

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 10 December 2012 at 18:15.

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### **Agenda**

- 1 Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 24 September 2012 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests  
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct. The usual declaration made at meetings of the Corporate Governance Committee are set out in the attachment.
- 5 Update on the Health and Safety Strategy for 2012-2013. Report of the Corporate Health and Safety Advisor (attached).  
Reporting Officer: David Woodbury
- 6 External Audit - Annual Audit Letter. Report of Stephen Malyn, District Auditor (attached).  
Reporting Officer: Shirlene Adam
- 7 External Audit - Fees 2012/2013. Report of Stephen Malyn, District Auditor (attached).  
Reporting Officer: Shirlene Adam
- 8 Contract Standing Orders. Report of the Legal and Democratic Services Manager (attached).  
Reporting Officer: Tonya Meers
- 9 Internal Audit Plan - Progress Report. Report of the Audit Manager (attached).  
Reporting Officer: Alastair Woodland
- 10 Corporate Governance Action Plan. Report of the Performance Lead (attached).  
Reporting Officer: Dan Webb
- 11 Internal Audit - The Future. Verbal report of the Strategic Director.

- 12 Corporate Governance Forward Plan (attached).

If there are any specific, detailed questions to be asked by a Member in respect of any of the above items, would they please contact the officer responsible in advance so as to have a clearer understanding before the meeting.

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

Tonya Meers  
Legal and Democratic Services Manager

16 September 2013

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

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

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

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

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

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

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

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)



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



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

**For further information about the meeting, please contact the Corporate Support Unit on 01823 356414 or email [r.bryant@tauntondeane.gov.uk](mailto:r.bryant@tauntondeane.gov.uk)**

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**Corporate Governance Committee Members:-**

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

## **Corporate Governance Committee – 24 September 2012**

Present: Councillor D Reed (Chairman)  
Councillor A Wedderkopp (Vice-Chairman)  
Councillors Beaven, Denington, Gaines, Hall, Henley, Hunt, Miss James, Ms Lisgo, Prior-Sankey, Gill Slattery and Mrs Stock-Williams.

Officers: Shirlene Adam (Strategic Director), Paul Fitzgerald (Financial Services Manager), Dan Webb (Client and Performance Lead), Natasha Williams (Corporate Support officer) David Woodbury (Corporate Health and Safety Advisor) and Alistair Woodland (Audit Manager).

Also Present: Gerry Cox (Head of SWAP), Mr P Lappin (Audit Commission) and Steve Malyn (District Auditor).

(The meeting commenced at 6.15 pm)

### **15. Apologies/Substitutions**

Apologies: Councillors Coles, Govier, R Lees and Tooze.

Substitutions: Councillor Lisgo for Councillor Coles;  
Councillor Prior-Sankey for Councillor Tooze;  
Councillor Mrs Slattery for Councillor R Lees.

### **16. Minutes**

The minutes of the meeting held on 25 June 2012 were taken as read and were signed.

### **17. Public Question Time**

Adrian Prior-Sankey (Vice Chairman of Taunton Flower Show) requested clarification regarding the statistics printed in the Statement of Accounts with regard to Taunton Flower Show. He advised that the figures could be incorrectly interpreted by the public. It was agreed that a more detailed note needed to be included in future accounts.

### **18. Declaration of Interests**

Councillor Mrs Prior-Sankey declared a personal interest as a member of Taunton Flower Show.

### **19. South West Audit Partnership (SWAP) Governance Review Update**

Mr Cox (Head of SWAP) gave a brief presentation regarding the future of SWAP Governance. Members were informed of the current arrangements the reasons for change and also what the changes would entail.

Mr Cox outlined the following timetable for the proposed changes:-

- Members Workshop – 10 October 2012
- Partnership Board – 8 January 2013
- Formal TUPE consultation – January – March 2013
- Individual Partner approval - January – March 2013
- Current partnership dissolved – 31 March 2013
- SWAP becomes a company – 1 April 2013.

Mr Cox also advised Members of the following:-

- No disruption to the service would be received;
- Provided that all signed up, there would be no reduction in available resources;
- Fees to partners would remain as previously agreed and that there would be no increases and
- The transition would be seamless.

The Chairman thanked Gerry Cox for his work and attending the Corporate Governance Committee meeting.

## **20. Audit Commission Annual Governance Report 2011/2012**

Considered covering report previously circulated, which introduced the Annual Governance report for 2011/2012, prepared by external auditors the Audit Commission.

Although the Council had received an unqualified opinion on the 2011/2012 accounts, there had been several issues that had emerged from the audit process that would help the Council improve its procedures for future years.

Stephen MayIn from the Audit Commission highlighted key areas of the Annual Governance report for the Council. These included:

- Financial Statements;
- Fees and
- Value for Money.

The action plan and all recommendations had been agreed and timescales approved.

### **Resolved that the:**

- Matters raised in the report be considered further;
- Action plan as set out in Appendix 4 of the Audit Commission report be noted; and
- Letter of representation on behalf of the Council, as set out in Appendix A to the covering report, be approved.

## **21. Approval of the Statement of Accounts for 2011/2012**

Considered covering report and full 117 page Statement of Accounts previously circulated.

The Accounts and Audit Regulations 2011 required the Statement of Accounts to be approved by a resolution of a nominated committee, following completion of the external audit. The Council had devolved this responsibility to the Corporate Governance Committee. The annual accounts had to be signed by the Council's S151 Officer and the Chairman of the Committee.

The Audit Commission had reviewed the draft Statement of Accounts for 2011/2012 and accompanying working papers. The Council's resulting final Statement of Accounts had been audited by the Audit Commission and they had issued an unqualified opinion.

The Statement of Accounts contained four main statements reflecting the position of the Council at 31 March 2012

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

There were also supplementary statements related to the Collection Fund and the Housing Revenue Account.

Members discussed the Movement in Reserves and Balance Sheet.

Questions were asked and comments made which related to:-

- HRA finance borrowing
- Council housing stock and Right to Buy;
- Accuracy of the accounts; and
- Pensions.

The Financial Services Manager advised that a significant audit analysis and review had taken place.

The Strategic Director advised that the accounts were accurate and that improvements would be made in describing the present situation.

**Resolved that the:-**

- Auditors unqualified opinion on the Statement of Accounts be noted; and
- Statement of Accounts for 2011/2012, as attached to the report, be approved and signed.

## **22. Internal Audit Plan Progress 2012/2013**

Considered report previously circulated, which provided an update on the significant findings and recommendations since June 2012.

The report summarised details of any significant weaknesses identified during internal audit work (Appendix A) alongside a schedule of audits completed during that period (Appendix B).

A list of all audits planned for 2012-13 and their status as at 10 September 2012 were detailed in Appendix A. There were a total of twenty reviews planned for quarters one and two. An additional two reviews had been added at the request of the Section 151 Officer in relation to Project Taunton transactions and a review of the Acolaid System.

Some high priority recommendations had been identified since the June 2012 update. These would be followed-up by Internal Audit to provide assurance that risk exposure had been reduced.

**Resolved** that the report be noted.

## **23. Risk Management**

Considered report previously circulated, updating Members on the current position of Risk Management. This was the process by which risks were identified, evaluated and controlled and was one of the key elements of the Corporate Governance framework.

The Corporate Management Team (CMT) was in the process of undertaking the scheduled six-monthly review of the Corporate Risk Register. A Summary Risk Profile and list of 22 risks was included in the report.

A Risk Management Action Plan was also included in the report which outlined the key areas of focus to further improve and embed Risk Management during 2012/2013.

Members were advised that Item no. 11 on the Action Plan had now been removed.

Members discussed the risk of the ageing ICT infrastructure within Taunton Deane. It was hoped that this risk would no longer exist in future years with the installation of new servers.

Members agreed that the risk of flooding needed to be more specific.

**Resolved that the:-**

- Progress with Corporate Risk Management be noted; and
- Risk Management Action Plan be approved.

## **24. Update on the Health and Safety Strategy for 2012 – 13**

The consolidation and compliance audit had started with interviews and audit planning sessions with the Directors and Theme managers. The audit process was supported and monitored by the South West Audit Partnership (SWAP), who was commented on the strengths and weaknesses of this approach. Even at this early stage, the initial response indicated that the objectives of the audit would be met and line managers and employees would have access to a sustainable monitoring process.

By the end of the next quarter there should be sufficient data to populate the three Key Performance Indicators:

- Management competency and legal compliance;
- H&S Management System and implementation; and
- Accident, incident data and lessons implemented.

In addition to and including the above, the management of Health and Safety had been further strengthened by the creation of an 'H&S Priorities Plan' which set out the corporate need and details as to what SW One were required to deliver.

The additional issues were:-

- H&S Competency Framework;
- Information and support to the Corporate Governance Committee; and
- Implementation of the SAP injury/accident reporting module.

Members agreed that future updates on Health and Safety should be the first item on the agenda.

Members thanked David Woodbury (Corporate Health and Safety Advisor) for a comprehensive report.

**Resolved** to note:

- the progress on the delivery of the strategy;
- the initiatives to improve our operating culture; and
- that there were no new significant risks or incidents.

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

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

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

(The meeting ended at 8.34pm).



## **Declaration of Interests**

### **Corporate Governance Committee**

- Member of Somerset County Council – Councillor Govier
- Employee of UK Hydrographic Office – Councillor Tooze

# Taunton Deane Borough Council

## Corporate Governance Committee – 10 December 2012

### Update on the Health and Safety Performance and strategy for 2012 - 2013

#### Report of the Corporate Health and Safety Advisor

(This matter is the responsibility of the Chief Executive and Leader of the Council supported by the H&S Champion; Cllr Stock-Williams.)

