

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 9 March 2015 at 18:15.

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### Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 8 December 2014 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests  
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
- 5 Taunton Deane Borough Council's Constitution. Verbal update from the Assistant Chief Executive.  
Reporting Officer: Bruce Lang
- 6 Update on Health and Safety Performance and Strategy for 2014 - 2015. Report of the Health and Safety Manager (attached). (10 minutes)  
Reporting Officer: Catrin Brown
- 7 Grant Thornton - Certification Report 2013/2014 (attached) (15 minutes).  
Reporting Officers: Ashley Allen  
Peter Barber
- 8 Risk Management Update Report. Report of the Corporate Strategy and Performance Manager (to follow).  
Reporting Officer: Paul Harding
- 9 Internal Audit Plan 2014-2015 Progress. Report of the Audit Manager (attached).  
Reporting Officer: Alistair Woodland
- 10 Internal Audit Plan 2015-2016. Joint report of the Assistant Director – Corporate Services and the Audit Manager.  
Reporting Officers: Alistair Woodland  
Richard Sealy

- 11 External Audit (Grant Thornton) Update Report. Report of the Assistant Director – Corporate Services (attached).  
Reporting Officer: Richard Sealy
- 12 Corporate Governance Committee Forward Plan - details of forthcoming items to be considered by the Corporate Governance Committee and the opportunity for Members to suggest further items (attached)

Bruce Lang  
Assistant Chief Executive

17 September 2015

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.

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**Corporate Governance Committee Members:-**

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

## **Corporate Governance Committee – 8 December 2014**

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

**Officers:** Catrin Brown (Senior Environmental Health Officer – Health and Safety),  
Jo Nacey (Finance Manager), Paul Harding (Corporate and Client Lead),  
Bruce Lang (Assistant Chief Executive), Richard Sealy (Assistant Director  
- Corporate Services), Shirlene Adam (Director of Operations and Section  
151 Officer) and Emma Hill (Corporate Support Officer).

**Also Present:** Councillor Morrell  
Anton Sweet (Funds and Investment Manager, Somerset County Council)  
Peter Barber (Grant Thornton)  
Ashley Allen (Grant Thornton)  
Ian Baker from South West Audit Partnership (SWAP)

(The meeting commenced at 6.15 pm)

### **50. Apologies**

Councillors Gaines, Horsley and Mrs Lees

### **51. Minutes**

The minutes of the meeting held on 22 September 2014 were taken as read and were signed.

### **52. Declaration of Interests**

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

### **53. Update on Health and Safety Performance and Strategy for 2014-2015**

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

Below was a summary of topics which included:-

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

TDBC Accident Totals 1st April 2014 - 31st October 2014				
Classification	TDBC	DLO & Crematorium	Public	Tenants (public areas)
Reportable	0	2	0	0
Non-reportable	5	25	3	2
Near Miss	0	1	0	0
Period Total	<b>5</b>	<b>28</b>	<b>3</b>	<b>2</b>

- There had been two accidents and one incident reported under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2012 (RIDDOR).
- Key performance indicator monitoring from 1 April 2014 had shown two of the four indicators were green and on target as well as one red and one amber.
- Copies of the reviewed and updated Joint Health and Safety Policies had been circulated for consultation. The policies continued to be reviewed to a dated schedule.
- The first part of Health Surveillance Talks had been delivered by the Health and Safety Team to 76 DLO Building Services employees. The Parks and Open Spaces Teams would be covered in forthcoming weeks.
- Asbestos Awareness Training had been delivered to DLO employees and TDBC visiting officers by G&L Consultancy Asbestos Specialists.

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

- Discarded needles were a hot topic at the moment. Would the officers be receiving refresher or top up training on regular basis?  
*Yes, when this was required. The Council, including Deane DLO, had a training matrix stating when individual training was either out of date or near the point where more training was required.*

**Resolved** that the progress made on the implementation of the Health and Safety Strategy and the initiatives to improve the Council's operating culture be noted.

#### **54. Presentation on Pensions Deficit**

The Committee received a presentation from Mr Anton Sweet (Funds and Investment Manager, Somerset County Council) concerning the Somerset Fund of the Local Government Pension Scheme.

This was a statutory scheme which had set benefits and set member contributions also covering multiple employers and as at 31 March 2014, there were 149 separate employers in the Somerset Scheme.

The deficit facing the Somerset Scheme, which had existing liabilities for the next 80 years was £455,000,000 and the deficit for the Council was £31,000,000. An

explanation was provided as to the possible causes for the deficit and how this deficit was calculated as well as when this was calculated.

Details were provided as to how the Council would pay back the pension scheme deficit, which would be achieved by an annual lump sum over the next 25 years along with 13.5% of pay to cover new service.

