7 Grant Thornton External Audit Update. Report of the External Auditors. (attached).  
Reporting Officer: Peter Barber
- 8 SWAP Internal Audit – Internal Audit Plan 2016/17 Progress Report. Report of the Assistant Director - South West Audit Partnership. (attached).  
Reporting Officer: Alastair Woodland
- 9 Update on Health and Safety Performance and strategy for 2016-17. Report of The Health and Safety Manager. (attached).  
Reporting Officer: Catrin Brown
- 10 Appointment of External Auditors for 2018/19. Report of the Assistant Director - Corporate Services. (attached).  
Reporting Officer: Richard Sealy
- 11 Update on Corporate Counter Fraud Arrangements. Report of the Assistant Director - Resources. (attached).  
Reporting Officer: Paul Fitzgerald

- 12 Corporate Governance Committee Forward Plan - details of forthcoming items to be considered by the Corporate Governance Committee and the opportunity for Members to suggest further items (attached)

Bruce Lang  
Assistant Chief Executive

07 August 2018

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

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

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

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

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

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

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

Full Council, Executive, Committees and Task and Finish Review agendas, reports and minutes are available on our website: [www.tauntondeane.gov.uk](http://www.tauntondeane.gov.uk)



The meeting rooms at both the Brittons Ash Community Centre and West Monkton Primary School are on the ground floor and are fully accessible. Toilet facilities, with wheelchair access, are available.

Lift access to the Council Chamber on the first floor of Shire Hall, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are available through the door to the right hand side of the dais.



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

**For further information about the meeting, please contact Democratic Services on 01823 219736 or email [r.bryant@tauntondeane.gov.uk](mailto:r.bryant@tauntondeane.gov.uk)**

If you would like an agenda, a report or the minutes of a meeting translated into another language or into Braille, large print, audio tape or CD, please telephone us on 01823 356356 or email: [enquiries@tauntondeane.gov.uk](mailto:enquiries@tauntondeane.gov.uk)

**Corporate Governance Committee Members:-**

Councillor A Sully	(Chairman)
Councillor R Ryan	(Vice-Chairman)
Councillor M Adkins	
Councillor C Booth	
Councillor D Cossey	
Councillor A Govier	
Councillor T Hall	
Councillor J Horsley	
Councillor S Nicholls	
Councillor J Reed	
Councillor R Ryan	
Councillor F Smith-Roberts	
Councillor C Tucker	
Councillor D Webber	

## **Corporate Governance Committee – 19 September 2016**

Present: Councillor Sully (Chairman)  
Councillor Cavill, Govier, Hall, Hunt, Nicholls, Mrs Smith, Mrs Tucker and Ms Webber.

Officers: Paul Harding (Corporate Strategy and Performance Manager), Shirlene Adam (Director – Operational Delivery and s151 Officer) and Emma Hill (Democratic Services Officer)

Also Present: Alastair Woodland – Audit Manager, South West Audit Partnership (SWAP)

(The meeting commenced at 6.20 pm)

### **27. Apologies/Substitutions**

Apologies: Councillors Booth, Horsley, Ryan, Miss Smith

Substitution: Councillor R Lees for Councillor Horsley

Councillor Mrs Smith for Councillor Miss Smith

Councillor Hunt, Tucker and Webber submitted their apologies for special meeting of the Corporate Governance Committee due to be held on Wednesday 28 September 2016.

### **28. Minutes**

The Minutes of the Meeting of the Corporate Governance Committee held on 21 June 2016 were taken as read and were signed.

### **29. Declaration of Interests**

Councillor Coles declared a personal interest as a Member of Somerset County Council. Councillor Hall declared a personal interest as a Director of Southwest One.

### **30. SWAP Internal Audit – Internal Audit Plan 2016/2017 Progress Report**

Members considered the report previously circulated concerning the role and function of Internal Audit. The 2016-17 Annual Audit Plan was to provide independent and objective assurance on TDBC's Internal Control Environment. This work would support the Annual Governance Statement.

It was reported that there were one partial assurance, one reasonable assurance and four follow-up audits being reported from quarter one of 2016/17.

The audits within the crematorium, DLO stores and Land Charges had received partial assurances. Following the identification of the weaknesses within the service areas, an action plan had been agreed with the service managers.

To ensure this Committee was provided with assurance on areas of weakness, officers would be following up on these partial assurance reviews and would report back on progress made against each recommendation.

During the discussion of this item the following points were made:-

- Members raised concerns about the weaknesses identified by the Auditors on page 20, concerning the increase in debt at the crematorium to nearly £88,000 as well as the failure to issue overdue payment reminder letters.
- The Committee were informed the crematorium had historically used a separate system for raising orders and raising debt outside of the SAP system and this meant the debt was outside the normal debt recovery process. This had not been identified by the relevant Service Manager. There was a progress update regarding this weakness and connected action plan to resolve it, the Council had moved the raising of invoices process for the crematorium into the Sap system and the previous practice of raising debt outside SAP had been stopped.
- In response to a question asking if the auditors could recommend any additional controls for the 45000 cost code, which was being used for high value purchases, instead of the low value and high volume purchases it was designed for, the Committee was informed that the reason why this cost code had been used was the corporate procurement was onerous and bureaucratic when used through SAP system. SWAP had recommended with forthcoming new financial system from 1 April 2017 that the Council wait to see how this new system would link in before reviewing the controls for this and other cost codes. Although, we were not recommending any additional controls at this stage, there was an approved manual procedure for approving purchases Our only recommendation was that staff should be reminded that they should not be using the code beyond a certain point and ultimately, there was a control in place, which was budget monitoring.
- In response to a question asking what was the cut off point for a 'high value' purchases/orders, the Committee were informed that Officers would have to go away and check this as they did not have this deal to hand.
- The Committee were informed that audit standards only required SWAP to follow up on partial and non-assurance audits. Unless the Council provided SWAP with good reasons not to follow up, SWAP would always complete this. For example, if a service had completely changed and they were no longer completely that function then that would be justification for not following up on the audit.

**Resolved** that the progress made in delivery of the 2016/17 internal audit plan and significant findings since the previous update in June 2016 to be noted.

### **31. Summary of the Overdue high priority SWAP Audit Recommendations**

Members considered the report previously circulated, concerning a position statement on the SWAP audit recommendations for Taunton Deane Borough Council, which were assessed as high and very high priority, where the agreed remedial action were overdue.

At the start of each financial year, an audit plan was agreed between SWAP and the Council, which identified the areas of highest potential organisational and operational risk within the Council.

All findings would be allocated one of 5 priority ratings. With priority 5 carrying the most significant risk to the service (not necessarily to the wider Council) and priority 1 the least significant risk.

Each finding within the action plan contained a target implementation date, which had been agreed between SWAP and the service manager concerned.

All priority 4 and 5 recommendations were captured in a register to ensure progress against the recommendations could be tracked and progress reported to JMT and the Corporate Governance Committee.

The report highlighted the Priority 4 and 5 audit actions affecting the Council, where the agreed remedial action was overdue. On this occasion there were 13 priority 4 priority actions which were overdue but zero overdue priority 5 recommendations for the Council.

A summary of the overdue actions was provided as Appendix with the covering report.

During the discussion of this item the following points were made:-

- Discussion took place about what the difference would be on the spreadsheet if the items that were completed and dropped off were not removed. This would help Members to understand the progress and churn of items by keeping these items on the spreadsheet and not removing. Members stated it was difficult to remember what had been on the spreadsheet.
- Members agreed and requested the inclusion of a summary of those actions/items which had been agreed, completed and closed to allow them to monitor the movement on this spreadsheet. The Committee were informed that this request could be accommodated.
- Members raised concerns about the actions and risk relating to the Council; Asset Management service and that these appeared to have been around for some time.
- In response to a question asking if the Asset Management Plan mentioned in the risk register was the existing new plan or a revised plan. This revised plan would contain directions and guidance on how best to utilise our assets, the Committee were informed that the Officer was not able to confirm this at this time and would come back to the Committee after speaking to the relevant Assistant Director.
- Members raised concerns that if there had been changes to the Asset Management Plan and model, then the document would need to come before elected Members for scrutiny and comments as this contained information on parameters for action concerning asset management.

**Resolved** that the summary of overdue high priority actions to be noted.

## **32. Corporate Risk Management Update**

Members considered the report previously circulated, concerning an update on the corporate risks, which were being managed by the Joint Management Team (JMT).

The Council also had a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts & Audit Regulations 2003. Risk management was a key element of the Council's overarching Governance arrangements.

The Corporate Risk Register was a 'live' document, which highlighted the key corporate risks facing the Council. The register was a joint one between Taunton Deane and West Somerset Council and was formally reviewed by JMT on a quarterly basis as part of the corporate performance review day. The last JMT review took place on 19 May 2016. The next review was scheduled for 30th September 2016.

These regular reviews ensure that new strategic-level risks can be recognised; continuing risks can be re-assessed in the light of management actions to date; and risks, which were no longer considered important could be removed.

Risks which were managed at a corporate level, those which had a significant risk to the delivery of a corporate priority or which were cross-cutting risks that did not naturally sit with a single department or team were included in the Corporate Risk Register. These risks had been identified and escalated from other risk registers within the Councils, officer concerns or from external sources.

There were currently 17 strategic risks identified and approved by JMT (13 joint risks, 1 WSC risk and 3 TDBC specific risks).

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

An extract of the corporate risk register was provided as appendix with the covering report.

During the discussion of this item the following points were made:-

- In response to a question asking how relevant was the risk score on each risk and did this affect their importance members were informed that the risk score or RAG status was the way for Members to judge and measure how serious and important the issue was.. Members requested the inclusion of RAG Status and arrows denoting the direction of movement for the risk as the scoring system used, did not give much indication of this. The Committee were informed that this could be accommodated for the next report.
- Officer stated that they had brought this report before Members in case there were risks that Members felt should be on the register that we not currently.

**Resolved** that the current position in relation to the identification and tracking of corporate risk to be noted.

### **33. Corporate Governance Action Plan Update**

Members considered the report previously circulated, concerning an update of progress against the Annual Governance Statement Action Plan.

The Annual Governance Statement (AGS) was a statutory document, which provided assurance on the governance arrangements in place within the Council. The



statement was produced following a review of the council's governance arrangements.

The AGS included an action plan to address any new governance issues identified by the Corporate Governance Officers Group; relying on reports from internal and external audit as well as their own understanding of the organisation.

The Action Plan was included as an appendix with the covering report.

During the discussion of this item the following points were made:-

- In response to a question asking if the training stated in the report could be opened up to all Councillors at Taunton Deane, this would cover those Councillors who had an interest in the subject, the Committee were informed that the training could be attended by any elected Member of the Council and was not limited to the Members of the Committee. The Officer would ensure that the training session information was emailed to all Members if it had not been already.
- Members requested that the Democratic Services Officers ensured this action was followed through.

**Resolved** that the current progress in relation to completing the actions identified within the Annual Governance Statement to be noted.

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

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

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

(The meeting ended at 7.05pm).

## **Corporate Governance Committee – 28 September 2016**

Present: Councillor Sully (Chairman)  
Councillor Mrs Blatchford (Vice-Chairman)  
Councillor Booth, Cavill, Coles, Hall, Nicholls and Mrs Reed

Officers: Sue Williamson (Principal Accountant), Paul Fitzgerald (Assistant Director - Resources), Shirlene Adam (Director – Operational Delivery and s151 Officer) and Emma Hill (Democratic Services Officer)

Also Present: Councillor Berry  
Peter Barber - Associate Director, Grant Thornton  
Kevin Henderson – Audit Manager, Grant Thornton

(The meeting commenced at 6.15 pm)

### **35. Apologies/Substitutions**

Apologies: Councillors Horsley, Hunt, Ryan, Miss Smith, Tucker and Mrs Webber  
Substitution: Councillor Coles for Councillor Miss Smith

### **36. Declaration of Interests**

Councillor Coles declared a personal interest as a Member of Somerset County Council and Member of Devon and Somerset Fire and Rescue Service. Councillor Hall declared a personal interest as a Director of Southwest One.

### **37. Assessment of Going Concern**

Members considered the report previously circulated, concerning the S151 Officer's assessment of the Council as a "going concern" for the purpose of producing the Statement of Accounts for 2015/16.

The S151 Officer presented the report, which detailed the main factors underpinning the assessment of the Council's Going Concern as being:

- The Council's current financial position,
- The Council's Year End Position,
- Current and Projected financial position for Revenue, Capital and Balance Sheet.
- The Council's Treasury Arrangements
- Governance arrangements;
- The regulatory and control environment applicable to the Council as a local authority.

Additionally, the report detailed emerging risks that could potentially affect the Council in the following areas:

- NHS claims for Business Rates Discount
- Asset Condition and Compliance Surveys

- Transformation and the Business Cases for change

It was considered that, having regard to the Council's arrangements and such factors as were highlighted in this report, the Council remained a "going concern until at least September 2017 i.e. One year from expected opinion on the Council's 2015/16 financial statements". This assessment would be undertaken annually in the course of preparing the Council's financial statements for each year.

During the discussion of this item the following points were made:-

- In response to a question asking who made the decision as to what was a reasonable reserve for the Council, the Committee were informed that S151 Officer would decide ultimately that the level set was acceptable following the appropriate assessments and provisions being completed by the Council.
- Members queried if the 'going concern' status would change following the creation of a new authority and were informed that the Council was aware that the decision taken by both Council to merge and the continuing transformation plans would bring savings for both Councils. If the Council progressed to the stage where a new Council was created, the new Council's Medium Term Financial (MTF) plan would need to be assessed under the current regime. The s151 Officer stated there were no issues giving cause for concern regarding the proposed merger at the current time. Members asked if there is any indication of the amount of potential Business Rate refund claim stated in the emerging risks and were informed that Officers had made estimations looking at both best and worst case scenarios. The Council had set aside funding just in case a claim was made. The estimated worst case scenario was around £800,000. As of yesterday, the Council had not received any application for business rate refunds.

**Resolved** that the outcome of the assessment made of the Council's status as a "going concern" for the purposes of the draft Statement of Accounts for 2015/16 be noted.

### **38. Grant Thornton External Audit – External Audit Progress Update**

Members considered the report previously circulated which provided a regular progress and update report in relation to prescribed audit work to date for the financial year and also provided an update in relation to emerging national issues that might impact on the Council.

The report updated Members on the status, progress and completed work in relation to the auditor's planned schedule of work, year ending 31 March 2016. The Auditors completed risk assessments in the prescribed audit work areas. If any risks came out of the assessment process, the Auditor's would look into those risks and the area in further detail.