#### 1. Executive Summary

The consolidation and compliance audit has with the completion of the high level introductory audits moved into the more detailed phase.

The benefit of the audit and the quality of the information it provides has been recognised by the participants. This recognition ensures that ownership of and commitment to the process will remain high within the organisation.

It is still too early to fully evaluate the benefits of piloting the Health and Safety Key Performance Indicators.

The accident statistics for the periods: April 1<sup>st</sup> until 31<sup>st</sup> August, 1<sup>st</sup> September until 30<sup>th</sup> November and totals to-date are attached.

#### 2. Report

##### Consolidation and Compliance Audit

A number of draft action plans have been circulated and team meetings held following the first round of Audit interviews:

- Legal and Democratic Services, Strategy and Performance, Corporate and Client Services and Growth have embraced ownership of the small number of actions and follow-up audits they have to complete.
- Housing and Health along with Community and Commercial Services are more complex and form the bulk of the work. They are likely to be split into five and six audit areas respectively.
- The one completed audit within Housing and Health has validated this approach and allowed a rapid consideration of the high risk issues identified.
- Whilst the audit process has not yet started in Community and Commercial Services, there is continuing activity and intervention in a number of high risk areas. The audits will be held over until the New Year not least because of the recent difficult working conditions.

Confidence remains high that the objectives of the audit will be met and line managers and employees will have access to a sustainable monitoring process.

## Health and Safety Key Performance Indicators

### 1. Management competency and legal compliance

*There are varying levels of health and safety performance and legal compliance within Council functions. The consolidation and compliance audit is identifying the detail and local actions plans are driving the improvements. A number of corporate initiatives within the H&S priorities plan are intended to support this process.*

### 2. H&S Management System and implementation

*With the integration of the DLO H&S policies into the Sharepoint site the coverage of our H&S policies is over 90% complete. There is a need for a tidying up exercise using the new H&S policy template and version number system. The compliance audit has not as yet identified any major problems.*

### 3. Accident, incident data and lessons implemented

*Every reported accident is reviewed for the root cause and for any lessons learnt. For the DLO these are reported back though the H&S Committee and it will take time to build confidence in the system. We will know when we have 'got it right' by an increased number of 'near-miss' incidents being reported.*

## TDBC H&S Priorities

Work is progressing in the roll out of the H&S Competency Framework and occupational health screening requirements.

**Current Accident data** see appendix 1 below

### 4. Finance Comments

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

### 5. Legal Comments

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

### 6. Links to Corporate Aims

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

### 7. Environmental Implications

Unchanged- As in 6 above

### 8. Community Safety Implications

Unchanged- As in 6 above

## **9. Equalities Impact**

Unchanged- There are no equalities impact over and above those already required to be identified in the Theme delivery plans and existing arrangements. The Equalities Impact assessment for H&S policy and procedures is available on the H&S sharepoint site.

## **10. Risk Management**

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

## **11. Partnership Implications**

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

## **12. Recommendations**

The Committee are asked to note the progress on the delivery of the strategy and the initiatives to improve our operating culture. There are no significant risks or incidents to report.

<b>Contact:</b>	Officer Name	David Woodbury
	Direct Dial No	01823 356578
	<u>e-mail</u> address	<a href="mailto:d.woodbury@tauntondeane.gov.uk">d.woodbury@tauntondeane.gov.uk</a>

## Appendix 1.

### Accident, incident data and lessons implemented

#### Previous period

<b>TDBC Totals</b> – 01 April 2012 31 August 2012				
Classification	Core Council	DLO	public	Contractors
Reportable	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
Non-reportable	<b>1</b>	<b>11</b>	<b>2</b>	–
Near Miss	-	<b>0</b>	-	-
<b>Period total</b>	<b>1</b>	<b>11*</b>	<b>2</b>	<b>1</b>

\*adjusted to end of month – one late report

#### Current period

<b>TDBC Totals</b> – 01 September 2012 30 November 2012				
Classification	Core Council	DLO	public	Contractors
Reportable	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
Non-reportable	<b>2</b>	<b>14</b>	<b>1</b>	–
Near Miss	-	<b>0</b>	-	-
<b>Period total</b>	<b>2</b>	<b>15</b>	<b>1</b>	<b>0</b>

#### Total for year to-date

<b>TDBC Totals</b> – 01 April 2012 30 November 2012				
Classification	Core Council	DLO	public	Contractors
Reportable	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
Non-reportable	<b>3</b>	<b>25</b>	<b>3</b>	–
Near Miss	-	<b>0</b>	-	-
<b>Period total</b>	<b>3</b>	<b>26</b>	<b>3</b>	<b>1</b>

**Trends:** All accidents have been reviewed with an H&S representative and where appropriate corrective actions identified.

- Six of the 14 non-reportable (minor) accidents for this period, indicate an element of lack of attention to detail or basic control measures.
- The challenge is to improve both individual and management performance and raise standards without driving reporting underground.

**ENDS**

# Taunton Deane Borough Council

## Corporate Governance Committee - 10 December 2012

### Annual Audit Letter 2011/2012

#### Report of the Strategic Director (Shirlene Adam)

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

#### **Executive Summary**

This report introduces the Annual Audit Letter 2011/12 – prepared by our external auditors, the Audit Commission (and set out in and Appendix to this report). The external audit role has now been taken on by Grant Thornton.

The report summarises their findings from their 2011/12 audit work and explains that there is one outstanding matter being reviewed following notification from a local elector.

#### **1. Background**

- 1.1 Each year the Audit Commission is required to make arrangements for the production of an audit letter for each local authority. The letter outlines the following:
  - A conclusion on the Statement of Accounts and annual governance statement;
  - A conclusion on Value for Money;
- 1.2 Members will note that they have already seen at previous meetings, the more detailed reports on the audit of the Councils accounts.
- 1.3 Stephen Malyn, Grant Thornton (formerly Audit Commission) will be attending the meeting on 10<sup>th</sup> December 2012.

#### **2. Financial Issues / Comments**

- 2.1 The Council is pleased to note the unqualified opinion on both the Statement of Accounts, and our arrangements for Value for Money. We also note the outstanding issue raised by a local elector and will support any review by our external auditors.

#### **3. Legal Comments**

- 3.1 There are no legal implications from this report.

#### **4. Links to Corporate Aims**

- 4.1 No direct implications.

#### **5. Environmental and Community Safety Implications**

- 5.1 No direct implications.

**6. Equalities Impact**

6.1 No implications based on this letter. Should any further review be required following the conclusion of the work on the potential objection, then a full Equalities Impact Assessment will be completed at that time.

**7. Risk Management**

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

**8. Partnership Implications**

8.1 No implications based on this letter.

**9. Recommendation**

9.1 Members are requested to note the Annual Audit Letter 2011/12.

**Contact Officers:**

Shirlene Adam Strategic Director 01823 356310  s.adam@tauntondeane.gov.uk	Maggie Hammond Strategic Finance Officer 01823 358698  m.hammond@tauntondeane.gov.uk
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2 October 2012

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

**Mobile** 07733 003480  
**Email** s-malyn@audit-  
commission.gov.uk

Dear Member

## Taunton Deane Borough Council Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Taunton Deane Borough Council

### Financial statements

On 24 September I presented my Annual Governance Report (AGR) to the Corporate Governance Committee outlining the findings of my audit of the Authority's 2011/12 financial statements. I will not replicate those findings in this letter.

Following the Corporate Governance Committee on 26 September I:

- issued an unqualified opinion on the Authority's 2011/12 financial statements included in the Authority's Statement of Accounts; and
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

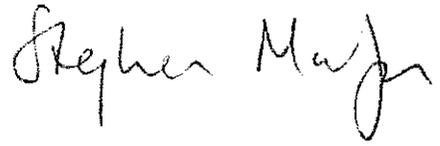
I am unable to formally conclude the audit until I have completed my consideration of matters brought to my attention by a local authority elector. However, I am satisfied that these matters do not have a material effect on the financial statements or a significant impact on the council's use of resources.

### Closing remarks

I have discussed and agreed this letter with the Chief Executive and Strategic Director. I wish to thank the finance staff for their positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Corporate Governance Committee for their support and co-operation during the audit.

Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol  
BS34 8SR  
T 0844 798 5600 [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

Yours sincerely

A handwritten signature in black ink that reads "Stephen Malyn". The signature is written in a cursive style with a large, prominent initial 'S'.

Stephen Malyn  
*District Auditor*

# Taunton Deane Borough Council

## Corporate Governance Committee - 10 December 2012

### External Audit Fees 2012/2013

#### Report of the Strategic Director (Shirlene Adam)

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

#### Executive Summary

This report shares the fee position for external audit services for 2012/2013.

#### 1. Background

- 1.1 The external audit function for Taunton Deane transferred from the Audit Commission to Grant Thornton recently. This change was part of a national programme of “outsourcing” the external audit work – and has resulted in significant savings for all local authorities.
- 1.2 The attached letter provides details of the final agreed fee, and sets out the team that will be leading on the Taunton Deane work and the timescales for their reporting.

#### 2. Financial Issues / Comments

- 2.1 The indicative audit fee shows a reduction of 40% (approx £45k) on current year which is welcomed. This has been reflected in the Councils draft budget position for 2013/14.

#### 3. Legal Comments

- 3.1 There are no legal implications from this report.