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

- The chart was based at 6.1%. Were the officers sure the Council would be able to maintain this level of investment return?  
*There were two elements to the return, which were taken from the Actuary's assumptions. Since 31 March 2014, the Council was receiving a greater return than 6.1%. Looking at the historic figures, the Council had generally achieved over the 6.1%.*
- Had the Iceland issue had a bearing on this?  
*This did not currently have a direct effect but it had had a 'knock on' effect at the time. There were no direct investments in Iceland. Forecasting investment returns was very difficult and ever changing. There had also been periods of negative return. But the Council had recouped this deficit and then some. Most of the FTSE 100 companies had had pension deficits but they had chosen to pay the deficit back in one go.*
- Surprise was expressed about the size of the deficit. Were the Actuary figures based on future life expectancy?  
*The actuary had based their assumptions on the most up to date figures.*
- Looking at the Annual Lump Sum pay back; what was the benefit or was there no benefit to the Council to equalise payments until 2016/2017?  
*The Actuary had set a minimum payment within the year. Paying off the debt earlier in the year would reduce the charge. This was possible to do but it was a question of affordability but it would get lost in the next round of figures.*
- The idea was making the payments equal while the interest rates were low and on fixed annual payments. The 6.1% rate was relatively unaffected by interest rate changes.
- How much did the fund cost to administrate?  
*It was less than £5,000,000 annually. The 13% employer's contribution and the separate employee contribution were set by Central Government. The range was between 4.5% and 11% but the average was 6.3% (nationally).*
- Looking at the trend moving forward with a reduction of staff, how would this affect the pensions deficit?  
*A reduction in staffing levels would mean a reduction in liabilities sums for the Council and the 13.5% would reduce thus. The lump sums produced would not be affected by the reduction of staff.*

**Resolved** that the information presentation should be noted.

## **55. Grant Thornton External Audit – Annual Audit Letter 2013/2014**

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

- No material errors were found during the course of the audit in the draft accounts presented for audit;
- A recommendation was made in relation to property, plant and equipment revaluation; and
- The Auditors were satisfied that the Council's arrangement to ensure Value for Money by a secure economy, efficiency and effectiveness in its use of resources.

The Audit fees for 2013/2014 were £67,505. This was slightly higher than anticipated.

**Resolved** that the Auditor's report be noted.

#### **56. Grant Thornton External Audit – Audit Update**

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

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

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

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

**Resolved** that the report be noted.

#### **57. SWAP (South West Audit Partnership) Internal Audit - Progress Report on Internal Audit Plan**

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

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the Committee in September 2013; and



- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority ranking of these.

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

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

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

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

**Resolved** that the SWAP Progress Report be noted.

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

Considered report previously circulated, which provided details of the progress made against the Corporate Governance Action Plan as at the end of November 2014.

The action plan captured recommendations/actions which had emerged from external audits.

At the previous update report in June 2014, there were four 'open' actions. Two actions were 'green' (on track) and the remaining two were 'amber' (of some concern).

Since the last report, one further external audit recommendation had arisen and this had been included in the Action Plan.

The latest review process (December 2014) had revealed:-

- Four actions had been carried forward as well as the inclusion of one new action'; and
- Three of these actions were at 'amber' (of some concern) and two actions at 'green' (on track).

Looking specifically at employee absence, the Local Government Association (LGA) had updated their Local Government Workforce Survey to reflect the position for the year 2012/2013. This most current benchmarking survey had reported an average 8.2 days per annum per FTE employee for all Councils. Taunton Deane's average sickness for 2014/2015 was 8.2 days per FTE. This was 2 days per FTE lower than recorded for 2012/2013.

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

- It was good news about the reduction in staff sickness days for the Council. Should this now be 'closed' or shown as 'green' on the Action Plan? Should this continue as a work in progress?  
*This was not the only forum where sickness levels were monitored by officers and Members. The Council had listened and dealt with the auditors concerns after they had previously flagged this issue. The Council monitored and reviewed this every quarter and would continue to do so. The Council could say they had dealt with the concern and completed it, satisfying the external auditors.*
- What period was the reduction over and were the Council looking at benchmarks to compare how the Council was doing?  
*This was the previous year. The starting point was in excess of 10 days.*

**Resolved that:-**

- (1) The progress with the Corporate Governance Action Plan be noted; and
- (2) Action No.2 (The Council should consider what further measures it needed to undertake to reduce the high level of sickness absence), be closed.

**59. Regulation of Investigatory Powers Act (RIPA) – Update following an Inspection.**

Reported that an Inspector acting on behalf of the Chief Surveillance Commissioner, had visited the Council recently to undertake a review of the Council's management of covert activities under the powers conferred by RIPA.

The Commissioner had subsequently written to the Council which recognised that the recommendations made following the previous inspection of the Council's activities three years ago had been largely discharged with good practice being identified with the formal designation of authorising officers.