During the discussion of this item the following points were made:-

- Members expressed their thanks to Council Officers involved and external auditors Grant Thornton for their continued co-operation in working towards the bringing forward of the completion for signing off of the audited accounts.

**Resolved** that the Officer's update report be noted.

### **39. Grant Thornton External Audit – External Audit Findings Report**

Members considered the report previously circulated, concerning the annual report of our external auditor Grant Thornton outlining their findings from their audit of our Statement of Accounts, and our arrangements to secure Value for Money.

That following the detailed review of financial statements and our governance and control arrangements, the Auditor had indicated his intention to provide an “unqualified” opinion on our accounts for 2015/16, and an “unqualified VFM conclusion” in respect of arrangements to secure economy, efficiency and effectiveness in our use of resources i.e. providing value for money.

The Unaudited Statement of Accounts 2015/16 were signed off by the Council's S151 Officer in June 2016 within the statutory deadline, and before the start of the external audit review.

The external audit review had been completed and the auditor had indicated their intention to issue an “unqualified opinion” for the Statement of Accounts, as showing a true and fair view of the Council's financial position and performance.

The auditor had also reviewed our arrangements to secure economy, efficiency and effectiveness in our use of resources, and provided an opinion in the form of a value for money conclusion and their report stated that “the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources”.

During the discussion of this item the following points were made:-

- Members were reassured that any misclassification issues (as highlighted on page 25 of the report) had been addressed to prevent reoccurrence in future years.

**Resolved** that the Council's Statement of Accounts and to support the action plan in the report be noted.

### **40. Approval of Statement of Audited Accounts**

Members considered the report previously circulated, concerning the Statement of Accounts for 2015/16. This report is required to be approved by the Corporate Governance Committee and signed by the S151 Officer (Shirlene Adam) and the Chair of the Corporate Governance Committee (Councillor Sully).

A copy of the Statement of Accounts was attached with the covering report.

This report also linked to and reflected the Audit Findings Report, which was prepared by and would be presented by the Council's external auditors, Grant Thornton UK LLP.

The Accounts and Audit Regulations 2011 require the Statement of Accounts to be approved by a resolution of a nominated committee. The current constitutional arrangements devolve this responsibility to the Corporate Governance Committee.

The S151 officer was required to sign off the unaudited Draft Accounts as true and fair by 30 June each year. The audited Statement of Accounts must be approved by Committee by 30 September each year. Once approved the Statement must be signed by the S151 Officer and the Chair of the Corporate Governance Committee, and published on the Council's website.

The Council's Statement of Accounts had been audited this year by Grant Thornton UK LLP and was attached to this report. At the time of writing this report, Grant Thornton intend to issue an unqualified opinion, as reported in the Audit Findings Report earlier on the agenda for this meeting.

The Statement of Accounts for 2015/16 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 2015/16.

In 2015/16 there were no significant changes to our accounting requirements which might have made it necessary to change the comparative financial details related to 2014/15. However, as reported in our draft accounts we had reviewed our computations relating to our Business Rates Collection fund. This had led to a restatement of the 2013/14 and 2014/15 accounts and a revision to the 2015/16 accounts from the draft accounts that were publicised in June. The details of the restatement were found in Note 2 to the accounts.

The Statement of Accounts contain four main statements reflecting the position of the Council at 31 March 2016:

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

There were also supplementary statements related to the Collection Fund, which deals with the collection and distribution of Council Tax and Business Rates and the Housing Revenue Account.

Grant Thornton UK LLP intends to issue the Council with an "unqualified" opinion on the Statement of Accounts and the Value for Money conclusion. This was good news and means that the Auditors agree that the Accounts provide a "true and fair view" of the financial position.

During the audit, there were a number of amendments to the Draft Accounts, particularly to correct the position on the Business Rates Collection Fund and also regarding the valuation of our assets which have been reviewed at year end. This was shown in the Audit Findings Report earlier on this agenda. These amendments now mean that we had addressed the issues, which we identified in our Business Rates recalculations and the valuation issues the external auditors raised as part of their audit.

During the discussion of this item the following points were made:-

- In response to a question asking what was the deficit amount paid by the smoothing fund and what was the balance of the fund, the Committee were informed that smoothing fund had been £2 million and our share of the deficit amount was £748,000. This would leave in the smoothing fund £1.3 million.
- Officers reassured the Committee, that the Council had taken this issue very seriously and that action had been taken, which included the tightening of controls surrounding Collection fund.
- In response to a question asking why had there been an increase in the Council's bad debt provision, the Committee were informed that this sat within the earmarked reserves of Housing Revenue Account (HRA). It related to a provision made following the assessment of potential rent arrears for the following year and this provision would be reviewed annually. The increase in the provisions was directly linked to the Welfare Reform and in preparation for the introduction of Universal Credit.
- In response to a question asking was there anything the Council could do to ensure total cost recovery within the Planning Fee structure the Committee were informed that planning fees were set by the Government and elements of the service were funded by the taxpayer, but not the entire service. The figure displayed had been an overall planning figure.
- Director of Operations wanted to add her personal and corporate thanks to the Finance Team as they had worked extremely hard to get the Council to a position tonight, where we could sign off the Statement of Accounts. Director of Operations expressed her thanks for the patience of the Council's auditors as these boundaries had been tested and pushed beyond normal with the delays.
- Also the Director offered thanks and congratulations to Principal Accountant Sue Williamson for presenting with such clarity tonight.

**Resolved** that:-

1. The Auditor's unqualified opinion on the Statement of Accounts be noted;
2. The Statement of Accounts 2015/16 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.

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

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

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

(The meeting ended at 7.21pm).

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

### **Corporate Governance Committee**

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

# Taunton Deane Borough Council

## Corporate Governance Committee – 6 December 2016

### External Audit – Annual Audit Letter

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

Report Author: Jo Nacey, Finance Manager

#### 1 Purpose of the Report

- 1.1 The attached report summarises the key findings from the external audit work carried out in respect of the 2015/16 financial year and details the actual audit fees charged. The Annual Audit Letter for 2015/16 confirms that:
- The Auditors have issued an unqualified opinion in respect of the accounts for 2015/16;
  - An unqualified opinion in respect of the Value for Money (VFM) conclusion; and
  - The fees charged for 2015/16 were £50,629 for the statutory audit.

#### 2 Recommendations

- 2.1 Members are requested to note the report.

#### 3 Risk Assessment (if appropriate)

##### Risk Matrix

Description	Likelihood	Impact	Overall
The details of any specific risks are contained in the report			

#### 4 Background and Full details of the Report

- 4.1 The Council's external audit function is undertaken by Grant Thornton. The external auditors, as part of their work, provide an Annual Update Letter which summarises their findings and updates regarding the actual audit fees. The Annual Audit Letter is attached to this report.

#### 5 Links to Corporate Aims / Priorities

- 5.1 There is no direct contribution to the Corporate Priorities.

#### 6 Finance / Resource Implications

- 6.1 The Annual Audit Letter confirms that the external auditors have issued an unqualified opinion in respect of the Council's accounts for 2015/16, which means that no material errors were found and the accounts were produced to a good standard.



6.2 The external auditors also gave an unqualified opinion in relation to the VFM conclusion, stating “We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2016”.

## **7 Legal Implications**

7.1 The Council has a statutory duty to produce financial statements.

## **8 Environmental Impact Implications**

8.1 None

## **9 Safeguarding and/or Community Safety Implications**

9.1 None

## **10 Equality and Diversity Implications**

10.1 None

## **11 Social Value Implications**

11.1 None

## **12 Partnership Implications**

12.1 None

## **13 Health and Wellbeing Implications**

13.1 None

## **14 Asset Management Implication**

14.1 None

## **15 Consultation Implications**

15.1 None

### **Democratic Path:**

- **Corporate Governance Committee – Yes**
- **Executive – No**
- **Full Council – No**

**Reporting Frequency:** Once only Ad-hoc Quarterly

Twice-yearly

Annually

**Contact Officers**

Name	Paul Fitzgerald	Name	Shirlene Adam
Direct Dial	01823 358680	Direct Dial	01823 356310
Email	<a href="mailto:p.fitzgerald@tauntondeane.gov.uk">p.fitzgerald@tauntondeane.gov.uk</a>	Email	<a href="mailto:s.adam@tauntondeane.gov.uk">s.adam@tauntondeane.gov.uk</a>

Name	Jo Nacey	Name	
Direct Dial	01823 356357	Direct Dial	
Email	<a href="mailto:j.nacey@tauntondeane.gov.uk">j.nacey@tauntondeane.gov.uk</a>	Email	



# The Annual Audit Letter for Taunton Deane Borough Council

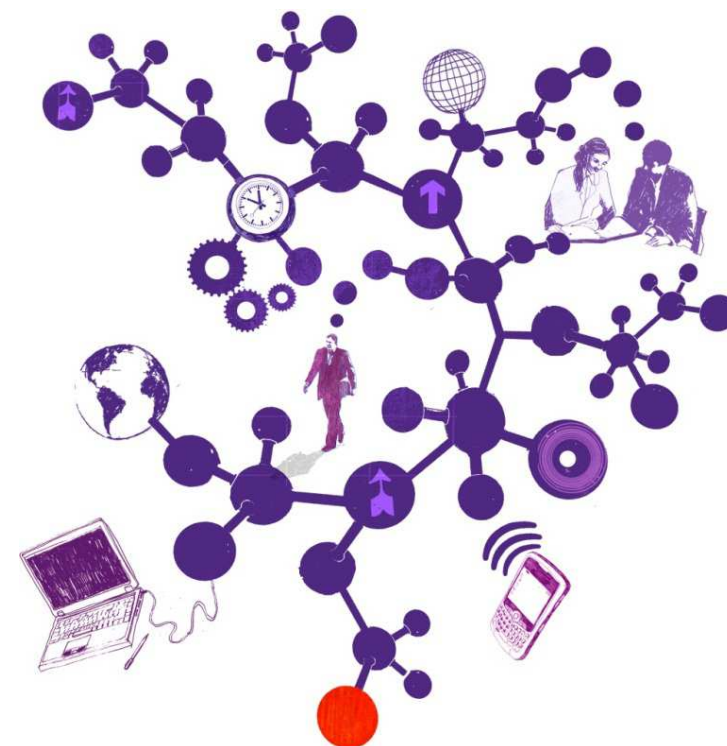
**Year ending 31 March 2016**

19 October 2016

**Peter Barber**  
Associate Director  
T 0117 305 7897  
E [peter.a.barber@uk.gt.com](mailto:peter.a.barber@uk.gt.com)

**Kevin Henderson**  
Manager  
T 0117 305 7873  
E [kevin.j.henderson@uk.gt.com](mailto:kevin.j.henderson@uk.gt.com)

**Stephen Clarke**  
Executive  
T 0117 305 7884  
E [stephen.t.clarke@uk.gt.com](mailto:stephen.t.clarke@uk.gt.com)



---

# Contents

<b>Section</b>	<b>Page</b>
1. Executive summary	3
2. Audit of the accounts	5
3. Value for Money conclusion	10
4. Working with the Council	12
<b>Appendices</b>	
A Reports issued and fees	13

---

# Executive summary

## **Purpose of this letter**

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Taunton Deane Borough Council for the year ended 31 March 2016.

This Letter is intended to provide a commentary on the results of our work to the Council and its external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Corporate Governance Committee as those charged with governance in our Audit Findings Report on 28 September 2016.

## **Our responsibilities**

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

## **Our work**

### **Financial statements opinion**

We gave an unqualified opinion on the Council's financial statements on 29 September 2016.

### **Value for money conclusion**

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2016. We reflected this in our audit opinion on 29 September 2016.

---

**Certificate**

We certified that we had completed the audit of the accounts of Taunton Deane Borough Council in accordance with the requirements of the Code on 29 September 2016.

**Certification of grants**

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2016. We will report the results of this work to the Corporate Governance Committee in our Annual Certification Letter.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

**Grant Thornton UK LLP**  
**October 2016**

---

# Audit of the accounts

## **Our audit approach**

### **Materiality**

In our audit of the Council's accounts, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £1,610,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We also set a lower level of specific materiality of £5,000 for officers' remuneration, members' allowances and auditor's remuneration.

We set a lower threshold of £80,000, above which we reported errors to the Corporate Governance Committee in our Audit Findings Report.

### **The scope of our audit**

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts on which we give our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

# Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p><b>Valuation of surplus assets and investment property</b> The Council changed the basis on which it valued surplus assets and investment property in 2015/16 because of the introduction of a new international financial reporting standard (IFRS 13). These assets represent 1% of the Council's total assets and their value is estimated by property valuation experts.</p> <p>The Council also needed to make changes to the disclosures for items valued at fair value under the new financial reporting standard.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"><li>• Reviewed management's processes and assumptions for the calculation of the estimate.</li><li>• Reviewed of the competence, expertise and objectivity of any management experts used.</li><li>• Reviewed the instructions issued to valuation experts and the scope of their work</li><li>• Discussed with the valuer the basis on which the valuation was carried out and challenged key assumptions.</li><li>• Reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.</li><li>• Tested revaluations made during the year to ensure they were input correctly into the Council's asset register</li><li>• Reviewed the disclosures made by the Council in its financial statements to ensure they were in accordance with the requirements of the CIPFA Code of Practice and IFRS 13.</li></ul> <p>We did not identify any issues to report .</p>



# Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p><b>Valuation of property plant and equipment</b></p> <p>The Council's property, plant and equipment, including its housing stock, represents 86% of its total assets. Their value is estimated by property valuation experts.</p> <p>The Council revalues these assets on a rolling basis.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> <li>• Reviewed management's processes and assumptions for the calculation of the estimate.</li> <li>• Reviewed the competence, expertise and objectivity of any management experts used.</li> <li>• Reviewed the instructions issued to valuation experts and the scope of their work</li> <li>• Discussed with the Council's valuer the basis on which the valuation was carried out, challenging the key assumptions.</li> <li>• Reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.</li> <li>• Tested revaluations made during the year to ensure they were input correctly into the Council's asset register</li> <li>• Evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.</li> </ul> <p>With one exception, our audit work did not identify any issues in respect of the valuation of property, plant and equipment.</p> <p>In the valuer's report it was stated that there had been no material movements in asset value since the valuation was undertaken. However, the valuer uses a much higher level of materiality (10-15%) than is acceptable for accounts purposes. We made reference to appropriate indices, which suggested that there had been material (in accounting terms) movements since the various valuations were undertaken as part of the rolling programme.. As a result, we asked that the finance team and the valuer discuss this issue.</p> <p>In response, the valuer examined the carrying values of land and buildings and increased them by £7,574,000. Around two thirds of this related to council dwellings, which the valuer has assessed as having increased in value by around £5.2m since the valuation dated 1 April 2016.</p>

# Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p><b>Valuation of pension fund net liability</b></p> <p>The Council's pension fund asset and liability, as reflected in its balance sheet, represents a significant estimate in the accounts and comprises 40% of its total liabilities.</p> <p>The values of the pension fund net liability is estimated by specialist actuaries.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"><li>• Documented the key controls that were put in place by management to ensure that the pension fund liability was not materially misstated.</li><li>• Walked through the key controls to assess whether they were implemented as expected and mitigated the risk of material misstatement in the financial statements.</li><li>• Reviewed the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation.</li><li>• Gained an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made.</li><li>• Reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.</li></ul> <p>We did not identify any issues to report.</p>

---

# Audit of the accounts

## **Audit opinion**

We gave an unqualified opinion on the Council's accounts on 29 September 2016, in advance of the 30 September 2016 national deadline.