#### 4. Links to Corporate Aims

- 4.1 No direct implications.

#### 5. Environmental and Community Safety Implications

- 5.1 No direct implications.

#### 6. Equalities Impact

- 6.1 There are no implications arising from this fee reduction.

#### 7. Risk Management

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

#### 8. Partnership Implications

- 8.1 No implications.

**9. Recommendation**

- 9.1 Members are requested to note the Grant Thornton Audit Fee Letter for 2012/13.

**Contact Officers:**

Shirlene Adam Strategic Director 01823 356310  s.adam@tauntondeane.gov.uk	Maggie Hammond Strategic Finance Officer 01823 358698  m.hammond@tauntondeane.gov.uk
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Penny James  
Chief Executive  
Taunton Deane Borough Council  
The Deane House  
Belvedere Road  
Taunton  
Somerset  
TA1 1HE

Grant Thornton UK LLP  
Hartwell House  
55-61 Victoria Street  
Bristol BS1 6FT

T +44 (0)1173 0576000

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

14 November 2012

Dear Penny

### **Planned audit fee for 2012/13**

We are delighted to have been appointed by the Audit Commission as auditors to the Council and look forward to providing you with a high quality external audit service for at least the next five years. We look forward to developing our relationship with you over the coming months, ensuring that you receive the quality of external audit you expect and have access to a broad range of specialist skills where you would like our support.

The Audit Commission has set its proposed work programme and scales of fees for 2012/13. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

### **Scale fee**

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

For 2012/13, the Commission has independently set the scale fee for all bodies. The Council's scale fee for 2012/13 is £66,605, which compares with the audit fee of £111,008 for 2011/12, a reduction of 40%.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at: [www.audit-commission.gov.uk/scaleoffees1213](http://www.audit-commission.gov.uk/scaleoffees1213).

The audit planning process for 2012/13, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

### **Scope of the audit fee**

Our fee is based on the risk based approach to audit planning as set out in the Code of Audit

Practice and work mandated by the Audit Commission for 2012/13. It covers:

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

#### **Value for money (VFM) conclusion**

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

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VFM conclusion and a separate report of our findings will be provided.

Our planning to date has not identified any additional work which we are required to undertake to support our VFM conclusion. We will continue to assess the Council's arrangements and discuss any additional work required during the year.

#### **Certification of grant claims and returns**

The Audit Commission has replaced the previous schedule of hourly rates for certification work with a composite indicative fee. This composite fee, which is set by the Audit Commission, is based on actual 2010/11 fees adjusted to reflect a reduction in the number of schemes which require auditor certification and incorporating a 40% fee reduction. The composite indicative fee grant certification for the Council is £13,650.

#### **Billing schedule**

Our fees are billed quarterly in advance. Given the timing of our appointment we will raise a bill for two quarters in December 2012 with normal quarterly billing thereafter. Our fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
December 2012	33,303 ✓
January 2013	16,651
March 2013	16,651
<b>Scale fee</b>	<b>66,605</b>
<b>Grant Certification</b>	
June 2013	13,650
<b>Total</b>	<b>80,255</b>

#### **Outline audit timetable**

We will undertake our audit planning and interim audit procedures in December, January and February. Upon completion of this phase of our work we will issue our detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work

on the VFM conclusion will be completed in June, July and August 2012 and work on the whole of government accounts return in September 2013.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	December 2012 to February 2013	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VFM.
Final accounts audit	June to Sept 2013	Report to those charged with governance	This report will set out the findings of our accounts audit and VFM work for the consideration of those charged with governance.
VFM conclusion	Jan to Sept 2013	Report to those charged with governance	As above
Financial resilience	Jan to Sept 2013	Financial resilience report	Report summarising the outcome of our work.
Whole of government accounts	September 2013	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2013	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to November 2013	Grant certification report	A report summarising the findings of our grant certification work

#### **Our team**

The key members of the audit team for 2012/13 are:

	<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
Engagement Lead	Stephen Malyn	0117 305 7862	steve.g.malyn@uk.gt.com
Engagement Manager	Peter Lappin	0117 305 7865	peter.lappin@uk.gt.com
Audit Executive	Rachel Bishop	0117 305 7891	rachel.a.bishop@uk.gt.com

#### **Additional work**

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

**Quality assurance**

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

Yours sincerely

Stephen Malyn  
Director  
For Grant Thornton UK LLP

# Taunton Deane Borough Council

## Corporate Governance Committee – 10 December 2012

### Update of Contract Standing Orders

#### Report of the Legal and Democratic Services Manager and Councillor Bryan Denington (Chair of the Constitutional Sub Committee)

(This matter is the responsibility of the Leader of the Council)

#### 1. Executive summary

To approve the changes to the Contract Standing Orders as set out in this report and recommend them for approval by Full Council.
---

#### 2. Background

- 2.1 The Contract Standing Orders have not been updated since 2006 and therefore do not reflect the partnership with South West One.
- 2.2 An audit carried out by South West Audit Partnership recommended changes to the standing orders to reflect these changes and to ensure that they were up to date.
- 2.3 The Monitoring Officer has therefore reviewed the standing orders and has made some changes. Those changes are set out in Appendix 1 to this report.

#### 3. Finance comments

- 3.1 There are no financial implications in this report.

#### 4. Legal comments

- 4.1 The Council is required to keep an up to date constitution in order to ensure that its decision making processes and procedures are lawful.
- 4.2 These changes are necessary to ensure that the Council's processes are up to date.

#### 5. Links to corporate aims

- 5.1 There are no specific links to the corporate aims.

#### 6. Environmental and community safety implications

- 6.1 There are no implications for the environment or community safety.

## **7. Equalities impact**

7.1 An impact assessment is not required in respect of this report.

## **8. Risk management**

8.1 If the constitution is not kept up to date it can affect the lawfulness of decision making which is a serious risk to the Authority.

## **9. Recommendations**

9.1 Members are recommended to approve the Contract Procedure Rules detailed in Appendix 1 to this report and recommend them for approval to Full Council.

### **Contact**

Contact officer: Tonya Meers  
Telephone: 01823 358691  
E-mail: [t.meers@tauntondeane.gov.uk](mailto:t.meers@tauntondeane.gov.uk)

# Contract Procedure Rules

# **Contract Procedure Rules**

## **Compliance with Contract Procedure Rules**

1. Every Contract made by the Authority or officer acting on its behalf shall comply with these Contract Procedure Rules, all relevant Statutory Provisions, with any relevant EU Directives currently in force in the United Kingdom, the Councils Financial Regulations and the Strategic Objectives of the Authority.
2. Where a corporate contract, negotiated by Southwest One Strategic Procurement Service, exists for the supply of specific goods or services (such as for rail tickets, temporary staffing, stationery etc) the corporate supplier must be used, unless that supplier confirms they are unable to fulfil the particular order in question.
3. A Contract is an agreement between the Council and an individual or organisation for the individual or organisation to provide works, goods or services (including the engagement of consultants) for which the Council will provide consideration. Contracts relating solely to disposal or acquisition of land are exempt from these rules.
4. Officers involved in the awarding of a Contract must ensure that the best value for money is obtained. Before commencing procurement, it is essential that the authorised officer leading the procurement has identified the need and fully assessed the options for meeting those needs. The best use of purchasing power shall be sought by aggregating purchases wherever possible.
5. Exceptions from any of the following provisions of these Contract Procedure Rules may be made under the provisions of Contract Procedure Rule 13 or otherwise by direction of the Council, the Executive or the Executive Member where they are satisfied that the exception is justified in special circumstances. No exception shall apply to Contract Procedure Rule 19. Every exception and the reason therefore shall be recorded in the Tenders Register held by the Corporate Support Unit.

## **Southwest One**

6. The Council has entered into a strategic partnering arrangement under which Southwest One (SW1) has contracted to provide a broad range of goods and services, including a number of procurement services. This includes the transformation of the procurement service to embed strategic Category Management as a methodology across the Council's external spend areas and procurement and management of corporate contracts for generic goods and services.

The Theme Manager, or the authorised officer leading the procurement, should always consult with the Chief Procurement Officer (SW1) to ascertain whether any particular services or goods fall within the description of services or goods to be provided by Southwest One and, if that be the case, the procurement of the said services or goods should normally be dealt with under the contractual arrangements with Southwest One.

In some instances, where Southwest One has already undertaken a procurement process in respect of services or goods of the type required, there may be no need for a further formal procurement process to be carried out. However, if that is not the case, the Theme Manager, or his authorised officer, in collaboration with Southwest One, must ensure that the procurement is carried out in accordance with these Contract Procedure Rules and, where the EU procedure applies, with the Regulations.

Notwithstanding the fact that a procurement may fall to be dealt with under this Contract Procedure Rule and subject to any provision in the Council's contractual arrangements with Southwest One having contrary effect, the Theme Manager, or the authorised officer leading the procurement, must still comply with his obligations to confirm that he/she has the appropriate power, authority and finance for the procurement to proceed.

### **Risk and Project Management**

- 7 For procurement where the estimated spend is greater than Threshold 3 the Procurement Risk Management policy must be applied and decisions recorded. Any high risks that exceed the accepted threshold must be reported to Corporate Management Team (CMT). The Corporate Project Management process must be applied.
8. For procurement where the estimated spend is less than Threshold 3 the Service Manager must ensure that all risks are considered and managed, reporting to CMT any consequential risks that may seriously jeopardise the Council.
9. For procurement where the estimated spend is less than Threshold 3 the Corporate Project Management process should be used at the discretion of the Service Unit Manager particularly where the risk of failure would impact on the ability to deliver a service or create a significant consequential risk.