The report was generally very positive and confirmed that the Inspector was satisfied that the Council took its responsibilities under this legislation seriously and that there were appropriate systems and processes in place to use it effectively.

There were two recommendations from the report which were currently being actioned. These were:-

1. That RIPA training should continue to be formally delivered to Council staff who were likely to engage the legislation to ensure it was applied to an appropriate standard; and
2. The policy/guidance document should be further amended in accordance with details set out in the inspection report to ensure it was fit for purpose and up-to-date with all the relevant legislation.

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

- How often was the Council expected to provide training? Was this being provided in-house to save money and was a register of those who were trained and when being kept?  
*The Council would look at an annual refresh for training. Currently the training was outsourced as the Council did not have the ability to complete this in-house. A training record would be kept.*
- What circumstances would the RIPA powers be used and who would authorise it?  
*Only in circumstances when a serious criminal offence was being investigated which was likely to lead to prosecution action. Authorisation for this would come from the Joint Management Team.*
- It was felt that this should be included on the Corporate Risk Register and a monitor it.

**Resolved that:-**

- (1) The outcome of the inspection by the Office of Surveillance Commissioners be noted and the provision of appropriate training relating to the Regulation of Investigatory Powers Act 2000 (RIPA) process;
- (2) Approval of the updated Corporate Policies and Procedures on the RIPA as set out in the report be approved; and
- (3) It be noted that the local protocol would be followed whereby the Senior Responsible Officer for the RIPA process would ensure that the Chairman and Vice-Chairman of the Committee and Executive Portfolio Holder be kept appropriately informed with regard to any potential and/or actual authorisations for the undertaking covert surveillance.

## **60. Report on Voluntary Code for Self-Financing Housing Revenue Account**

Considered report previously circulated, concerning the Voluntary Code for a self-financed Housing Revenue Account (HRA) published in October 2013 by the CIPFA in collaboration with the Chartered Institute of Housing (CIH).

The code was voluntary and there were no sanctions for not following it. The principles of the code were designed to be self-regulatory and represented a key tool in assisting Taunton Deane to account for the management of its Housing Revenue Account (HRA) to Members, tenants and the Government.

A description of the code was provided together with a summary of the key findings of a self-assessment of the Council's performance to date against the code principles.

The Council and Members would continue to review performance as part of an annual review and refresh of the HRA Business Plan and Taunton Deane's

progress against improvement activities would be monitored and reported back to the appropriate Committee.

The code was based on the following six principles:-

- a) Co-regulation;
- b) Financial Viability;
- c) Communication and Governance;
- d) Risk Management;
- e) Asset Management; and
- f) Financial and Treasury Management

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

- Was this document subject to a regular or annual review process and a stress test every three years?  
*It would be subject to a regular review process. The Council was making adjustments to HRA Business Plan when necessary.*
- It was good that the HRA Business Plan had this flexibility and it was hoped that an annual update could be provided to the Committee.

**Resolved** that the report be noted.

#### **61. 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 8.00pm).

# **Declaration of Interests**

## **Corporate Governance Committee**

- Members of Somerset County Council – Councillors Coles, A Govier, Hunt and A Wedderkopp
- Member of Wessex Water’s Environmental Panel – Councillor A Wedderkopp

# Taunton Deane Borough Council

## Corporate Governance Committee – 9 March 2015

### Update on Health and Safety Performance and Strategy for 2014 - 2015

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

(This matter is the responsibility of the Chief Executive and Leader of the Council.)