The Council made the accounts available for audit in line with the agreed timetable, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

In preparing the 2015/16 accounts, the finance team identified an error in the 2014/15 collection fund statement. As a result, a prior period adjustment was included in the 2015/16 accounts, although, as not a material error, this was not required.

At the start of our audit, management advised us that the 2015/16 collection fund statement needed to be amended. We were asked to delay our review until some weeks after our on site work on all other elements of the accounts had been completed. This had an impact on the resourcing of the audit. Further minor changes were made to the collection fund statement, but our work was completed in advance of reporting to the Corporate Governance Committee.

## **Issues arising from the audit of the accounts**

We reported the key issues from our audit of the accounts of the Council to the Corporate Governance Committee on 28 September 2016. Other than the valuation issues referred to on page 7 and the collection fund issues referred to above, no other matters were brought to the Committee's attention.

## **Annual Governance Statement and Narrative Report**

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

## **Other statutory duties**

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

---

# Value for Money conclusion

## **Background**

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2015 which specified the criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

## **Key findings**

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out overleaf.

## **Overall VfM conclusion**

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 2016.

# Value for Money

## Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p><b>Medium term financial position</b> The Council has a balanced financial plan for 2016/17. However, there is a cumulative shortfall of £2.5 million for the subsequent four years of the plan.</p>	<p>We reviewed the Council's medium term financial plan, including the assumptions that underpin the plan.</p>	<p>The Council reported an underspend on the general fund of £280,000 for 2015/16. A balanced budget is in place for 2016/17.</p> <p>The Council's medium term financial plan for the general fund, covering the period from 2016/17 to 20120/21 ,considers relevant issues and makes reasonable assumptions about income e.g. New Homes Bonus, car parking and business rates retention. Assumptions around expenditure , including inflation, were also considered to be reasonable.</p> <p><b>On that basis we concluded that the risk was sufficiently mitigated and that the Council has proper arrangements in place</b></p>
<p><b>Joint Management and Shared Services (JMASS) and transformation</b> The Council has a shared services agreement with West Somerset District Council and has completed the implementation and full integration of the teams at both Councils. This has already provided significant financial savings. However, further efficiencies are required, both in terms of sharing staff and in the transformation of services.</p>	<p>We reviewed how the Council is progressing the Joint Management and Shared Services arrangement, with a particular emphasis on the transformation of services. We also reviewed the project management arrangements relating to this project.</p>	<p>Both councils continue to consider all options to identify the savings required into the medium term, including closer joint working and possible merger. Although no formal decisions have been made we are satisfied that all options continued to be considered and options clearly set out the relative merits of each proposal.</p> <p><b>On that basis we concluded that the risk was sufficiently mitigated and that the Council has proper arrangements in place.</b></p> <p>In June 2016, the two Councils prepared a high level business case setting out three options for how the councils would work together in the future to improve the financial position and, where possible ,improve services. The three options were to continue to work together and to continue the programme of transformation, full merger of the two councils or the councils to go their separate ways. The business case set out the benefits and disadvantages of each option and the savings to be derived.</p> <p>The Scrutiny Committee considered the business case in early July and it was then considered by full Council on 26<sup>th</sup> July. Councillors voted to merge with West District Somerset Council.</p> <p>Prior to consideration by the Scrutiny Committee, the two councils commissioned Local Partnerships (owned by the Local Government Association and HM Treasury) to review the business case. Local Partnerships' report was positive about the business case, but did raise a number of issues for further consideration.</p>

---

# Working with the Council

## **Our work with you in 2015/16**

We are really pleased to have worked with you over the past year. We have established a positive and constructive relationship. Together we have delivered some great outcomes.

An efficient audit – our audit team are knowledgeable and experienced in your financial accounts and systems. Although we had difficulties in completing our work we continued to maintain professional and constructive relationships with you and still managed to give our audit opinion by the deadline.

Sharing our insight – we provided regular updates to the Corporate Governance Committee covering best practice and sector issues. Areas we covered included Innovation in Public Financial Management, Knowing the Ropes – Audit Committee; Effectiveness Review, Making Devolution Work and Reforging Local Government. We have also shared with you our insights on advanced closure of local authority accounts, in our publication "Transforming the financial reporting of local authority accounts" and will continue to provide you with our insights as you bring forward your production of your year-end accounts.

Thought leadership – We have shared with you our publication on Building a Successful Joint Venture and will continue to support you as you consider greater use of alternative delivery models for your services.

Providing training – we ran a workshop on developments in financial accounting, which was attended by members of your finance team.

We will continue to work with you and support you over the next financial year. Locally our focus will be on delivering an efficient audit, but we will also consider progress towards merger.

---

# Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

## Fees

	Planned £	Actual fees £	2014/15 fees £
Statutory audit of Council	50,629	50,629	67,505
Housing Benefit Grant Certification	10,965	10,965	10,390
<b>Total fees (excluding VAT)</b>	<b>61,614</b>	<b>61,614</b>	<b>77,895</b>

## Reports issued

Report	Date issued
Audit Plan	March 2016
Audit Findings Report	September 2016
Annual Audit Letter	October 2016



© 2016 Grant Thornton UKLLP. All rights served.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UKLLP is a member firm of Grant Thornton International LTD (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL, and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

**[grant-thornton.co.uk](http://grant-thornton.co.uk)**



# Taunton Deane Borough Council

## Corporate Governance Committee – 6 December 2016

### External Audit – Progress Report and Update

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

Report Author: Jo Nacey, Finance Manager

#### 1 Purpose of the Report

- 1.1 The attached report provides the Audit Committee with a progress update regarding the work of the external auditors, Grant Thornton, together with information relating to emerging issues which may be relevant to the Council.

#### 2 Recommendations

- 2.1 Members are requested to note the update report.

#### 3 Risk Assessment (if appropriate)

##### Risk Matrix

Description	Likelihood	Impact	Overall
The details of any specific risks are contained in the report			

#### 4 Background and Full details of the Report

- 4.1 The Council's external audit function is undertaken by Grant Thornton. The external auditors, as part of their work, provide regular progress updates to Members via the Audit Committee together with updates in relation to emerging national issues, which may be of relevance to the Council. These are detailed in the attached report.

#### 5 Links to Corporate Aims / Priorities

- 5.1 There is no direct contribution to the Corporate Priorities.

#### 6 Finance / Resource Implications

- 6.1 This is an update report only and there are no specific financial implications.

#### 7 Legal Implications

- 7.1 The Council has a statutory duty to produce financial statements.

**8 Environmental Impact Implications**

8.1 None

**9 Safeguarding and/or Community Safety Implications**

9.1 None

**10 Equality and Diversity Implications**

10.1 None

**11 Social Value Implications**

11.1 None

**12 Partnership Implications**

12.1 None

**13 Health and Wellbeing Implications**

13.1 None

**14 Asset Management Implication**

14.1 None

**15 Consultation Implications**

15.1 None

**Democratic Path:**

- **Corporate Governance Committee – Yes**
- **Executive – No**
- **Full Council – No**

**Reporting Frequency:** Once only Ad-hoc Quarterly

Twice-yearly Annually

**Contact Officers**

Name	Paul Fitzgerald	Name	Shirlene Adam
Direct Dial	01823 358680	Direct Dial	01823 356310
Email	p.fitzgerald@tauntondeane.gov.uk	Email	s.adam@tauntondeane.gov.uk

Name	Jo Nacey	Name	
Direct Dial	01823 356357	Direct Dial	
Email	j.nacey@tauntondeane.gov.uk	Email	

Corporate Governance Committee  
Taunton Deane Borough Council

*Progress Report and Update*

*Year ended 31 March 2017*

December 2016

**Peter Barber**

Associate Director

**T** 0117 305 7897

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

**Rebecca Usher**

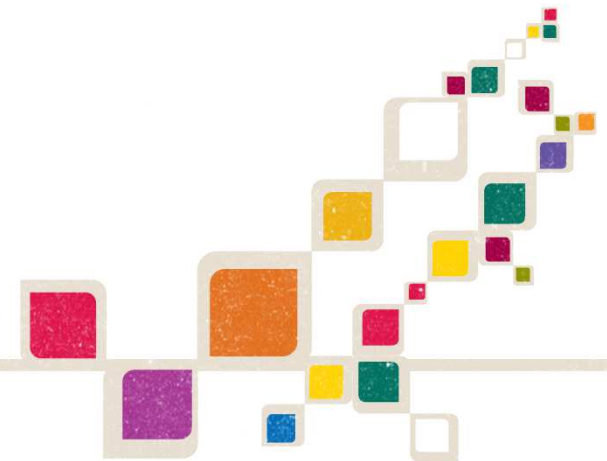
Manager

**T** 0117 305 7662

**E** rebecca.usher@uk.gt.com



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



# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

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. Here you can download copies of our latest publications:

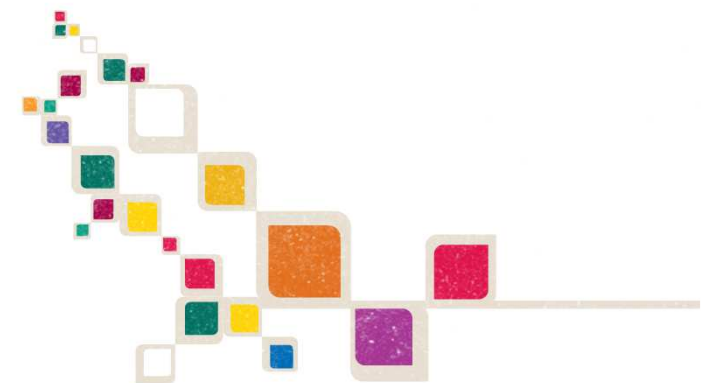
- Advancing closure: Transforming the financial reporting of local authority accounts (August 2016)  
<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>

## Members and officers may also be interested in our recent webinars:

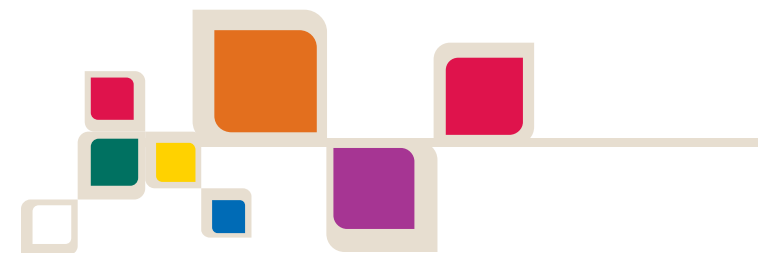
**Alternative delivery models:** Interview with Helen Randall of Trowers and Hamlins, discussing LATCs and JVs in local government. <http://www.grantthornton.co.uk/en/insights/qa-on-local-authority-alternative-delivery-models/>

**Cyber security in the public sector:** Our short video outlines questions for public sector organisations to ask in defending against cyber crime <http://www.grantthornton.co.uk/en/insights/cyber-security-in-the-public-sector/>

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 Engagement Manager.

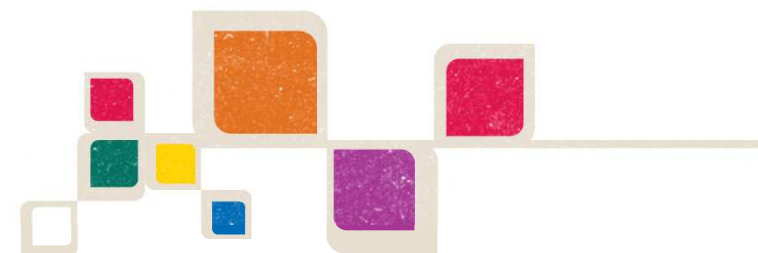


# Progress at December 2016



2015/16 work			
	Planned Date	Complete?	Comments
<p><b>Annual Audit Letter</b> We are required to issue the Annual Audit Letter by the 30 November</p>	31 <sup>st</sup> October 2016	Yes	The Annual Audit Letter is included on the agenda.
<p><b>Grant Claims Audit</b> We are required to certify your Housing Benefits grant claim by 30 November.</p>	30 <sup>th</sup> November 2016	Yes	At the time of writing, our work on Housing Benefits was in progress. A verbal update will be provided at the meeting of the Corporate Governance Committee,
2016/17 work			
	Planned Date	Complete?	Comments
<p><b>Fee Letter</b> We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016</p>	30 April 2016	Yes	The fee letter was issued on 6 <sup>th</sup> April 2016.
<p><b>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 2016-17 financial statements.</p>	March 2017	Not yet due	
<p><b>Interim accounts audit</b> Our interim fieldwork visit plan included:</p> <ul style="list-style-type: none"> <li>• updated review of the Council's control environment</li> <li>• updated 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>• Value for Money conclusion risk assessment.</li> </ul>		Not yet due	The interim audit is likely to be undertaken in early January.

# Progress at December 2016



2016/17 work	Planned Date	Complete?	Comments
<p><b>Final accounts audit</b></p> <p>Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2016/17 financial statements</li> <li>• proposed opinion on the Council's accounts</li> <li>• proposed Value for Money conclusion</li> <li>• review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16</li> </ul>	July 2017	Not yet due	We are currently planning on starting our final accounts audit on 1 June 2017 as management are hoping to complete the draft accounts by the end of May 2017. We will continue to discuss with management so that if there is any slippage in management's plan, the timing of our audit can be adjusted accordingly.
<p><b>Value for Money (VfM) conclusion</b></p> <p>The scope of our work is unchanged to 2015/16 and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "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".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</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 to June 2017	Not yet due	
<p><b>Other areas of work</b></p> <p>Meetings with Members, Officers and others</p>		Ongoing	Peter Barber and Kevin Henderson met with Jo Nacey, Paul Fitzgerald and Paul Carter on 21 <sup>st</sup> November.