### **Specifications**

10. Enquiries and Invitations to Tender shall be based on a written specification. The specification shall adequately describe the required procurement in sufficient detail to enable effective procurement in accordance with these rules.

### **Supplier Pre-Qualification**

- 11 The Council shall only enter into a contract with a supplier if it is satisfied as to the supplier's eligibility, financial standing and technical capacity to undertake the contract. For contracts over Threshold 3 the Section 151 Officer will

formally vet those companies that have been selected to receive an invitation to tender.

### **Requirement for Quotation/Tender and Public Advertisement**

12. Before entering into a Contract a written quotation/tender for the contract price must be secured. Consideration shall be given to other costs associated with the procurement (Lifetime costings including for example maintenance costs and power consumption). Where these could be significant such as in the final disposal of a product appropriate arrangements shall be put into place to consider these costs against alternative options.
  - a) **Contracts below Threshold 1**  
At least one written quotation must be obtained, preferably more where there are opportunities for competitive savings.
  - b) **Contracts between Threshold 1 and Threshold 2**  
Written quotations must be sought from not less than three individuals or organisations that could undertake the contract.
  - c) **Contracts between Threshold 2 and Threshold 3**
    - (i) A Public Notice must be made in the relevant section of the Council's website, setting out particulars of the contract and inviting persons interested to apply, within a period not less than 10 days, for permission to tender.
    - (ii) After the expiration of the period specified in the Public Notice invitations to tender shall be sent to not less than four individuals or organisations that could undertake the contract (or, if fewer than four apply, to those that are suitable). If less than four invitations to tender are sent then the reasons need to be noted in the tender register.
    - (iii) Tenders are to be submitted and opened in accordance with Contract Procedure Rule 18.
  - d) **Contracts above Threshold 3**
    - (i) The procurement shall comply with the requirements of the EU Procurement Directives.
    - (ii) A Public Notice must be made in the relevant section of the Council's website.

- (iii) After the expiration of the period specified in the Public Notice invitations to tender shall be sent to not less than four individuals or organisations selected in accordance with the applicable EU Procurement Directives (or, if fewer than four apply, to those that are suitable and the reasons noted in the register as set out in cii above.
  - (iv) Tenders are to be submitted and opened in accordance with Contract Procedure Rule 19.
- 13 Contract Procedure Rules 13a, 13b and 13c shall not apply to the following but, wherever possible, alternative quotations shall be obtained:
  - a) Purchases by auction or at public fairs or markets
  - b) Contracts involving special technical, scientific or artistic knowledge
  - c) Contracts in respect of which there would be no genuine competition (following consultation with the Theme Manager )
  - d) Contracts comprising spare or replacement parts of existing machinery or plant or repairs to such machinery or plant
  - e) The Contract to be entered into is to be dealt with in a prescribed manner under agency arrangements entered into by the Council with another authority
  - f) Urgent situations as agreed with the client Director and Executive Councillor where the authority is put at significant risk or significant costs could be incurred by not taking urgent remedial action.
  - g) Emergency situations (as defined in the Council's Business Continuity Strategy or Emergency Planning procedures)
- 14. Paragraphs 13a, 13b and 13c (up to Threshold 3) of these Contract Procedure Rules shall not apply to the entering into of contracts by the Deane DLO for the supply of goods or the engagement of sub-contractors where such transactions are necessary to enable the carrying out of contracts obtained by the Deane DLO after competitive tendering, provided that full details of all orders and contracts are maintained in such manner as required from time to time by the Section 151 Officer

## **15. Framework Agreements**

A Framework Agreement is an agreement or other arrangement made with one or more suppliers for the provision of goods or materials, services or works under agreed terms and conditions during a specified period under which the Council may enter into specific contracts known as “call-offs”.

The term Framework Agreement must not exceed four years and, while an agreement may be entered into with one provider, where an agreement is concluded with several organisations, there must be at least three in number.

The Theme Manager must consult with the Chief Procurement Officer to ascertain what Framework Agreements are in place from time to time. Where such an Agreement which deals with the subject matter of the proposed contract is in existence, subject to the need to ensure value for money and to comply with EU Treaty principles and to obtaining the advice of the Chief Procurement Officer and, if necessary, the Monitoring Officer, the procurement will be dealt with under the Framework Agreement.

16. Every written contract shall specify
  - a) the work, materials, matters or things to be furnished, had or done;
  - b) the price to be paid, with a statement of discounts or other deductions (if any); and
  - c) the time or times within which the contract is to be performed.
17. Every contract which exceeds Threshold 3 and is either for the execution of work or the supply of goods or materials shall provide for payment of liquidated damages by the contractor in case the terms of the contract are not performed.

### **Submission of Tenders**

18. Submission Procedures for contracts between Threshold 2 and Threshold 3
  - a) Where an invitation to tender is made, each invitation shall state that no tender will be considered unless it is enclosed in a plain sealed envelope. The envelope shall bear the word '**Tender**' - in large emboldened lettering followed by the subject to which it relates and the Tender reference number (if applicable) but no other name or mark indicating the identity of the sender.
  - b) The tenders shall be kept in the custody of the appropriate Director's nominated officer until the time and date specified for their opening.
  - c) Tenders shall be opened in the presence of (at least) two Council Officers. Tenders shall be date-stamped and signed on all pages containing price information.
19. Submission Procedures for contracts above Threshold 3

- a) Where an invitation to tender is made, each invitation shall state that no tender will be considered unless it is enclosed in a plain sealed envelope clearly addressed to the Legal and Democratic Services Manager. The envelope shall bear the word '**Tender**' - in large emboldened lettering followed by the subject to which it relates and the Tender reference number (if applicable) but no other name or mark indicating the identity of the sender.
  - b) The tenders shall be kept in the custody of Democratic Services Manager until the time and date specified for their opening.
  - c) Tenders shall be opened in the presence of (at least) two Council Officers and a Councillor. Tenders shall be date-stamped and signed on all pages containing price information.
  - d) All tenders which were received by the time and date specified shall be recorded in the Tenders Register maintained by the Legal and Democratic Services Manager.
- 20 Tenders received after the time and date specified in the invitation to tender shall be considered only in exceptional circumstances. A tender received late can only be considered with the approval of the Monitoring Officer or in her absence the Section 151 Officer.
- 21 Invitations to Tender may be issued by electronic means provided that evidence that the transmission was successfully completed is obtained and recorded.
- 22 Quotations and tenders may be submitted electronically provided that they are kept in a separate secure folder under the control of the authorised officer which is not opened until the deadline is passed for the receipt of tenders.

### **Acceptance of Quotations and Tenders**

- 23 The tender that is most economically advantageous to the Council shall be accepted. Each tender shall be evaluated for price and quality to ascertain the most economically advantageous tender.
24. For procurements over Threshold 3 the questions and scoring system used to evaluate quality shall be written before tenders are received. The basis of this exercise shall be explained in any invitation to tender documentation
25. The Impact on Corporate Priorities will be considered in every procurement process and, where appropriate, incorporated into these Corporate Procedure Rules, any evaluation model used ultimately into the terms and conditions of contract.

26. Where the Officer considers it in the best interests of the Council he may negotiate with the tenderers whose tenders are being considered for acceptance. No negotiation on contracts whose value is in excess of Threshold 3 can take place without reference to the Theme Manager. Any negotiation which would distort competition is expressly forbidden. Details of the negotiations must be placed on the contract file.
27. Arithmetical errors found in the most economically advantageous tender when checking shall be dealt with as follows:
- a) Where the arithmetical error if corrected would inflate the cost of the contract to the Council the tenderer shall have the error pointed out to them and be offered the opportunity to stand by their tender or withdraw it
  - b) Where the arithmetical error if corrected would reduce the cost of the contract to the Council the tenderer shall have the error pointed out to them and corrected and be offered the opportunity to withdraw their tender.

### **Signing or Sealing of Contracts**

28. Every successful quotation/tender shall be accepted in writing, provided that contracts which exceed Threshold 3 in value or amount and such other contracts as the Solicitor to the Council shall determine shall be set out in a formal contract document.

### **Authority to Commit the Council**

29. Officers are authorised to commit the Council to expenditure on contracts as follows:
- |    |                  |  |
|----|------------------|--|
| a) | Chief Executive  | £Unlimited   |
| b) | Directors        | Up to £1,000,000   |
| c) | Theme Manager    | Up to £500,000   |
| d) | Service Managers | Up to Threshold 3  |
| e) | Other staff      | As delegated by one of the above named officers low risk items, level not to exceed Threshold 3 and to be notified to Section 151 Officer. |

### **Nominated Sub-Contractors and Suppliers**

- 30 Where a sub-contractor or supplier is to be nominated to a main contractor, the procurement of the services of the sub-contractor or supplier shall be subject to these Contract Procedure Rules.

### **Bribery**

31. In every contract a clause shall be inserted to secure that the Council shall be entitled to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation if the contractor shall have offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the Council, or for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with the Council, or if the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor), or if, in relation to any contract with the Council, the contractor or any person employed by him or acting on his behalf shall have committed any offence under the Prevention of Corruption Acts, 1889 to 1916, or shall have given any fee or reward the receipt of which is an offence under sub-section (2) of Section 117 of the Local Government Act, 1972.