#### 1. Executive Summary

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

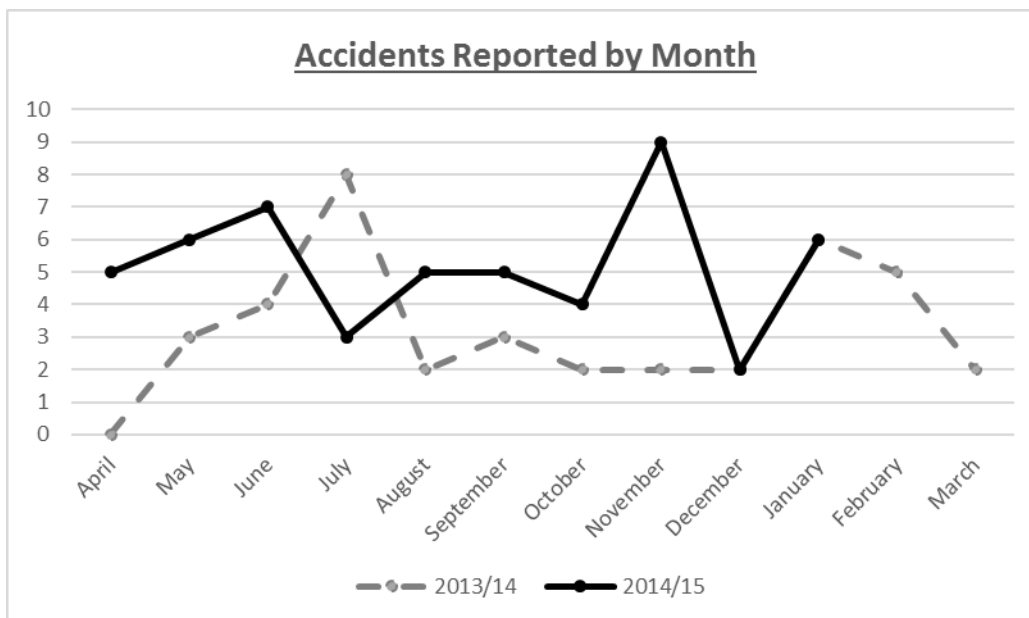
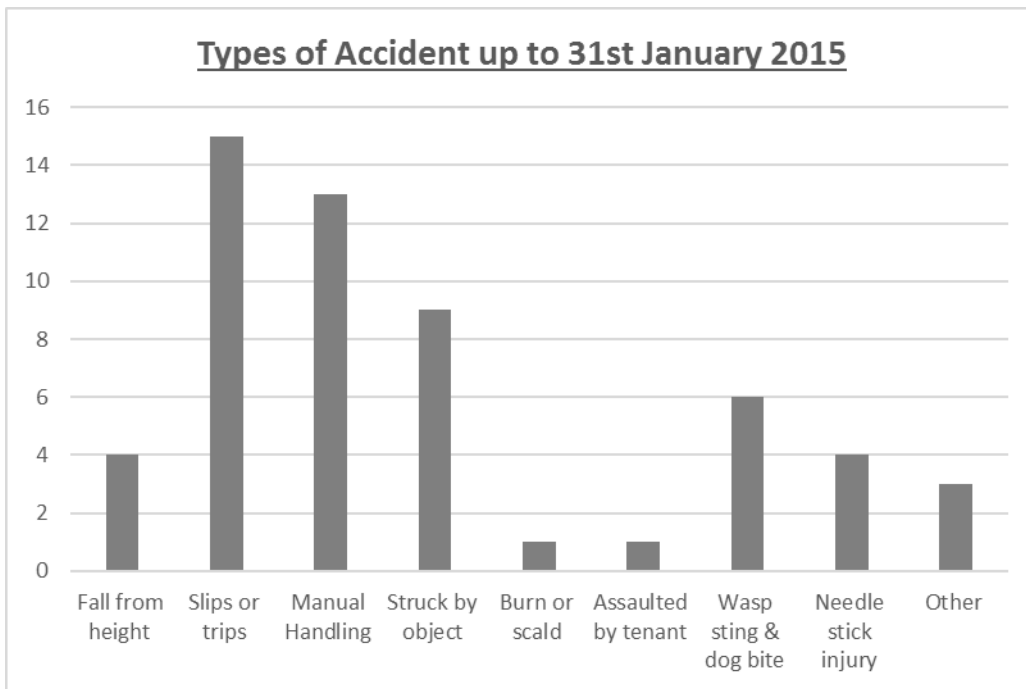
- Accident and Incident Data for the period
- Monitoring Health and Safety Performance
- Report on actions agreed by Health and Safety Committee
- Provision of health and safety information
- Policy updates
- Key activities of the Health and Safety Advisor

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

Figures provided up to 31<sup>st</sup> January 2015. Last year's figures listed below for comparison.

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

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



The tables above show numbers of accidents reported by month and by type up to the end of January 2015.

There was a significant rise in the numbers of accidents in November and a fall in December. This would not appear to be due to a particular accident cause as they vary in type so it is likely that recent accident reporting awareness training at health surveillance sessions increased the rate in November and the rate decreased in December due to the Christmas break. Near misses also increased after the health surveillance sessions when the near miss cards were distributed. Accidents in January have shown no particular trend. Two dog bites to employees working in Council domestic housing have been recorded, and location details shared for other employees to reduce likelihood of recurrence.

### **3. Monitoring Health and Safety Performance**

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

### KPIs Monitored from 1 April 2014

**1. Target to increase accident reporting by 10%**  
(54 accidents to date 2014 -15, 32 accidents in same period 2013 -14 = 67% increase)

**2. Target to carry out accident investigation within 2 weeks**  
92% completed within 2 weeks.

**3. Target to carry out 5 audits per quarter**  
7 audits to date – 2 in quarter 1, 1 in quarter 2, 3 in quarter 3, 1 completed in quarter 4

**4. To ensure 100% of audit reports completed within 2 weeks**  
85% completed to date, 1 audit has outstanding elements which have been delayed due to transformation within the service area and therefore the report has been delayed also.