# Grant Thornton Sector Issues





# Integrated Reporting

## Looking beyond the report

The move away from reporting based on historic financial information is beginning to gain momentum and Integrated Reporting is now mandatory in some countries.

In the UK, CIPFA proposed in their consultation document that the narrative report from 2017/18 reflects elements of the International Integrated Reporting Council's framework whilst the Treasury is encouraging public sector organisations to adopt Integrated Reporting.

*Integrated reporting: Looking beyond the report* was produced by our global Integrated Reporting team, based in the UK, New Zealand and South Africa, to help organisations obtain the benefits of Integrated Reporting.

The International Integrated Reporting Council (IIRC) describes Integrated Reporting as "*enhancing the way organisations think, plan and report the story of their business.*"

At Grant Thornton, we fully agree with this and, in our view, the key word is 'enhancing' because a lot of the elements to support effective Integrated Reporting are likely to be in place already.

But anyone focussing purely on the production of the report itself will not reap the full benefits that effective Integrated Reporting can offer.

Instead, think of Integrated Reporting as demonstrating "integrated thinking" across your entire organisation, with the actual report being an essential element of it.

Our methodology is based on six modules which are designed to be independent of each other.

1. **Secure support** – effective Integrated Reporting needs leadership from the top.
2. **Identify stakeholders** – who are they and how can you engage with them?
3. **Identify the capitals for your organisation** – what resources do you use to create value?
4. **What do you have – and what do you need?** – do you have the data you need and is it accurate?
5. **Set limits and create boundaries** – make sure your report is focussed.
6. **Review and improve** – Integrated Reporting is a continuous learning process.

Our approach to Integrated Reporting is deliberately simple; experience has shown us that this works best. Things are often only complicated because people made them that way.

Our experienced, independent teams can help you keep focused throughout the entire Integrated Reporting process and can support you, no matter what stage you are at. Please speak to your Engagement Lead if you would like to discuss this further.

## Grant Thornton publications

### Challenge question:

- Have you thought about how the principles of Integrated Reporting can help your organisation become more focussed?

 Grant Thornton  
An outlet for growth

Integrated reporting  
Looking beyond the report  
November 2016



# Integrated Thinking and Reporting

## Focusing on value creation in the public sector

Grant Thornton has seconded staff to the International Integrated Reporting Council on a pro bono basis for a number of years.

They have been working on making the principles of Integrated Reporting <IR> relevant to the public sector and co-authored a recent report by CIPFA and the World Bank: *Integrated thinking and reporting: focusing on value creation in the public sector - an introduction for leaders*.

Around one third of global gross domestic product (GDP) is made up by the public sector and this is being invested in ensuring there is effective infrastructure, good educational opportunities and reliable health care. In many ways, it is this investment by the public sector that is helping to create the conditions for wealth creation and preparing the way for the success of this and future generations.

Traditional reporting frameworks, focussed only on historic financial information, are not fit-for-purpose for modern, multi-dimensional public sector organisations.

Integrated Reporting supports sustainable development and financial stability and enables public sector organisations to broaden the conversation about the services they provide and the value they create.

The public sector faces multiple challenges, including:

- Serving and being accountable to a wide stakeholder base;
- Providing integrated services with sustainable outcomes;
- Maintaining a longer-term perspective, whilst delivering in the short term; and
- Demonstrating the sustainable value of services provided beyond the financial.

The <IR> Framework is principle based and enables organisations to tailor their reporting to reflect their own thinking and strategies and to demonstrate they are delivering the outcomes they were aiming for.

Integrated Reporting can help public sector organisations deal with the above challenges by:

- Addressing diverse and often conflicting public accountability requirements;
- Focussing on the internal and external consequences of an organisation's activities;
- Looking beyond the 'now' to the 'near' and then the 'far';
- Considering the resources used other than just the financial.

The report includes examples of how organisations have benefitted from Integrated Reporting.

## CIPFA Publications

### Challenge question:

- Have you reviewed the CIPFA guide to Integrated Reporting in the public sector?



# Brexit

## Planning can help organisations reduce the impact of Brexit

Several months have passed since the referendum to leave the European Union (EU), during which there has been a flurry of political activity, including the party conference season.

After many years of relative stability, organisations will need to prepare themselves for a period of uncertainty and volatility and will need to keep their risk registers under constant review. The outcome of the US Presidential election in November 2016 has added to this uncertainty.

The High Court ruling that Parliament should have a say before the UK invokes Article 50 of the Lisbon Treaty – which triggers up to two years of formal EU withdrawal talks – will not, in our view, impact on the final outcome. There appears to be a general political consensus that Brexit does mean Brexit, but we feel there could be slippage beyond the original timetable which expected to see the UK leave the EU by March 2019.

2017 elections in The Netherlands (March), France (April/May), and Germany (October/November) will complicate the Brexit negotiation process and timeline at a time when Brexit is more important for the UK than it is for the remaining 27 Member States

The question still remains, what does Brexit look like?

While there may be acceptance among politicians that the UK is leaving the EU, there is far from any agreement on what our future relationship with the continent should be.

So, what do we expect based on what has happened so far?

### Existing EU legislation will remain in force

We expect that the Government will introduce a “Repeal Act” (repealing the European Communities Act of 1972 that brought us into the EU) in early 2017.

As well as undoing our EU membership, this will transpose existing EU regulations and legislation into UK law. We welcome this recognition of the fact that so much of UK law is based on EU rules and that trying to unpick these would not only take many years but also create additional uncertainty.

### Taking back control is a priority

It appears that the top priority for government is 'taking back control', specifically of the UK's borders. Ministers have set out proposals ranging from reducing our dependence on foreign doctors or cutting overseas student numbers. The theme is clear: net migration must fall.

## Grant Thornton update

### Challenge questions:

- Have you assessed the potential impact of Brexit on your organisation?
- Does your risk register include Brexit and is this regularly updated and reported?

### Leaving the Single Market appears likely

The tone and substance of Government speeches on Brexit, coupled with the wish for tighter controls on immigration and regulation, suggest a future where the UK enjoys a much more detached relationship with the EU.

Potential existing examples for the UK's future relationship, such as the 'Norwegian' or 'Swiss' models, seem out of the question. The UK wants a 'bespoke deal'.

Given the rhetoric coming from Europe, our view is that this would signal an end to the UK's membership of the Single Market. With seemingly no appetite to amend the four key freedoms required for membership, the UK appears headed for a so-called 'Hard Brexit'. It is possible that the UK will seek a transitional arrangement, to give time to negotiate the details of our future trading relationship.

# Brexit

This is of course, all subject to change, and, politics, especially at the moment, moves quickly.

Where does this leave the public sector?

After a relatively stable summer, we expect there will be increased volatility as uncertainty grows approaching the formal negotiation period.

## Planning can help organisations reduce the impact of Brexit

The chancellor has acknowledged the effect this may have on investment and signalled his intention to support the economy, delaying plans to get the public finances into surplus by 2019/20.

We expect that there will be some additional government investment in 2017, with housing and infrastructure being the most likely candidates.

Clarity is a long way off. However, public sector organisations should be planning now for making a success of a hard Brexit, with a focus on:

**Staffing** – organisations should begin preparing for possible restrictions on their ability to recruit migrant workers and also recognise that the UK may be a less attractive place for them to live and work. Non-UK employees might benefit from a degree of reassurance as our expectation is that those already here will be allowed to stay. Employees on short term or rolling contracts might find it more difficult to stay over time.

**Financial viability** – public sector bodies should plan how they will overcome any potential shortfalls in funding (e.g. grants, research funding or reduced student numbers).

**Market volatility** – for example pension fund and charitable funds investments and future treasury management considerations.

**International collaboration** – perhaps a joint venture or PPP scheme with an overseas organisation or linked research projects.

## Grant Thornton update

### Challenge questions:

- Have you assessed the potential impact of Brexit on your organisation?
- Does your risk register include Brexit and is this regularly updated and reported?

For regular updates on Brexit, please see our website:

<http://www.grantthornton.co.uk/en/insights/brexit-planning-the-future-shaping-the-debate/>

# Local Audit and Accountability Act (LAAA) 2014

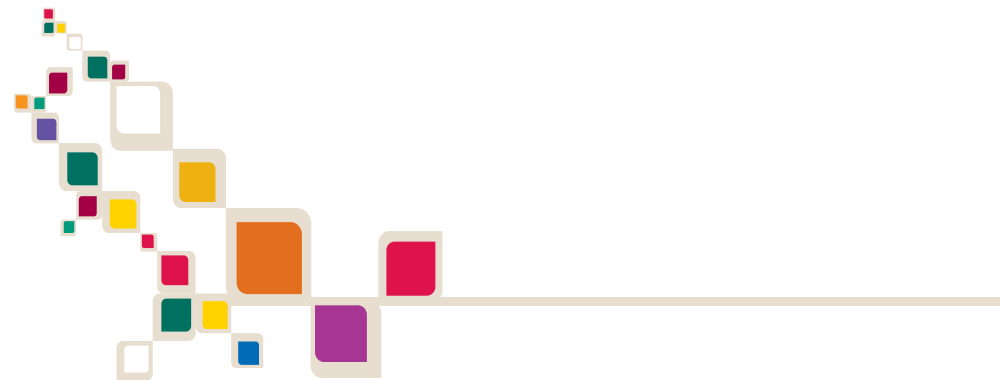
On 31st January 2014 the Local Audit and Accountability Act (LAAA) 2014 came into force. This act abolished the Audit Commission and for the first time allows Local Authorities to appoint their own auditors.

This is a significant change for many organisations. High quality external audit is one of the cornerstones of public accountability and plays an important part in the strategic, operational and financial delivery of Local Government. Done well the role can bring significant benefits.

## What does this mean for your organisation?

This change means that for the 2018/19 financial year you will take on the authority to appoint your own external auditor. This will be the first time you will have the opportunity to make this appointment.

External auditors need to be in place by 31 December 2017 for the audit of the 2018/19 financial year. We would encourage organisations to begin their planning early, as there are a number of possible options to consider.



# Three options are available....

## Audit Procurement Options ...

The legislation sets out three possible options for you to consider:

- undertake an individual auditor procurement and appointment exercise;
- undertake a joint audit procurement and appointing exercise with other bodies, those in the same locality for instance;
- join a 'sector led body' arrangement where specified appointing person status has been achieved under the regulations.

## Setting up an Auditor Panel

Options 1 and 2 above require you to set up an auditor panel to advise on the selection and appointment of an external auditor. Guidance to assist you with this task has been issued by CIPFA at - <http://www.cipfa.org/policy-and-guidance/publications/guide-to-auditor-panels-pdf>.

## Using a Sector Led Body

Option 3 - Public Sector Audit Appointments (PSAA) have been specified by the Secretary of State for Communities and Local Government as a person eligible to appoint external auditors in the sector. They are currently gathering support for a sector led body to make the majority of these appointments.

© 2016 Grant Thornton UK LLP. All rights reserved.

## Which option should we choose?

There are possible advantages and disadvantages to each option but these are likely to vary according to the type of authority and your size, geographic location etc.

## Can we choose any auditor?

Under the LAAA 2014 audit firms carrying out audits of Local Government bodies have to be licensed and registered to carry out external audit services with the Institute for Chartered Accountants in England and Wales. The list can be found here..

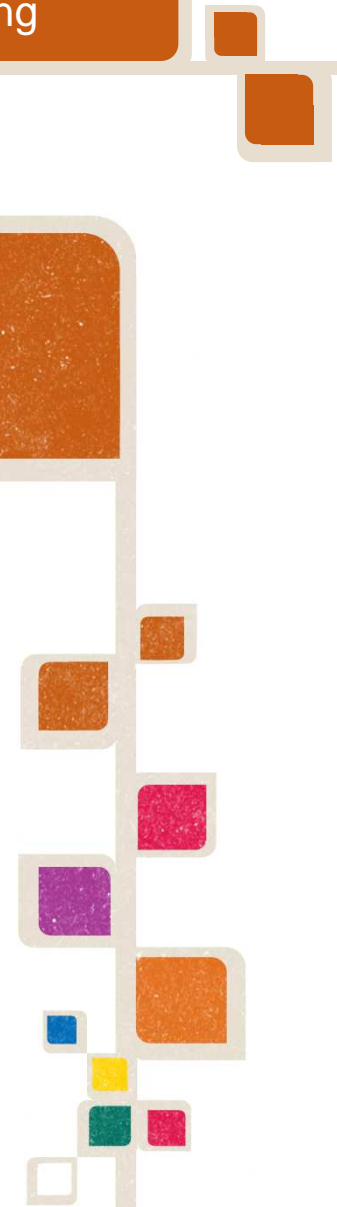
<http://www.icaew.com/en/technical/audit-and-assurance/local-public-audit-in-england/local-auditor-register>

As the largest supplier of external audit services to Local Government bodies Grant Thornton have already completed this process and has 35 registered engagement leads across the country.

## Timing and length of appointment

Auditors must be in place by 31 December 2017. The appointment can be for longer than a year but there must be a new appointment process at least once every 5 years.

## Preparing for tendering



# Procurement Options – What and How

## Preparing for tendering

### Challenge question:

Have you chosen a procurement route?

### What are you procuring?

The work of your external auditors is governed by the National Audit Office's Code of Audit Practice. There is no expected change to the NAO's Code which requires external auditors :

- to be satisfied that the accounts present a true and fair view, and comply with any legislative requirements that apply to them
- to ensure that proper practices have been observed in the preparation of the accounts and
- to ensure that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

Auditors are required to report their work by expressing an opinion on the financial statements and by forming a conclusion on the authority's arrangements for achieving value for money.

In addition auditors have additional powers under the Act such as responding to objections from members of the public in relation to the accounts.

### Procurement Options

There are a number of procurement options open to you at this time. We have set out the main options below. In considering each option you will need to ensure that you comply with the Public Contracting Regulations (PCR) 2015 and take into account EU Procurement rules.

EU Procurement rules require authorities to advertise in OJEU where the estimated total contract value (over the duration of the contract) exceeds £172,514 for other public bodies and £111,676 for schedule 1 entities.

#### Option 1

Restricted procedure under the Public Contracts Regulations 2015. This is a two stage tender process : at the first stage, bidders complete a pre-questionnaire (PQQ) which is used to assess an organisation's commercial, technical and financial capabilities and provides a method of shortlisting interested parties who meet the minimum qualification criteria.

For the second stage, bidders are invited to the Invitation to Tender (ITT) which is often a more descriptive and thorough document that consider how the bidders will meet the tender requirements.