### **Contracts Record**

32. A record of all contracts in excess of Threshold 2 in value placed by the Council shall be kept on the Council's Intranet site. This register shall specify for each contract the name of the contractor, the works to be executed or the goods or services to be supplied, the contract value and the contract period. This is the responsibility of the officer authorising the contract to ensure that a timely entry is completed.

### **Contract Management**

33. Project management shall be practiced at all times in undertaking procurement. All Threshold 2 and 3 contracts will be monitored on a quarterly basis by the Corporate Management Team or any such group set up by them for this purpose.
34. Any third party who is required to supervise a Contract on behalf of the Council shall comply with the requirements of these Contract Procedure Rules.

### **Contract Extensions of Time**

- 35 In exceptional circumstances where it is in the interests of the Council and good value for money contracts may be extended in accordance with Financial Regulations.

36. For contracts where the value is over Threshold 3 or extension will take the contract value over Threshold 3 such an extension shall be with the prior agreement of the relevant Director and the Council's Section 151 Officer. A report on this decision shall be posted in the weekly bulletin. If the extension significantly alters the original contract value or purpose the extension can only be made with the additional agreement of the Executive portfolio councillor, who shall post their decision for possible call in accordingly.

### **Contract Variations to Scope**

37. Any necessary instructions to vary a contract shall be made in writing by the Theme Manager or persons responsible for supervising the contract. Where a variation occurs during the currency of the contract that is material and cannot be met from within the original contract sum an immediate report shall be made to the Council's Section 151 Officer who shall decide what further action is necessary. Where a supplementary estimate is required this shall be made in accordance with the councils Financial Regulations.

### **Bonds, Guarantees and Insurances**

38. For procurement projects where the spend is greater than Threshold 3 consideration must be given as part of the pre-qualification assessment and evaluation process as to whether a performance bond and/or parent company guarantee (if applicable) shall be required from the successful tenderer.
39. Consideration must be given as to the appropriate type (employee liability, public liability, professional indemnity, etc.) and level of insurance requirements for each contract.

### **Completion Statement**

40. As soon as possible after completion of a Threshold 3 works contract the Theme Manager or person responsible for supervising the contract shall prepare a Final Account and, after agreeing it with the contractor and the Section 151 Officer, shall report it in the Council's Weekly Bulletin with a comparison of the contract amount and the reasons for any material variations.

### **Freedom of Information Act 2000 and Confidentiality**

41. There is a presumption that contractual information should be made available for disclosure if requested. However, officers should be aware of the potentially anti-competitive implications of disclosing detailed contractual information in the period around a procurement process taking place. Guidance and advice is available from the Council's Monitoring Officer.

During the period between the opening of proposals and/or tenders and the award of contract, all details of the proposals submitted must remain secret and be treated as confidential. It is the responsibility of those involved in the process to ensure complete confidentiality during this period.

### **Breaching of Contract Procedure Rules**

- 42 Any non-compliance to or breach of these rules should be reported immediately to the Monitoring Officer and the Section 151 Officer. Failure to report any known non-compliance or breach may result in disciplinary action being taken against the employee who failed to report the non-compliance or breach.

The Section 151 Officer will undertake an investigation where deemed necessary and they will refer the investigation findings to the Human Resources Manager in order that the appropriate disciplinary action can be taken where a serious or repeated breach of these rules is identified.

### **Retention of Records**

- 43 On completion of the Tender process, all related documentation will be filed and retained for a period appropriate to the contract in the contract file. For further details of retention periods please see the Council's Document Retention Policy on the Intranet.

### **Review of Contract Procedure Rules**

- 44 These rules will be reviewed and updated as required by changes to procurement legislation and regulation or to meet the operational requirements of the Council. The Council's Section 151 Officer, in consultation with the Monitoring Officer will be responsible for undertaking the review and reporting to the Council for approval.

## **Appendix 1 – Thresholds**

The thresholds below represent the total value of the contract, not just the annual value. For example, a 5 year supply contract with a value of £25,000 per year would have a value of £125,000 for the purposes of these rules.

	<b>Works Contracts</b>	<b>Supplies &amp; Services contracts</b>
Threshold 1 -	£15,000	£ 5,000
Threshold 2 -	£50,000	£25,000
Threshold 3 -	The current EU procurement thresholds for 'Other public sector contracting authorities'	

For current EU thresholds visit <http://www.ojec.com/Thresholds.aspx>

## **Appendix 2 – Systems and Procedures**

### **Order Controls**

- 1.1 Ordering and requisitioning procedures shall conform to those instructions on the Council's procurement intranet page .
- 1.2 All works, goods and services, with the exception of rent, public utility supplies, small petty cash purchases and works and services covered by contract, shall be ordered on an official order through the Council's purchase order system in advance of the provision of those goods and services. An estimate of the cost, or where applicable, the quoted price shall be inserted, together with the relevant expenditure codes.
- 1.3 The Section 151 Officer shall approve officers authorised to place orders or make requisitions on behalf of the Council. This will be done through delegations and role allocations within the purchase order system.
- 1.4 Before authorising an order, the officer shall satisfy himself that the expenditure:
  - a) is covered in approved estimates;
  - b) is necessary providing Best Value; and
  - c) that Contract Procedure Rules in respect of contracts and tenders have been complied with.
- 1.5 The design, amendment, requisition, custody and issue of all forms are contained in the SAP system.
- 1.6 The Control of all orders/requisitions raised or otherwise held is the responsibility of each Manager. All order and requisition stationery shall be securely held by the responsible officer with copies and any cancelled forms accounted for.
- 1.7 Telephone orders are permitted, however they must be immediately followed up by an order marked "Confirmation".
- 1.8 Any orders requiring amendment should be cancelled and a revised order issued.

### **General Contract Controls**

- 2.1 All contracts for the provision of services, the supply of goods and the execution of works, entered into on the Council's behalf shall be made in accordance with the Council's Contract Procedure Rules.
- 2.2 Officers and/or consultants shall where appropriate maintain adequate records to support all contract payments and valuations made, including all variations, omissions and additions to the contract sum.

- 2.3 Any contracts for works with a final value in excess of Threshold 2 (as defined in Contract Procedure Rules) together with supporting records, shall be subject to Audit and Review before any final payment is made.

### **Pre-Contract Controls**

- 2.4 Each Theme Manager or officer leading the procurement shall prepare as appropriate a suitable project plan to financially control and monitor the subsequent performance of each contract.
- 2.5 Each Theme Manager, or officer leading the procurement, shall ensure that they have received the relevant financial references and these have been checked by Finance for contracts above threshold 3.
- 2.6 Letters of appointment shall specify the terms and conditions of consultants to the Council and the formula for paying fees. Their requirements to conform with the Council's Financial Regulations and Contract Procedure Rules shall be contained therein together with a right of Audit access to their records to validate payments and claims made on or behalf of the Council.

### **Current Contract Controls**

- 2.7 Payments to contractors on account shall be made only on a certificate issued by the officer specified in the contract, or by his deputy or other such officer nominated by him in writing for the purpose.
- 2.8 Subject to the provisions of the contract in each case, every extra or variation shall, unless otherwise evidenced to his satisfaction, be authorised in writing by the officer specified in the contract, or by his deputy or other officer nominated by him in writing for the purpose.
- 2.9 Any such extra or variation, the estimated additional cost of which exceeds £5,000 shall be reported to the Director as soon as possible. The relevant approval for the financing solution should be considered at the same time.

### **Post Contract Controls**

- 2.10 Wherever possible within the terms of the contract the final payment certificate on completion of any works contract shall not be issued until the appropriate officer has produced to Audit and Review, a detailed statement of account and all relevant documents if required.
- 2.11 The Internal Audit Service shall, to the extent that he considers necessary, examine final accounts and he shall be entitled to make such enquiries and receive information and explanations as he may require in order to satisfy themselves as to the accuracy of the accounts.

- 2.12 Claims from works contractors in respect of matters not clearly within the terms of a contract shall be dealt with by the responsible Service Unit Manager who shall consult as appropriate with the budget holding director and Audit and Review Manager before taking any action which might result in claims on the Council.
- 2.13 Where completion of a contract is delayed, it shall be the duty of the Service Unit Manager to inform Audit and Review and to take action in respect of any claim for liquidated damages in accordance with the contract.
- 2.14 In April of each year, the final cost of all projects completed in the preceding 12 months shall be reported to the Executive. Where the final cost of any individual project exceeds the estimated cost after tenders have been accepted by 2% or £25,000, whichever is the lesser, then a report will be presented to the Executive giving the reasons for the difference.
- 2.15 At the conclusion of a contract, an opportunity should be taken to evaluate the performance.

# Taunton Deane Borough Council

## Corporate Governance Committee – 10 December 2012

### Internal Audit Plan Progress 2012-2013

#### Report of the Group Audit Manager – Chris Gunn

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

#### 1. Executive Summary

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

The 2012-13 Annual Audit Plan is on track to provide independent and objective assurance on TDBC's Internal Control Environment. This work will support the Annual Governance Statement.

#### 2. Background

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

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in September (**Appendix B**).
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these (**Appendix A**).

Members will note that where a partial assurance has been awarded, Internal Audit will follow up on the agreed management responses to provide assurance that risk exposure has been reduced.

#### 3. Full details of the Report

Please refer to the attached SWAP Progress Report.

#### **4. Finance Comments**

There are no specific finance issues relating to this report.

#### **5. Legal Comments**

There are no specific legal issues relating to this report.

#### **6. Links to Corporate Aims**

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

#### **7. Environmental Implications**

There are no direct implications from this report.