1	G
2	G
3	R
4	A

The KPI relating to audits per quarter was set by the H&S Service at the outset of 2014 – 15 and will be revised to 2 per quarter for the 2015-16. Additional KPIs will also be considered.

**Action: The Committee are asked to support this action.**

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

The Priory Depot H&S Committee met on 22 January 2015. Matters considered included personal protective equipment issue and housekeeping matters such as vehicle speed limits and parking at the depot.

The full Joint Unison H&S Committee met on 18<sup>th</sup> February 2015.

The Committee approved the TDBC & WSC lone working policy and considered actions on work related stress and a Joint TDBC & WSC safety Policy, which is currently being reviewed and will be signed off by the Chief Executive and Leaders following the election in May 2015.

All policies continue to be circulated to the Health and Safety Committee for consultation.

#### 5. Provision of Health and Safety Information

Training for dealing with discarded needles and sharps was delivered by the H&S Manager and an Occupational Health Nurse to 106 employees from various services



across the Council on Wednesday 14<sup>th</sup> January. Due to the high demand further sessions will be arranged later in the year.

Tool box talk packs have been completed and copies given to DLO managers for use during team briefings. Talk packs are also available to download from the H&S intranet site. New information has been put together on the following key areas:

Discarded needles  
Stress at work  
Accident prevention

DSE workstation refresher training for the assessor volunteers took place on 18<sup>th</sup> February 2015.

## **6. Policy updates**

As described above policies continue to be reviewed in accordance with a dated schedule and taken to joint Unison H&S Committee for approval:

### **Policy and Progress update:**

#### **February**

Lone working policy – to H&S Committee for comments

General Safety Policy statement – to H&S Committee for comments

#### **March:**

Changes to Construction Design Management Regulations – H&S team to attend training

Health surveillance programme year one completed, review of baseline data.

#### **April**

Lone working system pilot starting for Housing Officers

Infection Control Policy

DLO safety Handbook reviewed and re-published

Risk assessment workshops for Managers

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

As an employer, we need to protect our employees from noise under the Control of Noise at Work Regulations 2005. Employees who are exposed to noisy equipment (such as woodworking tools, breakers, leaf blowers, hedge cutters, strimmers) are required to have a hearing test. Tests have been carried out for 40 employees (DLO and print room) and a further 27 are planned. There have been 2 referrals for further assessment with an occupational physician.

Medical assessments for the task trained DLO employees removing asbestos and those working in confined spaces are planned for completion before the end of March 2015.

A risk assessment workshop has been carried out for DLO Managers. This was a successful exercise which will be repeated as required.

The H&S team have been involved in the detailed process of reviewing pre-qualification information for the tender to carry out works to the Market House. Pre-construction information is being collated and works will be monitored by the H&S team.

## **8. Finance Comments**

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

## **9. Legal Comments**

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

## **10. Links to Corporate Aims**

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

## **11. Environmental Implications**

There are no environmental implications arising from this report.

## **12. Community Safety Implications**

There are no community safety implications arising from this report.

## **13. Equalities Impact**

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

## **14. Risk Management**

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

## **15. Partnership Implications**

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

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

## **16. Recommendations**

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

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# Taunton Deane Borough Council

## Corporate Governance Committee - 9 March 2015

### Grant Thornton - Certification Report 2013/2014

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

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

#### 1. Executive Summary

This report introduces the Certification Report 2013/14, which has been compiled by our external auditors, Grant Thornton, in relation to the certification of our Housing Benefit Scheme Claim and Pooling of Housing Receipts Return.

The report, which will be presented by Grant Thornton, summarises their findings from their work in relation to the above claim and return for 2013/14.

#### 2. Background

- 2.1 Each year our external auditors, Grant Thornton, review the Council's arrangements in relation to grant claims and returns.
- 2.2 Specifically for the 2013/14 financial year the external auditors have focussed on the Housing Benefit Scheme Claim and Pooling of Housing Receipts Return.
- 2.3 Their full report together with detailed recommendations and details of the cost of this work are attached to this report.

#### 3. Finance Comments

- 3.1 The claim and return submitted by the Council (and reviewed by our external auditors) total £35.4m. This is clearly a significant financial matter for the authority and we must ensure that proper arrangements are in place to meet the "conditions" of the grants.
- 3.2 The report indicates that, whilst a qualification has been made in respect of the Housing Benefit Scheme Claim, this qualification has had no financial impact.
- 3.3 The report highlights a number of areas where improvements are required together with the agreed management response and target delivery dates.

#### **4. Legal Comments**

4.1 There are no legal implications from this report.

#### **5. Links to Corporate Aims**

5.1 No direct implications.

#### **6. Environmental Implications**

6.1 No direct implications.

#### **7. Community Safety Implications**

7.1 No direct implications.

#### **8. Equalities Impact**

8.1 No direct implications.

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

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

#### **10. Partnership Implications**

10.1 The Director – Operations and the Internal Audit Team (SWAP – South West Audit Partnership) have taken the findings of this report into account when identifying the areas of risk to be audited next year.