The authority will have to comply with strict procurement timescales allowing bidders 30 days to express an interest and another 30 days for submission of tenders.

# Procurement options

## ***Option 2 – using an Open Procedure***

This is a one-stage procedure, where bidders complete all tender documents (PQQ and tender response) at the same time. The authority evaluate the bids and then evaluates the PQQ part of the submission. The disadvantage of this approach is that the authority may be inundated with large numbers of tenders and will be required to evaluate all bidders.

## ***Existing frameworks***

There are a number of well established frameworks across the public sector which cover the procurement of external audit services. Frameworks are valuable in that they are already EU/UK compliant and terms and conditions are pre-agreed, removing much of the burden for you in assessing suppliers and in shortening the process for appointment.

Whilst all frameworks allow for further competition, a number do allow call-off without competition, otherwise frequently referred to as direct award. This reduces administrative costs and the time taken for appointment.

This is applicable to two such frameworks, RM1502/ConsultancyONE as hosted by Crown Commercial Service, and Framework 664/Consultancy Services as hosted by ESPO.

Equally, there is an option for a mini-competition of suppliers under these and other frameworks. If you choose a mini-competition, it is useful to note that not all suppliers are on every framework.

## ***Combined procurement – PSAA***

Public Sector Audit Appointments have led the development of a national combined procurement option.

## ***Direct appointment***

If the contract is below the PCR 2015 levels (which we believe it would be for Taunton Deane Borough Council should you opt for a 3 year appointment) you can make a direct appointment of an auditor. You will need to ensure that you comply with the 'below threshold' contract rules.

## **Next steps**

We recognise that appointing your external auditor is a significant decision. We would be pleased to discuss with you the different options available to you.

## Preparing for tendering

### Challenge question:

Have you chosen a procurement route?



# Grant Thornton Technical update



# Annual Governance Statement

## What are the requirements?

Regulation 6(1) of the Accounts and Audit Regulations 2015 require authority's to review at least once a year the effectiveness of its internal control systems and that the findings of this review must be considered by the Authority meeting as a whole or by a committee.

The regulations require that the Authority or nominated committee must approve an Annual Governance Statement prepared in accordance with proper practices. CIPFA's updated guidance "*Delivering Good Governance in Local Government: Framework 2016 edition*" is considered in the CIPFA Code of Practice on Local Authority Accounting to represent proper practices for an Annual Governance Statement (AGS) to be produced.

The AGS should accompany the accounts, but does not need to be included within them and can be published separately.

## What is the purpose of the AGS?

CIPFA's guidance requires the Authority to report publicly on the extent to which it complies with its own code of governance on an annual basis, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the AGS should itself add value to the effectiveness of the Authority's corporate governance and internal control framework.

The AGS should provide a brief communication regarding the review of governance that has taken place and the role of the governance structures involved. It should be high level, strategic and written in an open and readable style. It should be focused on outcomes and value for money and provide clear links to the Authority's vision and strategic objectives.

## Auditors' responsibilities

Auditors are required to conclude whether the AGS has been presented in accordance with proper practices and report if it does not meet these requirements or if it is misleading or inconsistent with other information of which the auditor is aware.

In doing so, auditors take into account the knowledge of the Authority gained through their work in relation to the annual accounts and through their work in relation to the Authority's value for money arrangements.

### Key challenge questions

1. Is the content of the AGS consistent with your knowledge of the operations of the Authority over the year?
  - Do you recognise what is said?
  - Does it focus on the those issues of greatest significance to achieving the Authority's vision and strategic objectives?
  - Does it recognise the significant risks that you were aware of during the year?
2. Does the AGS succinctly describe the control environment in an understandable way?
3. Does it provide an open and balanced assessment of the effectiveness of its control environment?
  - Are the Authority's conclusions from its assessment clear? Does this mean that the arrangements are good or need improvement?
  - What else have you seen during the year?
  - Is it consistent with the findings of internal audit, external audit and external regulators?
4. Is the AGS clear about what further actions need to be taken to address the identified issues?

# Additional references

## What should be included in the AGS?

- a) An acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control).
- b) A reference to and assessment of the effectiveness of key elements of the governance framework, including group activities where the activities are significant, and the role of those responsible for the development and maintenance of the governance environment such as the authority, the executive, the audit committee and others as appropriate.
- c) An opinion on the level of assurance that the authority's governance arrangements can provide.
- d) An agreed action plan.
- e) A conclusion.

**Source: Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, CIPFA (2016)**

### Seven principles of good governance

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

*Source: Delivering Good Governance in Local Government: Framework 2016 edition, CIPFA/SOLACE (2016)*

# Grant Thornton Publications and events



# Future events and workshops

## *Joint Venture seminar on 6<sup>th</sup> December 2016*

Following publication of our 'Better Together' report we are running a workshop in Taunton. The session will include presentations from the practitioners interviewed in preparing our report, including Arthur Hooper, Managing Director of Cormac.

The event will provide an invaluable insight into setting up and running joint venture companies

For further information or to book your place, please contact your Audit Manager or Lynsey Searle  
T +44 (0)117 305 7930 [lynsey.searle@uk.gt.com](mailto:lynsey.searle@uk.gt.com)

## Grant Thornton events





© 2016 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

[grantthornton.co.uk](http://grantthornton.co.uk)

GRT102468

# Taunton Deane Borough Council

## Corporate Governance Committee – 6 December 2016

### SWAP Internal Audit – Internal Audit Plan 2016/17 Progress Report

This matter is the responsibility of Executive Councillor Richard Parrish

Report Author: Alastair Woodland, Assistant Director, SWAP

#### 1 Executive Summary

- 1.1 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.
- 1.2 The 2016-17 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 Recommendations

- 2.1 Members are asked to note progress made in delivery of the 2016/17 internal audit plan and significant findings since the previous update in September 2016.

#### 3 Risk Assessment

- 3.1 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.

#### Risk Matrix

Description	Likelihood	Impact	Overall
Without the delivery of the approved audit plan there is the risk of insufficient audit work being completed to provide a reasonable assurance to stakeholders that there is an effective control framework in place, adequately mitigating risks to the authority's risk appetite.	3	3	9

## Risk Scoring Matrix

<b>Likelihood</b>	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
<b>Impact</b>							

<b>Likelihood of risk occurring</b>	<b>Indicator</b>	<b>Description (chance of occurrence)</b>
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

## 4 Background

4.1 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 2016.
- 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.

4.2 For Internal Audit Progress Report for 2016/17 please refer to the attached SWAP Progress Report.

## 5 Links to Corporate Aims

5.1 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.



## **6 Finance**

6.1 There are no specific finance issues relating to this report.

## **7 Legal Implications**

7.1 There are no specific legal issues relating to this report.

## **8 Environmental Impact Implications**

8.1 There are no direct implications from this report.

## **9 Safeguarding and/or Community Safety Implications**

9.1 There are no direct implications from this report.

## **10 Equality and Diversity Implications**

10.1 There are no direct implications from this report.

## **11 Social Value Implications**

11.1 There are no direct implications from this report.

## **12 Partnership Implications**

12.1 There are no direct implications from this report.

## **13 Health and Wellbeing Implications**

13.1 There are no direct implications from this report.

## **14 Asset Management Implications**

14.1 There are no direct implications from this report.

## **15 Consultation Implications**

15.1 There are no direct implications from this report.

### **Democratic Path:**

- **Corporate Governance Committees – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

**Reporting Frequency :**  Once only  Ad-hoc  Quarterly

Twice-yearly

Annually

**List of Appendices (delete if not applicable)**

Appendix A	SWAP Internal Audit Progress Report 2016/17
------------	---

**Contact Officers**

Name	Alastair Woodland
Direct Dial	01823 356160
Email	Alastair.woodland@southwestaudit.co.uk

Name	Ian Baker
Direct Dial	07917628774
Email	Ian.Baker@southwestaudit.co.uk

# Taunton Deane Borough Council

Report of Internal Audit Activity

Plan Progress 2016/17 November 2016

# Contents

The contacts at SWAP in connection with this report are:

**Gerry Cox**

Chief Executive

Tel: 01935 385906

[gerry.cox@southwestaudit.co.uk](mailto:gerry.cox@southwestaudit.co.uk)

**Ian Baker**

Director of Quality

Tel: 07917628774

[ian.baker@southwestaudit.co.uk](mailto:ian.baker@southwestaudit.co.uk)

**Alastair Woodland**

Assistant Director

Tel: 07872500675

[alastair.woodland@southwestaudit.co.uk](mailto:alastair.woodland@southwestaudit.co.uk)

➡	Role of Internal Audit	Page 1
➡	Internal Audit Work	Page 2
➡	Approved Changes to the Audit Plan	Page 3
➡	Appendices:	
	Appendix A – Internal Audit Definitions	Page 4 - 5
	Appendix B – Internal Audit Work Plan	Page 6 – 8
	Appendix C – Summary of Partial Opinion Audit Assignments undertaken since June 2016.	Page 9 - 22

## Internal Audit Plan Progress 2016/2017

Our audit activity is split between:

- **Operational Audit**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



### Role of Internal Audit

The Internal Audit service for the Taunton Deane Borough Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Corporate Governance Committee at its meeting in March 2016.

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
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Joint Management Team. The 2016-17 Audit Plan was reported to this Committee and approved by this Committee at its meeting in March 2016.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

## Internal Audit Plan Progress 2016/2017

### Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action



### Internal Audit Work

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2016/17. 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 “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in **Appendix A** of this document.

**Appendix B** shows progress against the 2016-17 audit plan. Steady progress is being made, with a number of reviews now at final report stage or draft. I would draw members’ attention to the SWO Succession Planning audit that focused on the TUPE transfer arrangements for SWO staff returning to TDBC and the project governance arrangements for the SAP replacement project. Whilst this report is currently at draft report stage, I feel it is important to inform the committee that in our opinion there are good governance and project management arrangements in place. However, we feel there is a risk around capacity with pressure on resources to deliver this project as well as business as usual (BAU). This is an area the Project Board are monitoring. Our further on-going work will draw out any significant issues that I need to bring to your attention.

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. Since the last update in September 2016 there have been two ‘Partial’ assurance audit that I need to bring to your attention, these being Imprest Accounts and User Access Management. Whilst ‘Partial Assurance’ has been awarded no corporate risks have been identified from these weaknesses. Further details can be found in **Appendix C** on these two audits.

## Internal Audit Plan Progress 2016/2017

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



### Approved Changes to the Audit Plan

The audit plan for 2016/17 is detailed in **Appendix B**. 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 Audit Client Officer.

Since the last update in September there have been a few changes to the Audit Plan. At the request of the HR and Payroll Manager we were asked to defer the quarter 3 payroll audit until quarter 4 due to work commitments on the new payroll project (extracting data from SAP and building the workflows) as well as dealing with the staff returning from SWO.

We were also asked to examine the new building control partnership. To accommodate this, the review on the DLO Transformation/Relocation audit in quarter 4 has been dropped. Where audits are dropped, they are take forward into consideration for the follow year's audit plan.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;



Audit Framework Definitions

Control Assurance Definitions

- Substantial
- Reasonable
- Partial
- No Assurance

<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>No Assurance</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.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.



Recommendation are prioritised from 1 to 5 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.



Audit Framework Definitions

**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.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors 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.

**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.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
<b>FINAL</b>											
Follow up	IT Hardware Asset Management	Q1	Final	Follow up	0	0	0	0	0	0	
Follow up	Software Asset Management	Q1	Final	Follow up	4	0	0	3	1	0	
Operational Audit	Crematorium	Q1	Final	Partial	12	0	0	5	7	0	
Follow Up	Commercial Rents	Q1	Final	Follow up	3	0	0	2	1	0	
Governance, Fraud and Corruption	Absence Management	Q1	Final	Reasonable	5	0	0	5	0	0	
Follow up	Housing Voids	Q2	Final	Follow up	5	0	0	5	0	0	
Governance, Fraud and Corruption	Imprest/Cash Spot Checks	Q1	Final	Partial	5	0	0	4	1	0	
Governance, Fraud and Corruption	Members Expenses	Q1	Final	Reasonable	6	0	0	6	0	0	
Operational Audit	Licensing	Q2	Final	Reasonable	6	0	0	6	0	0	
ICT	User Management ( <i>Starters and Leavers - HR, Facilities, ICT</i> )	Q2	Final	Partial	7	0	0	6	1	0	TDBC Recommendations only
<b>DRAFT</b>											
Follow up	Asset Management	Q2	Draft								
Governance, Fraud and Corruption	SWO Succession planning (TUPE Transfer and Project Governance)	Q2	Draft								

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
Key Control	Council Tax & NNDR	Q3	Discussion Document								
Key Control	Housing Benefits	Q3	Review								
Governance, Fraud and Corruption	<b>NEW:</b> Building Control Partnership	Q3	Draft Report								Replaced DLO work
Operational Audit	Capital Programme Approval & Monitoring / linked with Contract monitoring	Q2	Review								
<b>IN PROGRESS</b>											
ICT	New Financial System	Q2, Q3, Q4	In Progress								
ICT	SWOne Exit Support/ Advice Days ( <i>Quarter 2,3,4</i> )	Q2, Q3, Q4	In Progress								
Key Control	Treasury Management	Q3	In Progress								
<b>NOT STARTED</b>											
Key Control	Main Accounting	Q3									Starting December
Key Control	Creditors	Q3									Starting post SWO Exit 1 December.
Key Control	Debtors	Q3									Starting post SWO Exit 1 December.
ICT	Mobile Working ( <i>Mobile Devices - end to end</i> )	Q3									
Key Control	Payroll	Q4									Deferred to Quarter 4 at client request.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
Governance, Fraud and Corruption	Transformational Programme	Q4									
Key Control	Housing Rents	Q4									
Governance, Fraud and Corruption	Information/Data Security/Data Protection	Q4									
Operational Audit	Housing - Responsive Maintenance	Q4									
Operational Audit	Supported Housing (both Extra Care and Sheltered)	Q4									
Contingency	Unallocated (Residual from DLO work)	Q4									
<b>DROPPED</b>											
Governance, Fraud and Corruption	DLO Transformation / Relocation Programme	Q4									Replaced by Building Control Partnership work

**2015-16 Audits**

Operational Audit	Homelessness	Q4	Final	Reasonable	8	0	1	7	0	0	
-------------------	--------------	----	-------	------------	---	---	---	---	---	---	--

### Summary of Audit Assignments Undertaken since the September 2016 Update

**Audit Assignments completed since the June 2016 update:**

**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.**



#### Summary of Audit Findings and High Priority Service Findings

The following information provides a brief summary of each audit review finalised since the last Committee update in June. Each audit review is displayed under the relevant audit type, i.e. Operational; Key Control; Governance; Fraud & Corruption; ICT and Special Review.