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

There are no direct implications from this report.

#### **9. Equalities Impact**

There are no direct implications from this report.

#### **10. Risk Management**

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

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

There are no direct implications from this report.

#### **12. Recommendations**

Members are asked to note progress made in delivery of the 2012/13 internal audit plan and significant findings.

#### **Contact:**

Chris Gunn – Group Audit Manager 01823 356417 Chris.gunn@southwestaudit.gov.uk	Alastair Woodland – Audit Manager 01823 356160 Alastair.woodland@southwestaudit.gov.uk
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## **Taunton Deane Borough Council**

Report of Internal Audit Activity  
December Update 2012-13

# Contents

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The contacts at SWAP in connection with this report are:

**Gerry Cox**

Head of Internal Audit Partnership  
Tel: 01935 462371  
gerry.cox@southwestaudit.gov.uk

**Chris Gunn**

Group Audit Manager  
Tel: 07917 628779  
Chris.gunn@southwestaudit.gov.uk

**Alastair Woodland**

Audit Manager  
Tel: 01823 356160  
Alastair.woodland@southwestaudit.gov.uk

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Our audit activity is split between:

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

See Appendix A for individual audits

## Role of Internal Audit

The Internal Audit service for Taunton Deane Borough Council is provided by South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors 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 March 2012 meeting.

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 Fraud and Governance Reviews
- Annual Review of Key Financial System Controls
- IT Audit Reviews
- Other Special or Unplanned Reviews

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Management Team and External Auditors. This year's Audit Plan was reported to this Committee at its meeting in March 2012.

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

Members are asked to comment on and note the content of this report.

## 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 Programme

The schedule provided at [Appendix A](#) contains a list of all audits as agreed in the Annual Audit Plan 2012/13. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “control assurance” opinions together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as shown in [Appendix C](#).

Where assignments record that recommendations have been made to reflect that some control weaknesses have been identified as a result of audit work, these are considered to represent a less than significant risk to the Council’s operations. However, in such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. To further assist with this assurance all 4 & 5 priority recommendations will be followed up by internal audit to confirm the weakness has been addressed.

Further, should an audit review identify any significant corporate risk as ‘very high’, as described in [Appendix C](#), these will also be brought to the attention of the Committee.

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

## Future Planned Work

The audit plan for 2012-13 is detailed in [Appendix A](#). As reported at the last committee two additional reviews have been agreed with the Council's Section 151 Officer. At the beginning of October we started a review on the Acolaide System in light of the significant control weaknesses identified at a partner Authority. This review is focusing on risk exposure due to the known access weakness and what mitigating controls are or need to be in place.

The second additional review scheduled for quarter 4 will look at the Project Management Arrangements on the Crematorium Mercury Filtration Project. To accommodate this additional review, the follow-up audits on Project Taunton and the ICT Strategy will now be deferred to quarter 1 of the 2013-14 audit plan.

## Progress to date

A list of all audits planned for 2012-13 and their status as at the 28 November are detailed in [Appendix A](#). There are a total of 35 reviews covering quarters one, two and three. 23 of these reviews are at a reporting status, 9 are in progress and 3 are yet to commence. It is anticipated that the majority of the 9 reviews in progress will be at a report status by the end of quarter 3. However, there are a couple of variations to the planned delivery timings.

As previously reported there was a delay in obtaining the necessary data from SAP for the Creditors Fraud Audit pushing this audit in to quarter 2. The same data is being utilised on the Contract Fraud Audit and Procurement Rules Audit. As all three audits involve SWO Strategic Procurement they were allocated to the same group of auditors. The delay in starting the Creditors Fraud Audit has had a knock effect on the Contract Fraud Audit and Procurement Rules Audit.

Internal Audit will use the findings to formalise an opinion on how effective the internal control, risk management and governance arrangements are. This opinion is used to support the Annual Governance Statement.

## 2012-13 Progress Continued

One other change to planned timing is the Software Licensing Audit which was planned for quarter 3. The key contact in SWO has been unavailable and it has been agreed this review will be deferred to quarter 4.

So in summary, at the end of November 80% of the Taunton Deane Internal Audit Plan was in either progress or at report stage. Despite the partnership being hit by higher than normal levels of sickness and vacancies will feel confident we are on track to deliver 100% of the internal audit plan.

## Summary of Significant Findings

It is the role of Internal Audit to bring to the attention of the Corporate Governance Committee any significant corporate risks identified during our work. For each Operational Audit and Governance Audit we assess the agreed risks identified against an inherent risk score (if no controls existed), and then provide an Auditors Assessment once we have tested the mitigating Controls. Where the Inherent risk score is very high and after testing the mitigating controls the assessment remains very high, then these risks will be reported to this Committee. We are pleased to report that no significant corporate risks have been identified during our work.

In addition to reporting significant corporate risks we also bring to the attention of the Corporate Governance Committee a summary of the agreed actions relating to high priority (scored as a 4 or 5) service recommendations. [Appendix B](#) is a summary of the high priority recommendations made since the last Committee where reports have been finalised. Members are asked to note the findings and management actions.

## Audit Plan Progress 2012-13 End of November 2012

## APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major				
						Recommendation				
						1	2	3	4	5
Follow-up Audit	Contract Management	1	Final	Follow-up	4	0	0	1	1	2
Follow-up Audit	Threat from Fraud or Corruption (Policy Review)	1	Final	Follow-up	5	0	0	4	1	0
Special review	Project Taunton - Transaction Review	1	Final	Non-Opinion	0	0	0	0	0	0
Governance, Fraud & Corruption	Fraud and Corruption - Creditors Fraud	1	Discussion Document							
Governance, Fraud & Corruption	Data Security Breaches	1	Discussion Document							
Governance, Fraud & Corruption	Delivery of Major Projects - Risk Management	1	Final	Reasonable	5	0	2	3	0	0
Governance, Fraud & Corruption	Business Continuity in times of change/reduction	1	Final	Partial	9	0	0	3	4	2
Governance, Fraud & Corruption	HR Policies - Absence Management	1	Final	Reasonable	3	0	1	2	0	0
Operational Audits	SAP Administration	1	Discussion Document							
Operational Audits	Development Control	1	Final	Reasonable	7	0	3	4	0	0
Operational Audits	Equalities Analysis Integration	1	Final	Partial	3	0	0	0	3	0
Follow-up Audit	Economic Development	2	Final	Follow-up	10	0	0	7	3	0
Follow-up Audit	Supporting People	2	Final	Follow-up	4	0	0	2	2	0
Governance, Fraud & Corruption	Fraud and Corruption - Contract Fraud	2	In Progress							

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ←————→ 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Committee Reporting - Member Decisions	2	Draft	Reasonable	3	0	0	3	0	0
Governance, Fraud & Corruption	Procurement Rules	2	In Progress							
ICT Audits	Adherence to the new Information Security Policy including portable storage security	2	In Progress							
Operational Audits	Housing - Asset Management	2	Drafting							
Operational Audits	South West Private Sector Housing partnership	2	Final	Reasonable	8	0	0	8	0	0
Operational Audits	SWO Contract Monitoring	2	Draft	Reasonable	3	0	0	2	1	0
Operational Audits	Health & Safety Review	2	Discussion Document							
Key Control	Creditors	3	Drafting							
Key Control	Council Tax & NNDR	3	Draft	Substantial	1	0	0	1	0	0
Key Control	Debtors	3	Drafting							
Key Control	Housing Benefits	3	Drafting							
Key Control	Main Accounting	3	In Progress							
Key Control	Payroll	3	In Progress							
Key Control	Capital Accounting	3	In Progress							
Key Control	Housing Rents	3	Drafting							
Key Control	Treasury Management	3	In Progress							
Key Control	SAP Access	3	In Progress							
Governance, Fraud & Corruption	Treasury Management Strategy Review Cross Partnership	3								
ICT Audits	Software Licensing	3								
Operational Audits	Benefit Scheme Changes	3								

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ←————→ 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Fraud and Corruption - Expense Claim Fraud	4								
Governance, Fraud & Corruption	Asset Management Planning	4								
ICT Audits	System Development Life cycle	4								
Operational Audits	Waste & Recycling (Contribution to SWP Plan)	4	N/A	N/A						
Operational Audits	Housing - Gas Servicing	4								
Follow-up Audit	Project Taunton Follow up work ( <b>Deferred to quarter 1 – replaced by Project Management Arrangements - Crematorium Mercury Filtration Project</b> )	4	N/A	N/A						
Follow-up Audit	IT Strategy ( <b>Deferred to quarter 1 – replaced by Project Management Arrangements - Crematorium Mercury Filtration Project</b> )	4	N/A	N/A						

### Additional Reviews

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ←————→ 5 = Major				
						Recommendation				
						1	2	3	4	5
Special review	Acolaide	2	In Progress							
Special review	Project Management - Crematorium Mercury Filtration Project	4								

APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<b>AUDIT: EQUALITIES ANALYSIS INTEGRATION</b>					
There was a wide spectrum in Officers understanding of equality requirements. No refresher training is currently planned.	Decision makers and contractors are unaware of their responsibilities under equalities legislation.	I recommend that the Strategy and Performance Manager should ensure a refresher training course is provided for Senior Officers to increase awareness of the TDBC framework and expectations.	There are a number of steps we plan to take to help embed equality in day to day decision making, these being: <ul style="list-style-type: none"> <li>• Raise awareness at CMT of this issue;</li> <li>• Increase awareness of the equality training that is available through SWO;</li> <li>• Make better use of the Leads Meetings to promote awareness and understanding.</li> <li>• Identify substandard EIAs and ensure training is targeted</li> </ul>	30 November 2012	Strategy & Performance Manager, and Lead Officer – Strategy and Performance
Equality analysis is not included on all reports, and an effective quality monitoring framework is not in place.	Irrelevant and insufficient evidence is used for equality analysis.	I recommend that the Strategy and Performance Manager should create an Internal Equalities Group with representation across each Theme to monitor compliance and adherence to the TDBC framework.	The Strategy and Performance Unit intend to provide monthly ' <i>equality surgeries</i> ' that managers can attend to ask questions and seek advice on specific areas of equality analysis. <p>In addition to this, the Equalities Group plans to provide additional training to Democratic services to assist them in monitoring the equality information that is produced for committee reports.</p>	March 2013	Lead Officer – Strategy and Performance & Strategy Officer

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<b>AUDIT: EQUALITIES ANALYSIS INTEGRATION</b>					
			Use of Leads meetings should also assist in addressing this weakness.		
There was a lack of evidence to back up equality considerations undertaken during the decision/policy making process. It wasn't clear that equality analysis is used to help inform officer recommendations, but appears equalities is an afterthought in the decision making process.	Equality analysis is not used to inform decisions and policies contrary to statutory requirements.	See recommendations above.	One of our published equality objectives includes a commitment for services to undertake customer equality profiles every two years (due by 31/3/2014). This will provide a stronger baseline to evidence impact assessments	N/A	N/A
Monitoring of Equality Impacts is not fully embedded.	Actual impacts are different to those expected.	I recommend that the Strategy and Performance Manager should strengthen the equality monitoring framework to ensure equality impact action plans within service plans are viewed as 'live' plans and updated accordingly.	The scorecard performance monitoring framework is being strengthened, which will include monitoring progress on Equality actions.  One to Ones between Directors and Theme Managers should identify where actions are not being followed through.	30 November 2012	Strategy & Performance Manager

Control Assurance Definitions

<b>Substantial</b>	▲☆☆☆ I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
<b>Reasonable</b>	▲☆☆☆ I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	▲☆☆☆ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>None</b>	▲☆☆☆ I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation Of Recommendations

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

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

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

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

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

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

Definitions of Risk

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

# Taunton Deane Borough Council

## Corporate Governance Committee – 10 December 2012

### Corporate Governance Action Plan

#### Report of Performance Lead

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

#### 1. Executive Summary

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

#### 2. Background

- 2.1 Each year, the Council receives a number of reports and assessments which result in recommendations for improvement. These normally contain individual action plans which can prove challenging to manage and monitor. Therefore an aggregated plan provides the Council with details, in one place, of the scale of improvements required and progress against them.
- 2.2 The Corporate Governance Action Plan currently includes 27 actions, which have emerged from external audits (ie Audit Commission) – specifically, recommendations from the Annual Governance Report 2010/11 (Sept 2011), and more recently the Annual Governance Report 2011/12 (Sept 2012).
- 2.3 Actions progress monitoring is undertaken quarterly by the Performance Lead and a summary features in the Corporate Performance Scorecard. The Corporate Governance Officers Group is provided with an overview of the plan.

### 3. Progress (as at end November 2012)

3.1 The Corporate Governance Action Plan currently lists **27 actions**. Progress monitoring against implementation by the target dates has revealed the following:

Priority	Total	On Target ☺	Some Concern ☹	Off Target ☹
High	9	7 (78%)	2 (22%)	
Medium	16	13 (82%)	2 (12%)	1 (6%)
Low	2	2 (100%)		
<b>Total</b>	<b>27</b>	<b>22 (81%)</b>	<b>4 (15%)</b>	<b>1 (4%)</b>

This indicates a slightly improved position compared to the previous report in June 2012, where 76% of actions were 'on target' or complete.

3.2 There are however 5 actions with 'some concern' or are off target. Two of these are rated as 'High priority', and the other three actions rated with 'Medium priority'. These are:

- Update the IT Strategies and ensure there are clear links from these to financial planning (High priority)
- Determine spending priorities and reduce expenditure to ensure that future budgets are balanced by closing the gap between expenditure and projected income (High priority)
- Maintain a register of partnerships and prepare a protocol for establishing new partnerships (Medium priority)
- To fully review the Financial regulations (Medium priority)
- Develop benchmarking to support decisions in allocating resources (Medium priority)

**Further detail is found in the table in Appendix A**

3.3 The 9 actions that are now 'complete' are:

- Update the master data file for vendors (suppliers) to remove duplicate entries for the same vendor (supplier)
- Provide clear written instructions to the valuer to ensure that the Council meets the requirements of the Code
- Provide a full segmental analysis required by the Code for the Financial Statements for 2011/12
- Investigate and clear the unallocated cash balances
- Review how the cash flow statement is prepared to eliminate significant balancing items
- Review the process for recognising and accounting for rental income in advance

- The Council should review the accounting treatment and value for money arising from sale and leaseback proposals before they are approved
- The Council should review its bad debt provision for former tenants and ensure that the aged debt analysis for all debts is reconciled to the figures in the balance sheet
- Further improve the closedown process so that the draft financial statements are prepared in time to meet the statutory deadline of 30 June.

3.4 The other 13 'live' actions that are 'on track' are listed below.

- Complete Business Continuity (BC) and IT disaster recovery planning (including SW1 services)
- Update the Workforce Strategy (ensuring there are clear links to financial planning) and complete & agree a new workforce plan
- Improve control and monitoring of Section 106 Agreements
- All transactions on the SAP financial system should contain sufficient narrative to identify the purpose of the transaction, the timing and the source
- Strengthen the arrangements to ensure the accuracy of the whole of government accounts submission.
- In preparing its draft financial statements, the Authority should ensure that it has received a completed annual declaration from all members of any related party interests and those of close family
- Reconcile the information in payroll and the ledger for members' expenses
- Reconcile housing stock figures so that there is consistent disclosure in the accounts and business plan
- Review the method of calculating the impairment of debtors taking into account the aged of the debt and recovery rates.
- Ensure that income from investment properties is disclosed in the accounts for 2012/13
- Review the actual costs to support the basis of recharges from the HRA to the General Fund.
- Review the method to reconcile the year end NNDR position and ensure that this is in line with the Authority's contribution to the national pool.
- Update the HRA financial model for actual changes in housing stock - such as sales, demolitions and voids

#### **4. Finance Comments**

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

## **5. Legal Comments**

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

## **6. Links to Corporate Aims**

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

## **7. Environmental and Community Safety Implications**

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

## **8. Equalities Impact**

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

## **9. Risk Management**

The Corporate Risk Register includes the risk:

*There is a risk of failure to comply with key internal controls & corporate governance arrangements (ie compliance with audit recommendations).*

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

## **10. Partnership Implications**

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

## **11. Recommendations**

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

### **Contact:**

Dan Webb

Performance Lead

01823 356441

Ext: 2504

[d.webb@tauntondeane.gov.uk](mailto:d.webb@tauntondeane.gov.uk)

**CORPORATE GOVERNANCE ACTION PLAN 2012/13**

**APPENDIX A**

Nov-12

Item	Improvement / recommendation	Proposed / Planned activities	Priority (H,M,L)	Target date	Responsible Officer	Source	Success criteria	Progress	Status
2	<b>Update the IT Strategies and ensure there are clear links from these to financial planning.</b>	Establish an IT work group	H	Apr-12	Shirlene Adam	2009/10 VfM conclusion report Sept 2010	Fit for purpose IT strategy	Significant progress since the last update in June 2012. New TDBC Strategic ICT Forum (attendees from CMT and SW1) met in July and October, the latter meeting receiving from SW1 ICT the first draft of an ICT Strategy for 2012-2014 linked to the Council's Business Plan. Second draft to be discussed in late November so that the planned outcomes from the (draft) Business Plan can be incorporated. Target completion end December 2012 for approval in January 2013.	
4	<b>To fully review the Financial regulations</b>	To complete review of the financial regulations	M	Apr-12	Shirlene Adam	Annual Governance Statement 2008/09	A new financial regs document produced	Financial Regs have been received and are still fit for purpose. Financial Procedures have been drafted by the Strategic Finance Officer and presented to the S151 Officer for review and sign off. This will be completed by end of March 2013.	
5	<b>Maintain a register of partnerships and prepare a protocol for establishing new partnerships</b>	1. Compile comprehensive partnership register. 2. Confirm involvement and they meet authority's aims and objectives. 3. Introduce protocol for establishing membership prior to commitment. 4. Establish framework and categorisation of partnerships. 5. Widen scope of Members Task & Finish Group re membership on outside bodies	M	Sep-11	Tonya Meers	2009/10 VfM conclusion report Sept 2010	Partnerships adequately controlled and managed	Unfortunately this has not yet been completed. A new completion date of December 2012 should be inserted.	
16	<b>Determine spending priorities and reduce expenditure to ensure that future budgets are balanced by closing the gap between expenditure and projected income</b>		H	Mar-12	Shirlene Adam	Annual Governance Report 2010/11 (Sept 11)		The Business Plan will be presented to members for approval (FC Jan 13). The prioritisation exercise will then start - with support from LGA - and we aim to complete this and have a sustainable financial plan agreed by July 2013.	
27	<b>Develop benchmarking to support decisions in allocating resources</b>	1. Collate available VFM & benchmarking data to help inform service profiling / prioritisation work (with Members) 2. Somerset Strategic Housing Programme - cost & performance analysis project	M	Feb - March 2013	Dan Webb	Annual Governance Report 2011/12	TDBC understands the Value for Money of all it's services, and is able to demonstrate the right balance between economy, efficiency and effectiveness (spending less, spending well and spending wisely)	1. Illustrative modelling of future service budgets produced in Corporate Business plan - based on 'Gold / Silver / Bronze' service rankings (resulting from Members survey summer 2012). VFM data needs to be collated where available to inform service prioritisation workshops (being planned for Members early 2013). 2. County-wide Housing services cost & performance data has been submitted and is currently being analysed by a project team - findings to be reviewed & discussed by relevant Housing managers from the Somerset Districts early 2013.	