#### **11. Recommendations**

11.1 Members are requested to note the report.

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# Certification report 2013/14 for Taunton Deane Borough Council

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**Year ended 31 March 2014**

10 February 2015

**Peter Barber**

Associate Director

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**Ashley Allen**

Manager

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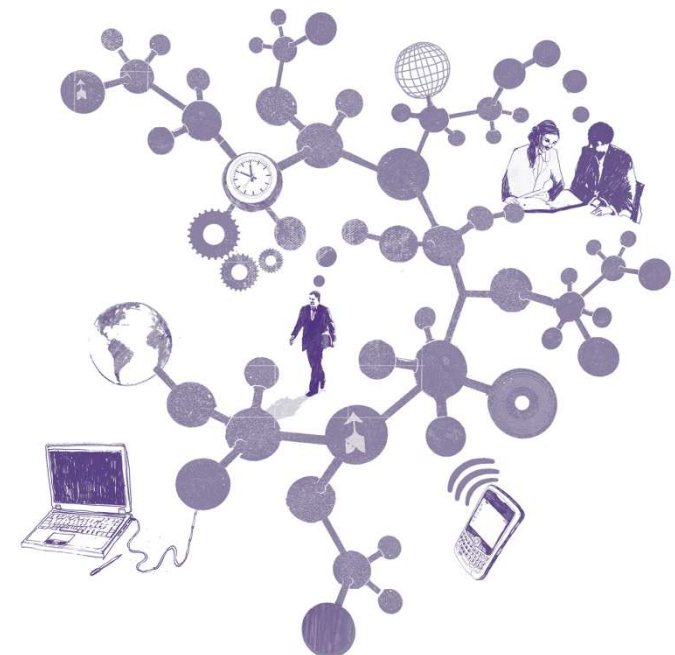
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# Section 1: Summary of findings

## 01. Summary of findings

# Summary of findings

## Introduction

We are required to certify certain claims and returns submitted by Taunton Deane Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified two claims and returns for the financial year 2013/14 relating to expenditure of £35.4 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

## Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan issued to the Council in September 2014.

## Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

Aspect of certification arrangements	Key Messages	RAG rating
<b>Submission &amp; certification</b>	Both claims/returns were submitted and certified by the required deadlines.	● Green
<b>Accuracy of claim forms submitted to the auditor (including amendments &amp; qualifications)</b>	The Pooling of Housing Capital Receipts Return was certified without amendment or qualification however the Housing Benefit Claim was qualified and amended.	● Amber
<b>Supporting working papers</b>	Working papers were in place to support the entries on the claims/returns and requests for additional information were dealt with promptly.	● Green

### **Certification fees**

The indicative certification fee set by the Audit Commission for 2013/14 for Taunton Deane Borough Council is based on final 2011/12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) have been removed. The fees for certification of housing benefit subsidy claims were reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. This is set out in more detail in Appendix C.

### **The way forward**

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

### **Acknowledgements**

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

**Grant Thornton UK LLP**  
**December 2014**

# Appendices

## Appendix A: Details of claims and returns certified for 2013/14

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?	Comments
Housing benefit scheme claim	32,672,866	Yes	0	Yes	<p>The amendment was a classification error between two cells that had no impact on the overall value of the claim.</p> <p>Issues relating to qualification;</p> <ul style="list-style-type: none"> <li>- there were unreconciled differences between the benefits paid per the claim and benefits granted as per the Civica system</li> <li>- an issue affecting the Civica system and its reporting was identified nationally, the impact of which is not known</li> <li>- initial testing identified one case where Carer's Allowance had been brought forward incorrectly</li> <li>- initial testing identified three cases where earned income was incorrectly included, which all related in underpayments and further testing was undertaken, which identified 8 further underpayments, one overpayment and one case with both under/over payments</li> <li>- initial testing identified two issues with Working Tax credits that resulted in an underpayment of benefits and Further testing identified three more errors, one with underpayment, one with no impact on benefits, and one that resulted in an overpayments.</li> </ul>
Pooling of housing receipts return	2,704,595	No	Not applicable	No	No issues were identified in the testing of this return and did not require amendment or qualification.