#### Governance, Fraud and Corruption Audits

Governance, Fraud and Corruption Audits focus primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than Service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. This work will in some cases enable SWAP to provide management with added assurance that they are operating best practice as these reviews are often conducted across multiple client sites.

#### Imprest – Partial Assurance

Discrepancies were identified with two Imprest accounts whilst performing cash counts and we were unable to verify whether these were isolated incidents since no regular reconciliations are completed, and no records are maintained of losses or surplus funds.

Weaknesses were also identified at these sites with regards to cash security with access to the petty cash tin key not adequately restricted. Purchases made from petty cash accounts were, on the whole, appropriate for the account but alternative methods of payment could be explored for some purchases; e.g. biscuits purchased for committee meetings; building supplies and workwear.

**Audit Assignments completed since the June 2016 update:**

**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**

Governance, Fraud and Corruption Audits Continued

In addition, some local procedures are in place for the approval of purchases and reimbursement from Finance; however, these are not consistently applied across all the services with Imprest accounts. These are also not in line with the petty cash controls within the Council’s Constitution.

Whilst these weaknesses highlight some poor administrative procedures over the control of petty cash accounts, this does not amount to a material impact on the Authority in terms of risk.

The one high priority level four recommendation made is detailed below. A further four priority three recommendations were made in this review. All recommendations have been accepted and appropriate action is being taken.

**Imprest - Priority 4 Recommendations**

Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action	Date of Action	Resp. Officer
A cash loss was identified for two of the petty cash accounts tested. One account had numerous losses over the last 12 months, although these are very low in value.	Council funds are lost or misappropriated.	I recommend that the Finance Manager ensures that periodic cash counts are carried out for petty cash accounts. This is to ensure that any discrepancies are picked up and can be dealt with in a timely and appropriate manner.	We have been in discussions with the Crematorium staff to ensure checks are put in place. We also have appointed a new Principal Finance Officer who will be responsible for the Cashiers function which will include petty cash. We will discuss the implementation of spot checks.	Dec 2016	Finance Manager/Cemeteries and Crematorium Manager

**Audit Assignments completed since the June 2016 update:**

**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.**

### ICT Audits

ICT Reviews provide assurance that the main IT systems and infrastructure comply with industry best practice. As with Operational Audits an opinion is given.

#### User and Access Management – Partial Assurance

This was a joint review across TDBC and WSC. The objective of this audit was to ensure physical and logical (IT Controls) access to the Council assets are appropriately managed in accordance with the business requirements.

There was one significant finding that related to TDBC in that there are no formal procedures relating to the creation and authorisation of a proximity pass for TDBC or WSC to obtain access to Council offices. Cards could be created by simply turning up and requesting a card or through email request.

The remaining six recommendations are presented as medium priority. Partial assurance audits at both authorities are historically followed up within six months of completion, so it is recommended that a follow up review be completed in early 2017-18.

The one high priority level four recommendation made is detailed below together with the agreed management action and timeframe for implementation of the recommendation.

User and Access Management - Priority 4 recommendation.

Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action	Date of Action	Resp. Officer
<p>There are no standard forms to request a proximity pass. Cards could be created by simply turning up and requesting a card or through email request.</p>	<p>There is an increased risk that, in the absence of appropriate formal request and authorisation that cards can be produced fraudulently and access exploited.</p>	<p>The Assistant Director establishes a formal procedure relating to the request and issuing of a proximity pass which includes authorisation from an agreed list of signatories. This list of signatories will need to be provided to Facilities Management to ensure that authorisation procedures are followed.</p>	<p>Agreed</p>	<p>31 March 2017</p>	<p>Facilities Manager</p>



# Taunton Deane Borough Council

## Corporate Governance Committee – 7 December 2016

Update on Health and Safety Performance and strategy for 2016-17.

### 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:

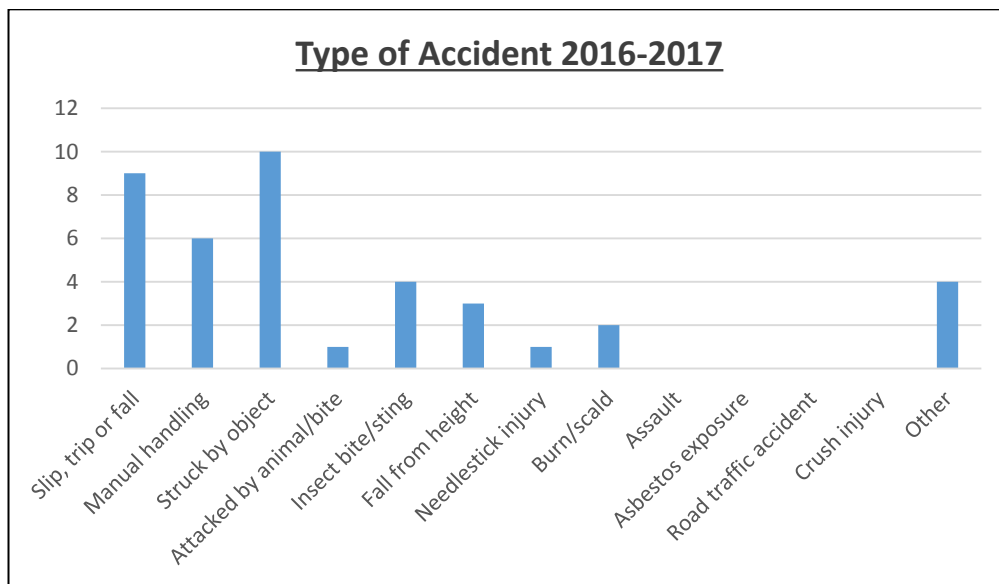
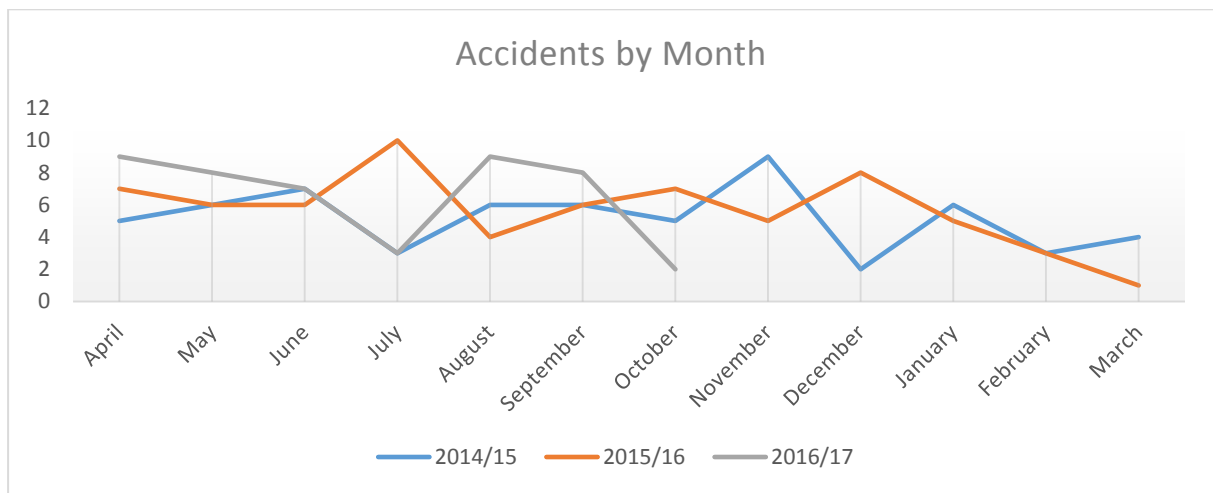
- Accident and Incident Data for the period
- Monitoring Health and Safety Performance
- Report on actions agreed by Health and Safety Committee
- Policy updates
- Key activities of the Health and Safety Advisor

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

Figures provided up to end of October 2016. Figures listed for 2015 – 2016 below for comparison.

<b>TDBC Accident Totals 1st April 2015 – 31<sup>st</sup> March 2016</b>				
Classification	TDBC & WSC	DLO & Crematorium	Public	Tenants (public areas)
Reportable	0	1	0	1
Non-reportable	2	50	2	0
Near Miss	0	12	0	0
Period Total	<b>2</b>	<b>63</b>	<b>2</b>	<b>1</b>

<b>TDBC Accident Totals 1st April 2016 – 31<sup>st</sup> October 2016</b>				
Classification	TDBC & WSC	DLO & Crematorium	Public	Tenants (public areas)
Reportable	1	1	0	0
Non-reportable	7	25	4	1
Near Miss	2	8	0	0
Period Total	<b>10</b>	<b>34</b>	<b>4</b>	<b>1</b>



The tables above show numbers of accidents reported by month and by type for the year 2016 – 17.

2 accidents / incidents reported this year to date under the Reporting of Injuries, Diseases and Dangerous Occurrences 2013.

1 where a gas installation was left in a dangerous condition by a central heating contractor. This has been investigated by the contract managers and reported to the H&S Manager and property compliance team. Appropriate penalty measures for the contractor concerned have been put in place.

1 report was for an individual who had a back injury whilst strimming a bank and was as a result absent from work for more than 7 days. Training was carried out for the individual involved.

## Trends

Accident and incident trends are monitored by the H&S Manager and the H&S committee who receive statistics on a quarterly basis. Near misses are also monitored. These must be reported where there could have been an accident or incident that may result in loss – be that damage or injury.

The only trend detected relates to “near misses”. A proportionately high number (6 of the 10 reports received) are concerned with asbestos in council housing stock. This higher level would seem to reflect awareness of the reporting procedures, the risk involved in the job and the importance of getting it right. Three of the reports refer to work of contractors, again stressing the knowledge of what is good and bad practice amongst the DLO employees who reported it. Property Services have investigated the contracts involved. One report was made by a member of the public. Robust preventative measures have now been put in place

No specific trends have been noted relating to accident type. As is usually found more accidents are reported for Deane DLO than for the rest of the council due to the higher risk nature of the work carried out.

**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.

**KPIs Monitored from 1 April 2016**

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

**2. Target to carry out accident investigation within 2 weeks** Majority of accidents not requiring any detailed investigation. 1 investigation outstanding with DLO Manager.

**3. Target to carry out 2 audits per quarter**  
 Quarter 1 – Asbestos task team  
 Quarter 2 – Mechanics workshop and DLO depot for compliance with COSHH (Control of substances hazardous to health Regulations 2002)  
 Quarter 3 – New Deane DLO depot

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

1	G
2	A
3	R
4	G

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

The full Joint Unison H&S Committee continues to meet quarterly, now chaired by Assistant Director Tim Burton. The most recent meeting on 24<sup>th</sup> November 2016 received updates on the actions to reduce stress and on the DLO working group.

The committee’s terms of reference are to be reviewed at the next committee due January 2017.

The committee also receives information on H&S training delivered via toolbox talks. Topics covered in the last quarter have included:

Stress awareness

Legionella

How to read an asbestos survey

Reporting defects on equipment and using the dynamic risk assessment approach

Induction for DLO apprentices and assistant harbourmaster

## **5. Policy updates**

### **Policies in progress:**

Draft Fire Policy produced by Landlord H&S Compliance Project officer

Construction (Design and Management) Regulations 2015 policy in progress with Asbestos Working Group

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

There has been input from the H&S Manager to the following projects:

- Deane DLO Relocation
- Construction of pool and spa at Blackbrook Pavilion
- Deane House accommodation

The H&S manager chairs the Safety Advisory Group for the organisation. This considered the following events in the borough:

- Somerfest
- Somerset Rocks at Vivary park
- Taunton carnival

The H&S Manager also chairs the Deane DLO H&S working group which meets monthly. As a result of matters raised by UNISON safety representatives much work has been done on open spaces working activities – particularly on using mowers and trimmers and recently on work to clear streams and ditches.

The H&S Manager, along with the Landlord H&S Compliance Project officer continues to chair the Asbestos Working Group and monitor the asbestos operational plan. The group meets monthly and has recently had a communications strategy for tenants approved by the Housing Portfolio Holder and leadership team.

Other activities include monitoring progress on the stress survey action plan along with HR, on lone working procedures and producing risk assessments for driving and use of the new pool cars.

## **7. Finance Comments**

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

## **8. Legal Comments**

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

## **9. Links to Corporate Aims**

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

## **10. Environmental Implications**

There are no environmental implications arising from this report.

## **11. Community Safety Implications**

There are no community safety implications arising from this report.

## **12. Equalities Impact**

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

## **13. Risk Management**

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

## **14. Partnership Implications**

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

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

## **15. Recommendations**

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

**Contact:**      Officer Name      Catrin Brown  
                         Direct Dial No      01823 356578

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

**ENDS**



# Taunton Deane Borough Council

## Corporate Governance Committee 6 December 2016

### Appointment of External Auditors for 2018/19

This matter is the responsibility of Executive Councillor Richard Parrish

Report Author: Paul Carter, Assistant Director – Corporate Services

#### 1 Executive Summary / Purpose of the Report

- 1.1 The report introduces and explains the background to the letter received from Public Sector Auditor Appointments (PSAA) regarding the national scheme for appointing external auditors for 2018/19. Details are provided in the report of the various options open to us for appointing our external auditors from 2018/19 onwards. The report concludes and recommends that we should opt into the national scheme being run by PSAA.

#### 2 Recommendations

- 2.1 The Corporate Governance Committee are asked to endorse the recommendation to Full Council on 13 December 2016 for TDBC to opt in to the PSAA scheme for procuring our external auditor for 2018/19 and beyond.

#### 3 Risk Assessment

##### Risk Matrix

Description	Likelihood	Impact	Overall
Failure to implement and maintain appropriate, cost effective and independent external audit arrangements for 2018/19 and beyond leads to our breaching our legal obligations	3	4	12
<i>The mitigations for this are the proposed changes as set out in the report</i>	2	4	8

##### Risk Scoring Matrix

<b>Likelihood</b>	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
<b>Impact</b>							

<b>Likelihood of risk occurring</b>	<b>Indicator</b>	<b>Description (chance of occurrence)</b>
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

#### **4 Background and Full details of the Report**

##### *Background*

- 4.1 The Local Audit and Accountability Act 2014 abolished the Audit Commission and requires, from 2018/19, local authorities to appoint their own external auditors.
- 4.2 Our current external audit function is provided by Grant Thornton under contract from Central Government. The external audit work currently costs us circa £62k per annum.
- 4.3 By 31 December 2017 we are required to have arrangements in place for our external audit provision for the 2018/19 financial year.
- 4.4 These changes have NO impact on our internal audit arrangements which continue to be provided by the South West Audit Partnership (SWAP).