**Taunton Deane Borough Council**  
**Corporate Governance Committee**  
**Forward List of Agenda Items 2013**

<b>MEETING</b>	<b>DRAFT AGENDA ITEMS</b>	<b>LEAD OFFICER</b>
11/03/13	Health & Safety Update Report Audit of Grant Claims External Audit Plan 2012/13 Risk Management Update Internal Audit Plan 2012/13 - Progress Report Internal Audit Plan 2013/14 Internal Audit – The Future (Decision)	David Woodbury Peter Lappin (Grant Thornton) Peter Lappin (Grant Thornton) Dan Webb Alastair Woodland (SWAP) Alastair Woodland (SWAP) Shirlene Adam
20/05/13	Health & Safety Update Report (10 minutes) Internal Audit Plan – Progress Report (10 mins) Annual Report of SWAP (10 minutes) Internal Audit – Review of Effectiveness (5 mins) Corp Governance Action Plan Update (15 mins)	David Woodbury Alastair Woodland (SWAP) Alastair Woodland (SWAP) Shirlene Adam Dan Webb
24/06/13	Audit Of Financial Controls SAP Controls Update Draft Annual Governance Statement 2012/13	Stephen Malyn / Peter Lappin (Grant Thornton) Maggie Hammond Maggie Hammond
23/09/13	Health & Safety Update Report Audit Commission – Annual Governance Report 2012/13 Approval of Statement of Accounts 2012/13 Internal Audit Plan – Progress Report Risk Management Update	David Woodbury Peter Lappin (Grant Thornton) Paul Fitzgerald Alastair Woodland (SWAP) Dan Webb
9/12/13	Health & Safety Update Report Contract Standing Orders Grant Thornton – Annual Audit Letter 2012/13 Grant Thornton – Fees 2012/13	David Woodbury Tonya Meers Peter Lappin (Grant Thornton) Peter Lappin (Grant Thornton)

	Internal Audit Plan – Progress Report Corporate Governance Action Plan Update	Alastair Woodland (SWAP) Dan Webb
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**24/06/2013, Report:Update on Objection to Accounts re Taxi Fee's**  
Reporting Officers:Scott Weetch

## **Corporate Governance Committee – 10 December 2012**

Present: Councillor A Wedderkopp (Vice-Chairman) (in the Chair)  
Councillors Beaven, Coles, Denington, Gaines, Hall, Horsley, Hunt,  
Miss James, Mrs Reed, P. Smith, and Mrs Stock-Williams.

Officers: Shirlene Adam (Strategic Director), Tonya Meers (Legal and  
Democratic Services Manager), Dan Webb (Client and Performance  
Lead), Natasha Williams (Corporate Support officer) David Woodbury  
(Corporate Health and Safety Advisor) and Alistair Woodland (Audit  
Manager).

Also Present: Stephen Malyn (District Auditor).

(The meeting commenced at 6.15 pm)

### **26. Apologies/Substitutions**

Apologies: The Chairman (Councillor D Reed) and Councillors R Lees and Tooze.

Substitutions: Councillor Horsley for Councillor R Lees;  
Councillor P Smith for Councillor Tooze;  
Councillor Mrs Reed for Councillor D Reed.

### **27. Minutes**

The minutes of the meeting held on 24 September 2012 were taken as read and were signed.

### **28. Update on the Health and Safety Strategy for 2012 – 13**

The consolidation and compliance audit had, with the completion of the high level introductory audits, moved into a more detailed phase.

A number of draft action plans had been circulated and team meetings held following the first round of Audit interviews.

Confidence remained high that the objectives of the audit would be met and line managers and employees would have access to a sustainable monitoring process.

#### **Health and Safety Key Performance Indicators**

- Management competency and legal compliance.

There were varying levels of health and safety performance and legal compliance within Council functions. The consolidation and compliance audit was identifying the detail and local actions plans were driving the improvements.

- Health and Safety Management System and implementation

With the integration of the DLO Health & Safety policies into the Sharepoint site the coverage of our H&S policies was over 90% complete. The compliance audit had not as yet identified any major problems.

- Accident, incident data and lessons implemented

Every reported accident would be reviewed for the root cause and for any lessons learnt. It would be known when we have 'got it right' by an increased number of 'near-miss' incidents being reported.

**Resolved** to note:

- The progress on the delivery of the strategy; and
- That there were no new significant risks or incidents.

## **29. External Audit – Annual Audit Letter 2011/2012**

Stephen MayIn (District Auditor) introduced Taunton Deane Borough Councils Annual Audit letter.

The letter outlined the following:

- A conclusion on the Statement of Accounts and annual governance statement; and
- A conclusion on Value for Money.

Members were advised that there was a two month delay due to one outstanding matter currently being reviewed following notification from a local authority elector. More information would be available by the next meeting due to be held in March 2013.

**Resolved** that the Annual Audit Letter 2011/2012 be noted.

## **30. External Audit – Fees 2012/2013**

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

Stephen MayIn (District Auditor) introduced the letter which detailed the fee position for external audit services for 2012/2013. The team that would be involved on Taunton Deane work and the timescales for reporting was also outlined.

The indicative audit fee showed a reduction of 40% and this had been reflected in the Councils draft budget position for 2013/2014. The fee would be based on the risk based approach to audit planning. It would cover:-

- Audit of financial statements;
- Work to reach a conclusion on the economy, efficiency and effectiveness in the use of resources; and
- Work on the whole of Government accounts return.

**Resolved** that the Grant Thornton Audit Fee Letter for 2012/2013 be noted.

### **31. Contract Standing Orders**

Considered report previously circulated, which updated Members on recommended changes to the Contract Standing Orders. The Contract Standing Orders had not been updated since 2006 and therefore did not reflect the partnership with South West One.

Tonya Meers (Legal and Democratic Services Manager) advised Members of the amendments made to the Contract Standing Orders.

**Resolved** that the:-

- Contract Procedure Rules be approved; and
- Full Council be recommended to approve the revised Contract Procedure Rules.

### **32. Internal Audit Plan – Progress Report**

Considered report previously circulated, which provided an update on the significant findings and recommendations since September 2012.

The report summarised details of any significant weaknesses identified during internal audit work alongside a schedule of audits completed during that period.

As reported at the last Committee, two additional reviews had been agreed with the Councils Section 151 Officer. The review on the Acolaid System would focus on risk exposure due to known access weaknesses. The second additional review would look at the Project Management Arrangements on the Crematorium Mercury Filtration Project.

A list of all audits planned for 2012-2013 and their status as at the 28 November were detailed in the report. There were a total of 35 reviews covering quarters one, two and three. 23 of these reviews were at a reporting status, 9 were in progress and 3 were yet to commence.

Members were advised that there was a delay in obtaining data from SAP for the Creditors Fraud Audit and in turn, this audit had been pushed back into quarter 2. This has had a knock-on effect on the Contract Fraud Audit and Procurement Rules Audit.

**Resolved** that the report be noted.

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

Considered report previously circulated, which provided details of the progress made against the Corporate Governance Action Plan.

Each year, the Council received a number of reports and assessments which resulted in recommendations for improvement. These normally contained individual action plans which could prove challenging to manage and monitor. Therefore an aggregated plan provided the details of the scale of improvements required and progress against them in one place.

The Corporate Governance Action Plan listed 27 actions, which had emerged from the most recent external audit recommendations from the following sources:-

- Annual Governance Report 2010/11; and
- Annual Governance Report 2011/12.

Members were advised that 81% of actions were 'on target' which indicated an improved position compared to the previous report in June 2012, where 76% of actions were 'on target' or complete.

There were 5 actions that either had 'some concern' or were off target. Two of these were rated as 'High priority', and the other three actions rated with 'Medium priority'. These were:

- Update the IT Strategies and ensure there were clear links from these to financial planning (High priority);
- Determine spending priorities and reduce expenditure to ensure that future budgets were balanced by closing the gap between expenditure and projected income (High priority);
- Maintain a register of partnerships and prepare a protocol for establishing new partnerships (Medium priority);
- To fully review the Financial regulations (Medium priority); and
- Develop benchmarking to support decisions in allocating resources (Medium priority).

Members discussed delays in targets dates and requested that a column be introduced that would highlight the original target date as well as the expected target date.

**Resolved** that the report be noted.

### **34. Internal Audit – The Future**

Shirlene Adam (Strategic Director) gave a verbal update to Members on the future governance of the South West Audit Partnership (SWAP).

The possible introduction of a Local Authority company was outlined which would replace the joint committee structure which was currently operating. Each Local Authority Council would be given the opportunity to join the company and would be given an equal vote.

Taunton Deane would need to decide if they would like to be part of the new company.

**Resolved** that the verbal report be noted.

### **35. Corporate Governance Forward Plan**

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

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

(The meeting ended at 7.22pm).