## Appendix B: Action plan

### Priority

**High** - Significant effect on arrangements

**Medium** – Some effect on arrangements

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	The Council should ensure that the benefit granted is reconciled to the benefit paid as per the Civica System.	Medium	We will continue to press Civica for a solution to this reconciliation	Immediate and ongoing Performance and Development Manager
2	The Council should ensure that tax credits are correctly and promptly entered onto the system for the calculation of benefits.	Medium	We will: <ul style="list-style-type: none"> <li>- carry out a review of the importing of tax credit info from ATLAS into Civica</li> <li>- provide staff with refresher training on how to calculate tax credit income for HB purposes</li> </ul>	March 2015 Performance and Development Manager
3	The Council should ensure that earned income figures are correctly entered onto the system for the calculation of benefits.	Medium	We will: <ul style="list-style-type: none"> <li>- remind staff of the importance to correctly input earned income</li> <li>- increase the number of earned income cases checked pre-notification</li> </ul>	March 2015 Performance and Development Manager April 2015 Principal Benefits Officer

## Appendix B: Action plan

### Priority

**High** - Significant effect on arrangements

**Medium** – Some effect on arrangements

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
4	The Council should ensure that all staff are aware of how the Non-HRA Rent Rebate cases should be classified.	Medium	We will provide staff with refresher training on the correct classification for non-HRA cases and produce a desk aid	March 2015 Performance and Development Manager
5	The Council should ensure that all amounts for Carer's Allowance are correctly input into the system for the calculation of benefits.	Medium	We will carry out a check of all cases where a Carer's Allowance is in payment to ensure the correct amount is included in the calculation of HB	February 2015 Performance and Development Manager

## Appendix C: Fees

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance year on year (£)	Explanation for significant variances
Housing benefits scheme claim	11,810	14,620	14,620	2,810	<p>In 2012/13, we undertook two additional samples of claims whereas in 2013/14 we were required to undertake seven additional samples due to errors identified.</p> <p>In addition, this fee is based on actual fees charged in 2011/12 which were significantly more than the base year of 2010/11 for 2012/13 fees. The indicative fee for 2013/14 was a 40% reduction from the 2011/12 actual fee and included a further 12% reduction to reflect the Council Tax Benefit scheme removal from the claim.</p>
Pooling of housing receipts return	1,934	986	986	(948)	In 2012/13, we undertook Part A and B testing. In 2013/14, only Part A testing was necessary.
<b>Total</b>	<b>13,744</b>	<b>15,606</b>	<b>15,606</b>	<b>1,862</b>	





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# Taunton Deane Borough Council

## Corporate Governance Committee – 9 March 2015

### Internal Audit Plan 2014-2015 Progress

#### Report of the Audit Manager – Alastair Woodland

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

#### 1. Executive Summary

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

The 2014-15 Annual Audit Plan is to provide independent and objective assurance on TDBC's Internal Control Environment. This work will support the Annual Governance Statement.

#### 2. Background

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

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in June. We are pleased to report there are no significant issues to bring to your attention since the December 2014 update.
- 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).

#### 3. Detailed Update

Please refer to the attached SWAP Progress Report

#### 4. Finance Comments

There are no specific finance issues relating to this report.

**5. Legal Comments**

There are no specific legal issues relating to this report.

**6. Links to Corporate Aims**

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

**7. Environmental Implications**

There are no direct implications from this report.

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

There are no direct implications from this report.

**9. Equalities Impact**

There are no direct implications from this report.

**10. Risk Management**

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

**11. Partnership Implications**

There are no direct implications from this report.

**12. Recommendations**

Members are asked to note progress made in delivery of the 2014/15 internal audit plan.

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## **Taunton Deane Borough Council**

### **Report of Internal Audit Activity, February 2015 Update, 2014/15**

# Contents

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Summary

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Overview of Internal Audit Activity Page 1

Internal Audit Work Plan 2014-15

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Future Planned Work Page 4

Conclusion Page 5

Appendices

Appendix A - Audit Plan Progress 2014-15

Appendix B - Audit Definitions



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

Our audit activity is split between:

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

See Appendix A for individual audits

## Role of Internal Audit

The Internal Audit service for Taunton Deane Borough Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Corporate Governance Committee and last reviewed at its meeting on 10<sup>th</sup> March 2014.

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

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

## Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Management Team and External Auditors. This year's Audit Plan was reported to this Committee at its meeting in March 2014.

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



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

Update 2014-15

Completed Audit Assignment in the Period

## Audit Plan Progress

The schedule provided at [Appendix A](#) contains a list of all audits as agreed in the Annual Audit Plan 2014/15. 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 B](#)

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

### Operational:

- Final, 2 reviews
- Drafting, 2 reviews
- Not Started, 2 Reviews

### Governance, Fraud and Corruption:

- Final, 4 reviews
- Drafting, 1 Review
- In Progress, 2 review
- Not started, 1 review

### Follow-up Reviews:

- Final, 2 reviews
- Not Started, 1 Review



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

Update 2014-15

## Audit Plan Progress

### ICT Reviews

- Final, 1 Review
- In progress, 3 reviews

### Key Control Audit

- Final, 2 Reviews
- Drafting, 4 Review
- In progress, 1 Review

In Addition to the 2014-15 plan there are 2 reviews not finalised from the 2013-14 plan, these are:

### ICT Audits

- Draft - IT Financial Controls
- Drafting - Disaster Recovery Arrangement



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

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

## Report on Significant Findings

As agreed with this Committee where a review has a status of 'Final' and has been assessed as 'Partial' or 'No Assurance', I will provide further detail to inform Members of the key issues identified.