##### *Options for Procurement*

- 4.5 Essentially there are three options available to us:
  - i) Undertake an individual procurement exercise (i.e. do it ourselves);
  - ii) Conduct a joint procurement exercise with other bodies (e.g. a local scheme with other councils or public bodies in our area); or



- iii) Join a 'sector led body' arrangement where specified appointing person status has been achieved under regulations (i.e. the procurement is undertaken on our behalf).

4.6 Options i) and ii) above require the creation of an auditor panel to advise on the appointment. There is no requirement for an auditor panel with option 3.

#### *The Public Sector Audit Appointments National Scheme*

4.7 The Secretary of State for Communities and Local Government has approved Public Sector Audit Appointments (PSAA) as a sector led body that can undertake this procurement as outlined in Option iii) above.

4.8 PSAA is a not-for-profit company established by the Local Government Association and administers the current external audit contracts on behalf of central government. The PSAA has established an advisory panel drawn from local government and police bodies to assist in the design of the scheme.

4.9 The attached letter from PSAA provides details of the opt in scheme proposed by PSAA. In summary however the intention is to provide a scheme which saves time and resources for councils by undertaking a collective procurement. Specifically this will mean we avoid having to:

- Establish an audit panel with independent members;
- Manage the procurement process
- Monitor the independence of the auditor during the duration of the appointment
- Deal with the replacement of any auditor if required
- Manage the contract with the auditor

4.10 The costs of setting up and managing the scheme will be covered by the audit fees. Whilst the exact costs are unknown at this stage PSAA anticipate them being lower than their current costs.

4.11 A Full Council decision is required should we wish to opt in to the PSAA scheme and we need to formally notify PSAA by 9 March 2017 should we intend to do so.

#### *Conclusions*

4.12 Our annual spend on external audit is circa £62k per annum. The costs of undertaking our own procurement exercise could be disproportionate and are unlikely to result in our procuring a contract at a lower price than a sector led exercise.

4.13 Whilst a detailed analysis of the various options has not been undertaken, it is clear that the scheme proposed by PSAA offers distinct benefits in terms of simplicity, cost, resources and time over procuring and managing a contract locally.

## **5 Links to Corporate Aims / Priorities**

5.1 There are no specific links to the Corporate Aims and Priorities

## **6 Finance / Resource Implications**

6.1 External audit provide a vital role in auditing our accounts, ensuring we are operating within the law and have proper arrangements in place for securing economy, efficiency

and effectiveness.

- 6.2 Our annual spend on this function and the value of the 'contract' is comparatively small. The costs of running an internal procurement exercise could be disproportionate and consequently it makes sense from a financial perspective to opt into the PSAA scheme.

**7 Legal Implications (if any)**

- 7.1 We are required by law to have independent external audit arrangements in place. Opting into the PSAA scheme provides us with a cost effective and low resource mechanism for delivering this responsibility.

**8 Environmental Impact Implications (if any)**

- 8.1 No implications.

**9 Safeguarding and/or Community Safety Implications (if any)**

- 9.1 No implications.

**10 Equality and Diversity Implications (if any)**

- 10.1 No implications.

**11 Social Value Implications (if any)**

- 11.1 The proposal relates to the procurement of specialist external auditing work. It will be led by a non-for-profit company established by the Local Government Association who will consult with us as part of the procurement process.

**12 Partnership Implications (if any)**

- 12.1 The proposal allows us to work in partnership with other public sector bodies to jointly procure services. This should allow us to both minimise procurement and contract costs.

**13 Health and Wellbeing Implications (if any)**

- 13.1 No implications.

**14 Asset Management Implications (if any)**

- 14.1 No implications.

**15 Consultation Implications (if any)**

- 15.1 No implications.

**Democratic Path:**

- **Corporate Governance Committee – Yes / ~~No~~** (delete as appropriate)
- **Cabinet/Executive – Yes / No** (delete as appropriate)

- **Full Council – Yes / ~~No~~** (delete as appropriate)

Reporting Frequency :  Once only  Ad-hoc  Quarterly  
 Twice-yearly  Annually

**List of Appendices (delete if not applicable)**

Appendix A	Letter dated 27 October 2016 from Public Sector Audit Appointments
------------	--

**Contact Officers**

Name	Paul Carter	Name	Richard Sealy
Direct Dial	07802 868175	Direct Dial	01823 358690
Email	<a href="mailto:p.carter@tauntondeane.gov.uk">p.carter@tauntondeane.gov.uk</a>	Email	<a href="mailto:r.sealy@tauntondeane.gov.uk">r.sealy@tauntondeane.gov.uk</a>

Name		Name	
Direct Dial		Direct Dial	
Email		Email	

27 October 2016

**Email:** [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk)

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

Copied to: Shirlene Adam, Director - Operations, Taunton Deane Borough Council  
Bruce Lang, Monitoring Officer, Taunton Deane Borough Council

Dear Mrs James

### **Invitation to opt into the national scheme for auditor appointments**

As you know the external auditor for the audit of the accounts for 2018/19 has to be appointed before the end of 2017. That may seem a long way away, but as there is now a choice about how to make that appointment, a decision on your authority's approach will be needed soon.

We are pleased that the Secretary of State has expressed his confidence in us by giving us the role of appointing local auditors under a national scheme. This is one choice open to your authority. We issued a prospectus about the scheme in July 2016, available to download on the [appointing person](#) page of our website, with other information you may find helpful.

The timetable we have outlined for appointing auditors under the scheme means we now need to issue a formal invitation to opt into these arrangements. The covering email provides the formal invitation, along with a form of acceptance of our invitation for you to use if your authority decides to join the national scheme. We believe the case for doing so is compelling. To help with your decision we have prepared the additional information attached to this letter.

I need to highlight two things:

- we need to receive your formal acceptance of this invitation by 9 March 2017; and
- the relevant regulations require that, except for a body that is a corporation sole (a police and crime commissioner), the decision to accept the invitation and to opt in needs to be made by the members of the authority meeting as a whole. We appreciate this will need to be built into your decision making timetable.

If you have any other questions not covered by our information, do not hesitate to contact us by email at [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk).

Yours sincerely



Jon Hayes, Chief Officer

## **Appointing an external auditor**

### **Information on the national scheme**

#### **Public Sector Audit Appointments Limited (PSAA)**

We are a not-for-profit company established by the Local Government Association (LGA). We administer the current audit contracts, let by the Audit Commission before it closed.

We have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. We have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to your views on the design and operation of the scheme.

#### **The national scheme for appointing local auditors**

We have been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that we will make auditor appointments to principal local government bodies that choose to opt into the national appointment arrangements we will operate for audits of the accounts from 2018/19. These arrangements are sometimes described as the 'sector-led body' option, and our thinking for this scheme was set out in a prospectus circulated to you in July. The prospectus is available on the [appointing person](#) page of our website.

We will appoint an auditor for all opted-in authorities for each of the five financial years beginning from 1 April 2018, unless the Secretary of State chooses to terminate our role as the appointing person beforehand. He or she may only do so after first consulting opted-in authorities and the LGA.

#### **What the appointing person scheme will offer**

We are committed to making sure the national scheme will be an excellent option for auditor appointments for you.

We intend to run the scheme in a way that will save time and resources for local government bodies. We think that a collective procurement, which we will carry out on behalf of all opted-in authorities, will enable us to secure the best prices, keeping the cost of audit as low as possible for the bodies who choose to opt in, without compromising on audit quality.

Our current role means we have a unique experience and understanding of auditor procurement and the local public audit market.

Using the scheme will avoid the need for you to:

- establish an audit panel with independent members;
- manage your own auditor procurement and cover its costs;
- monitor the independence of your appointed auditor for the duration of the appointment;
- deal with the replacement of any auditor if required; and
- manage the contract with your auditor.

Our scheme will endeavour to appoint the same auditors to other opted-in bodies that are involved in formal collaboration or joint working initiatives, if you consider that a common auditor will enhance efficiency and value for money.

We will also try to be flexible about changing your auditor during the five-year appointing period if there is good reason, for example where new joint working arrangements are put in place.

Securing a high level of acceptances to the opt-in invitation will provide the best opportunity for us to achieve the most competitive prices from audit firms. The LGA has previously sought expressions of interest in the appointing person arrangements, and received positive responses from over 270 relevant authorities. We ultimately hope to achieve participation from the vast majority of eligible authorities.

### **High quality audits**

The Local Audit and Accountability Act 2014 provides that firms must be registered as local public auditors with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of registered firms' work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC), under arrangements set out in the Act.

We will:

- only contract with audit firms that have a proven track record in undertaking public audit work;
- include obligations in relation to maintaining and continuously improving quality in our contract terms and in the quality criteria in our tender evaluation;
- ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any quality concerns are detected at an early stage; and
- take a close interest in your feedback and in the rigour and effectiveness of firms' own quality assurance arrangements.

We will also liaise with the National Audit Office to help ensure that guidance to auditors is updated as necessary.

### **Procurement strategy**

In developing our procurement strategy for the contracts with audit firms, we will have input from the advisory panel we have established. The panel will assist PSAA in developing arrangements for the national scheme, provide feedback to us on proposals as they develop, and helping us maintain effective channels of communication. We think it is particularly important to understand your preferences and priorities, to ensure we develop a strategy that reflects your needs within the constraints set out in legislation and in professional requirements.

In order to secure the best prices we are minded to let audit contracts:

- for 5 years;
- in 2 large contract areas nationally, with 3 or 4 contract lots per area, depending on the number of bodies that opt in; and
- to a number of firms in each contract area to help us manage independence issues.

The value of each contract will depend on the prices bid, with the firms offering the best value being awarded larger amounts of work. By having contracts with a number of firms, we will be able to manage issues of independence and avoid dominance of the market by one or two firms. Limiting the national volume of work available to any one firm will encourage competition and ensure the plurality of provision.

## **Auditor appointments and independence**

Auditors must be independent of the bodies they audit, to enable them to carry out their work with objectivity and credibility, and in a way that commands public confidence.

We plan to take great care to ensure that every auditor appointment passes this test. We will also monitor significant proposals for auditors to carry out consultancy or other non-audit work, to protect the independence of auditor appointments.

We will consult you on the appointment of your auditor, most likely from September 2017. To make the most effective allocation of appointments, it will help us to know about:

- any potential constraints on the appointment of your auditor because of a lack of independence, for example as a result of consultancy work awarded to a particular firm;
- any joint working or collaboration arrangements that you think should influence the appointment; and
- other local factors you think are relevant to making the appointment.

We will ask you for this information after you have opted in.

Auditor appointments for the audit of the accounts of the 2018/19 financial year must be made by 31 December 2017.

## **Fee scales**

We will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising our own costs. Any surplus funds will be returned to scheme members under our articles of association and our memorandum of understanding with the Department for Communities and Local Government and the LGA.

Our costs for setting up and managing the scheme will need to be covered by audit fees. We expect our annual operating costs will be lower than our current costs because we expect to employ a smaller team to manage the scheme. We are intending to fund an element of the costs of establishing the scheme, including the costs of procuring audit contracts, from local government's share of our current deferred income. We think this is appropriate because the new scheme will be available to all relevant principal local government bodies.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk, most likely as evidenced by audit fees for 2016/17. Pooling means that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants – the greater the level of participation, the better the value represented by our scale fees.

Scale fees will be determined by the prices achieved in the auditor procurement that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June 2017, and at this point the overall cost and therefore the level of fees required will be clear. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

## Opting in

The closing date for opting in is 9 March 2017. We have allowed more than the minimum eight week notice period required, because the formal approval process for most eligible bodies, except police and crime commissioners, is a decision made by the members of an authority meeting as a whole.

We will confirm receipt of all opt-in notices. A full list of authorities who opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters that would prevent us appointing a particular firm.

If you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2018. The earliest an auditor appointment can be made for authorities that opt in after the closing date is therefore for the audit of the accounts for 2019/20. We are required to consider such requests, and agree to them unless there are reasonable grounds for their refusal.

## Timetable

In summary, we expect the timetable for the new arrangements to be:

- Invitation to opt in issued 27 October 2016
- Closing date for receipt of notices to opt in 9 March 2017
- Contract notice published 20 February 2017
- Award audit contracts By end of June 2017
- Consult on and make auditor appointments By end of December 2017
- Consult on and publish scale fees By end of March 2018

## Enquiries

We publish frequently asked questions on our [website](#). We are keen to receive feedback from local bodies on our plans. Please email your feedback or questions to: [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk).

If you would like to discuss a particular issue with us, please send an email to the above address, and we will make arrangements either to telephone or meet you.



# Taunton Deane Borough Council

## Corporate Governance Committee 6 December 2016

### Update on Corporate Counter Fraud arrangements

This matter is the responsibility of Councillor Richard Parrish

Report Author: Paul Fitzgerald, Assistant Director, Resources

#### 1 Executive Summary

1.1 This report provides Corporate Governance Committee with information on our existing arrangements with the South West Counter Fraud Partnership.

1.2 The Corporate Governance Committee is requested to give consideration on future arrangements for Corporate Counter Fraud activities.

#### 2 Recommendations

2.1 The Corporate Governance Committee is asked to note the information provided in this report and support a proposal to pursue an alternative Corporate Counter Fraud function that is largely self-funding from 1 April 2017.

#### 3 Risk Assessment

**Risk Matrix**

Description	Likelihood	Impact	Overall
Financial and reputational risk in not having an effective Anti-Fraud function	3	4	12
<i>Design and implement an effective Corporate Anti-Fraud function.</i>	2	4	8
Insufficient capacity, finance or expertise to adequately deliver an effective Anti-Fraud function	5	4	20
<i>Work in partnership with other Councils</i>	2	4	8

**Risk Scoring Matrix**

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic

		Impact
Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

## 4 Background

- 4.1 On 9 December 2013 the Corporate Governance Committee approved the formation of a Corporate Anti-Fraud function to lead and advise on any investigations into fraudulent activity within Taunton Deane Borough Council.
- 4.2 On 2 July 2014, the DCLG invited local authorities to submit bids for funding over 2014-2015 and 2015-2016 to deliver financial savings in tackling non-welfare fraud. The DCLG specified that bidding proposals, should seek to achieve efficiencies and transformation through partnership working between local authorities and/or with other public and private sector partners.
- 4.3 On 22 September 2014 the Corporate Governance Committee supported the submission of a joint bid from Taunton Deane, West Somerset and South Somerset Councils to the DCLG and recommended that Executive and Full Council approve necessary match funding of up to £20,000 to develop a cost-effective Corporate Anti-Fraud function.
- 4.4 Taunton Deane Borough Council, West Somerset Council and South Somerset District Council worked with the South West Audit Partnership Ltd (SWAP) to submit a successful bid for funding of £110,000 with initial match funding totalling £40,000 being provided by the three Councils. As shown in section 9 below, the total amount invested by the three Councils in 2015/16 and 2016/17 including Government funding totals £188,000.
- 4.5 Progress in developing our counter-fraud function was affected by a number of factors such as Government announcements, the JMASS project and developments in the creation of the DWP's Single Fraud Investigation Service (SFIS). Further work was needed to develop the business case, and select the preferred delivery model either through SWAP, a Local Authority Partnership or a combination of a SWAP/Local Authority Partnership arrangement. In addition, discussions were held with other local authorities to confirm their commitment, or otherwise, in joining a partnership from the outset.
- 4.6 By May 2015, work had progressed in the formation of a Corporate Anti-Fraud service, with SWAP managing and operating a full counter-fraud function for the partner authorities. SWAP recruited staff to detect and investigate fraud and to ensure fraud prevention controls were improved to safeguard the partner authorities appropriately against fraud. These staff were brought together within the South West Counter Fraud Partnership (SWCFP) that has been operational since 1 July 2015. The ambition was that over time, SWCFP would

be effectively self-financing due to the additional income gathered as a result of anti-fraud activities and measures.

- 4.7 There is no budgetary provision for funding the SWCFP, or any Corporate Anti-Fraud function, from 1 April 2017 onwards.

## **5 Progress to date**

- 5.1 During late 2015/early 2016 SWCFP organised and delivered fraud awareness training to officers and Members of the three Councils.

- 5.2 SWCFP have reported the following financial savings achieved for the three Councils as a result of investigations up to 30 September 2016:

	£
Taunton Deane Borough Council	2,888
West Somerset Council	0
South Somerset District Council	1,006

- 5.3 In the same period, there have been 28 fraud referrals for Taunton Deane Borough Council, with just one case of fraud being established. The remaining cases have been investigated with no fraud proven.

- 5.4 Recent data matching undertaken by SWCFP for potential fraud of Single Person Discount has identified 106 instances where further work is on-going within the Revenues & Benefits Team to establish the validity of the award.

- 5.5 From 1 July 2016 SWAP agreed to a reduction in the cost of SWCFP until 31 March 2017 as Sedgemoor District Council have temporarily joined the counter fraud partnership arrangement for part of this year.

## **6 Next Steps**

- 6.1 Taunton Deane Borough Council faces significant and increasing financial challenges for the foreseeable future. Therefore it is vital that we consider options from 1 April 2017 that are affordable and that do not add to budget pressures.

- 6.2 The Council needs to decide to:

- a) continue with the current arrangements with the SWCFP and if so, agree an appropriate budget for such activities; or
- b) cease Corporate Counter Fraud activities and accept both the potential financial and reputational risk in not having an effective Anti-Fraud function; or
- c) consider provision of an alternative Corporate Counter Fraud function that is largely self-funding from 1 April 2017.

- 6.3 In anticipation Members may wish to give consideration to option c) outlined above, officers have approached other Councils with Corporate Anti-Fraud teams that may be in a position to provide services predominantly on a risk and reward basis. As an example, one such Council established a Corporate Anti-

Fraud Team on 1 April 2015 utilising software that cross-matches a wide range of Local Authority data against credit reference files. During 2015/16 this team achieved financial savings of over £200,000.

- 6.4 If Taunton Deane Borough Council wish to pursue any agreement with the provider referred to above, they have proposed a partnership agreement for 3 years. Such an agreement would have built in opt outs if the services provided do not generate agreed performance measures. The provider would charge of 33% of actual income and penalties due to Taunton Deane Borough Council as a result of investigative activity. Such a fee would reflect we would only receive income based on a percentage of Council Tax or Business Rates. For example if we are able to bill for additional Council Tax income of £10,384 through investigation activities, only £1,000 would be income due to Taunton Deane Borough Council based on its precepting share of 9.63% in 2016/17. This would result in a payment of £333 to the provider.

## **7 National Fraud Initiative 2014-2016**

- 7.1 This report also provides a good opportunity to brief the Committee on the outcomes from the last National Fraud Initiative (NFI) work undertaken by this Council. 'NFI 2014' covers the period 2014 to 2016. The requirement to participate in the NFI process is mandatory.

- 7.2 The main NFI 2014 site contains 91 reports relevant for this Council, of which 14 are identified as high priority "key reports". This covers areas such as housing benefit, housing rent, payroll, creditors, licensing, etc. The reports match a range of data sets and highlight potential anomalies for investigation. Investigating the matches can be resource intensive, therefore we adopt a prioritisation approach where a sample of matches are tested, and if this highlights risks or issues with a set of matches then further testing is undertaken.

- 7.3 The following table summarises the outcome for this Council:

Total Matches Identified	3,151
Of which, Total Recommended Matches for review	718
Total Matches Processed (reviewed)	909
Number of frauds	1
Number of errors	1
Outcome of NFI investigation in fraud losses	£4,780

- 7.4 The table shows that of the 909 matches reviewed only one fraud case was identified, at a cost of £4,780.

- 7.5 In addition to the main NFI site there is the Flexible Matching Service NFI site, which contains 2 reports providing matches between Council Tax and Electoral Register data sets and council tax rising 18s information.

Total Matches Identified	2,081
Total Matches Processed	1,109
Number of frauds	0
Number of errors	0
Outcome of NFI investigation in fraud losses	£0

7.6 The above information indicates that the overall level of losses identified is very low. This is reassuring as it indicates the core business controls in operation are effective in preventing fraud and error.

## 8 Links to Corporate Aims / Priorities

8.1 This report links to Key Theme 4 - An Efficient & Modern Council as it reviews how services are delivered, by whom and to what standard in order to best allocate our resources.

## 9 Finance / Resource Implications

9.1 Expenditure and funding of the SWCFP from 1 July 2015 to 31 March 2017 is as follows:

	TDBC	WSC	SSDC	Total
SWCFP services 1 July 2015 - 30 June 2015	<b>£56,000.00</b>	£14,000.00	£42,000.00	<b>£112,000.00</b>
SWCFP services 1 July 2016 - 31 March 2017	<b>£33,112.50</b>	£9,933.75	£26,178.75	<b>£69,225.00</b>
Accredited Counter Fraud Specialist training for SWCFP	<b>£3,600.00</b>	£900.00	£2,700.00	<b>£7,200.00</b>
<b>Total expenditure</b>	<b>£92,712.50</b>	£24,833.75	£70,878.75	<b>£188,425.00</b>

	TDBC	WSC	SSDC	Total
DCLG funding	<b>£55,000.00</b>	£13,750.00	£41,250.00	<b>£110,000.00</b>
Match Funding 1 July 2016 - 31 March 2017	<b>£37,712.50</b>	£11,083.75	£29,628.75	<b>£78,425.00</b>
<b>Total Funding</b>	<b>£92,712.50</b>	£24,833.75	£70,878.75	<b>£188,425.00</b>

9.2 The cost of Council Tax collection and fraud investigation is borne by District Councils. The County Council receives a larger share of the Council Tax and would therefore receive the greatest part of the additional income that arises from identifying fraud in Council Tax. Somerset County Council have committed funding to the Revenues & Benefits Service for Taunton Deane Borough Council of £65,349.92 in 2016/17 and 2017/18. This funding is intended to meet the costs of additional staff in undertaking activities to reduce Council Tax discounts, reductions and exemptions by 5% and so increase the net Council Tax collected. Given the funding already provided by Somerset County Council, it is unlikely extra funding will be available for additional activities to prevent and detect Council Tax fraud.

- 9.3 In instances where a fraudulent application has been made for Council Tax Support (CTS), Taunton Deane Borough Council could offer a person the opportunity to pay a financial penalty as an alternative to prosecution. The penalty is 50% of the excess CTS applied subject to a minimum of £100 and a maximum of £1,000. In cases where an offence has been committed but the fraud has been discovered before any CTS has been paid, the penalty is £100. Income raised from penalties applied to Council Tax accounts would be retained by Taunton Deane Borough Council, so effective investigations in this area could assist in funding a Corporate Counter Fraud function in the future. The cost of prosecutions under the Fraud Act is borne by Taunton Deane Borough Council and as such, prosecutions should only be taken where it is financially viable to do so.

## **10 Legal Implications**

- 10.1 The legislation concerning matters on Anti-Fraud are mainly contained in:

- The Fraud Act 2006
- Theft Act 1968
- Bribery Act 2010
- Local Government Finance Act 1992
- Regulation of Investigatory Powers Act 2000
- Social Security Administration Act 1992
- Police and Criminal Evidence (PACE) Act 1984 and the Criminal Procedure and Investigations Act 1996
- Prevention of Social Housing Fraud Act 2013
- The Detection of Fraud and Enforcement (England) Regulations 2013.

## **11 Environmental Impact Implications**

- 11.1 There are no environmental implications associated with this report.

## **12 Safeguarding and/or Community Safety Implications**

- 12.1 Safeguarding and community safety implications have been considered, and there are not expected to be any specific implications relating to this report.

## **13 Equality and Diversity Implications**

- 13.1 Members need to demonstrate they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process. The three aims the authority must have due regard for:

- Eliminate discrimination, harassment, victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it

- 13.2 An Equality Impact Assessment (EIA) was prepared to support the Corporate Anti-Fraud Policy presented to the Corporate Governance Committee on 21

March 2016.

#### **14 Social Value Implications**

14.1 There are no social value implications associated with this report.

#### **15 Partnership Implications**

15.1 Partnership implications have been considered, and are discussed in the main body of this report. Should the Council decide to pursue alternative options this has the potential that the South West Counter Fraud Partnership would not exist in its current form, and may be discontinued unless new partners join.

15.2 This possibility has been discussed with SWAP management and they have arrangements on standby to transfer the three staff from the fraud team to the core internal audit team therefore no staff are “at risk”. Similarly there are no implications for the core internal audit plan as a result of any changes to counter-fraud arrangements.

#### **16 Health and Wellbeing Implications**

16.1 There are no Health and Wellbeing implications associated with this report.

#### **17 Asset Management Implications**

17.1 There are no asset management implications associated with this report.

#### **18 Consultation Implications**

18.1 There are no Consultation implications associated with this report.

#### **Democratic Path:**

- **Corporate Governance Committee – Yes**
- **Executive – No**

**Reporting Frequency:**  **Ad-hoc**

#### **Contact Officers**

Name Paul Fitzgerald  
Direct Dial 01823 356680  
Email p.fitzgerald@tauntondeane.gov.uk

## **Corporate Governance Committee Forward Plan**

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

Reporting Officers:Catrin Brown

### **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:Appointment of External Auditors for 2018/19**

Reporting Officers:Richard Sealy

### **20/03/2017, Report:Grant Thornton - Audit Plan**

Reporting Officers:Kevin Henderson

### **20/03/2017, Report:Grant Thornton - Audit Update**

Reporting Officers:Kevin Henderson

### **20/03/2017, Report:SWAP Internal Audit - Progress Update Report 2016/17**

Reporting Officers:Alastair Woodland

### **20/03/2017, Report:SWAP Internal Audit - Audit Plan 2016/17**

Reporting Officers:Alastair Woodland

### **20/03/2017, Report:Corporate Risk Management Update**

Reporting Officers:Richard Doyle

### **20/03/2017, Report:Corporate Governance Action Plan**

Reporting Officers:Richard Doyle

### **20/03/2017, Report:Forward Plan**

Reporting Officers:Paul Carter

### **20/03/2017, Report:Corporate Fraud Arrangements**

Reporting Officers:Heather Tiso

### **20/03/2017, Report:Corporate Counter Fraud Proposals**

Reporting Officers:Paul Fitzgerald

### **20/06/2017, Report:Grant Thornton - External Audit - Audit Fees**

Reporting Officers:Kevin Henderson

### **20/06/2017, Report:Grant Thornton - Audit Update**

Reporting Officers:Kevin Henderson



**20/06/2017, Report:SWAP Internal Audit - Annual Report**  
Reporting Officers:Alastair Woodland

**20/06/2017, Report:SWAP Internal Audit - Audit Plan 2016/17 Outturn**  
Reporting Officers:Alastair Woodland

**20/06/2017, Report:Review of Effectiveness of Internal Audit**

**20/06/2017, Report:Annual Governance Statement 2017/18**  
Reporting Officers:Richard Doyle

**20/06/2017, Report:Health and Safety Six Monthly update**  
Reporting Officers:Catrin Brown

**20/06/2017, Report:Forward Plan**  
Reporting Officers:Paul Carter

**31/07/2017, Report:Going Concern Assesment**  
Reporting Officers:Paul Fitzgerald

**31/07/2017, Report:Audit Findings Report**  
Reporting Officers:Kevin Henderson

**31/07/2017, Report:Statement of Accounts**

**18/09/2017, Report:SWAP Internal Audit - Progress Update**  
Reporting Officers:Alastair Woodland

**18/09/2017, Report:Corporate Risk Management Update**  
Reporting Officers:Richard Doyle

**18/09/2017, Report:Corporate Governance Action Plan**  
Reporting Officers:Richard Doyle

**18/09/2017, Report:RIPA(Regulation of Investigatory Powers Act) Inspection Report**  
Reporting Officers:Bruce Lang

**18/09/2017, Report:Overdue high priority SWAP Audit Recommendations**  
Reporting Officers:Richard Doyle

**04/12/2017, Report:Grant Thornton - External Audit - Annual Audit Letter 2016/17**  
Reporting Officers:Kevin Henderson

**04/12/2017, Report:Grant Thornton - External Audit Update**  
Reporting Officers:Kevin Henderson

**04/12/2017, Report:SWAP Internal Audit - Progress Report 2017/18**  
Reporting Officers:Alastair Woodland

**04/12/2017, Report:Health and Safety Six Monthly update**

Reporting Officers:Catrin Brown

**01/03/2018, Report:Powys Counter Fraud Partnership Update Report**

Reporting Officers:Paul Carter

**19/06/2018, Report:Health and Safety Six Monthly Update**

Reporting Officers:Catrin Brown

**Report:Review of Financial Regulations**

**Report:RIPA(Regulation of Investigatory Powers Act) Inspection Report Sept 2018**

Reporting Officers:Bruce Lang

**Report:Grant Thornton - Audit Plan**

Reporting Officers:Rebecca Usher