I am pleased to report that since the last update in December no partial or no assurance audits have been awarded.

## Future Planned Work/Plan Changes

The audit plan for 2014/15 is detailed in [Appendix A](#). Members will note that there were necessary changes to the plan throughout the year; any changes made have been subject to agreement with the appropriate service manager and the Section 151 Officer.

Members may be aware that SWAP have been going through a staffing restructure. As a result we have had to hold open any vacancies that have occurred throughout the year and are sure you will appreciate that such change can have some impact on productivity; something we know has affected most if not all of our Partners.

As such we have agreed with our Partner Client Officers that we will deliver c.95% of all Partner plans for 2014/15. Even this target is a challenge and we are disappointed that we will not be able to achieve the 100% that our Partners have grown accustomed to. In agreement with the Section 151 Officer, acting as the Council's Client Officer, I have highlighted audits in the plan that will not be delivered as part of the 2014/15 plan. The Safer Somerset Partnership, Housing Voids and some of the remaining time of the Shared Services reviews will not be delivered. Housing Voids and time for the Transformation programme have been included in the 2015-16 plan. However, the Safer Somerset Partnership review has not been carried forward as part of the revised risk assessment for the 2015-16 plan and use of audit resource.



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

## Conclusions

Any risks where the auditor’s assessment of risk to the organisation is “Very High” or “High” will be reported to this Committee. I am pleased to report that no significant corporate risks have been identified that I need to bring to your attention. Overall, on the work completed to date this financial year, I can report that risks are generally well managed and the systems of internal control are generally working effectively.

It is disappointing that we will not be able to achieve the 100% that our Partners have grown accustomed to. We have diverted some additional resource towards the TDBC plan and hopefully over the next month or two we should see the benefits of this. Progress is being made with South West One on the ICT Audits and the Audit Engagement Protocol with South West One is now approved and in place, the benefits of which we should see over the coming months.



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

# Audit Plan Progress 2014-15

# APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
ICT Audits	Threat Protection ( <b>Dropped to allow time for the COSY Replacement Project and Software &amp; Hardware Asset Management audits</b> )	Q1	Dropped							
Operational Audit	Safeguarding	Q1	Final	Reasonable	6	0	1	4	1	0
Follow-up	Procurement Cards ( <b>work undertaken April, but superseded by Management update to May Corporate Governance Committee</b> )	Q1	Final	Non-Opinion	6	0	1	3	2	0
Operational Audit	Parks & Open Spaces	Q1	Final	Partial	5	0	0	4	1	0
ICT Audits	COSY Replacement Project ( <b>New</b> )	Q2	Final	Non-Opinion	5	0	1	4	0	0
ICT Audits	Software Asset Management ( <b>New</b> )	Q2	In Progress							
ICT Audits	Hardware Asset Management ( <b>New</b> )	Q2	In Progress							
Governance, Fraud & Corruption	Absence Management - Theme	Q2	Final	Reasonable	10	0	4	6	0	0
Governance, Fraud & Corruption	Private Water Supply	Q2	Final	Reasonable	4	0	2	1	1	0
Governance, Fraud & Corruption	Data Transparency	Q2	Final	Partial	6	0	2	2	2	0



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

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Protective Marking - Theme	Q2	Drafting	Non-Opinion						
ICT Audits	Corporate Information Security Controls (CIS) <b>(Dropped to allow time for the COSY Replacement Project and Software and Hardware Asset Management audits)</b>	Q2	Dropped							
Operational Audit	Housing Sales (Right To Buy)	Q2	Drafting							
Follow-up	PAS	Q2	Final	Non-Opinion	4	0	0	3	1	0
Key Control	Main Accounting	Q2	Drafting							
Governance, Fraud & Corruption	Fraud Theme <b>(deferred from quarter 1)</b>	Q3	In Progress							
Key Control	Creditors	Q3	Drafting							
Key Control	Council Tax & NNDR	Q3	Final	Substantial	1	0	1	0	0	0
Key Control	Debtors	Q3	In Progress							
Key Control	Housing Benefits	Q3	Final	Substantial	2	0	1	1	0	0
Key Control	Payroll (Starters, Leavers, Changes)	Q3	Drafting							



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

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Key Control	Treasury Management	Q3	Drafting							
ICT Audits	Financial Key Controls	Q3	In Progress							
Operational Audit	Housing New Build	Q3	Drafting							
Governance, Fraud & Corruption	Choice Based Letting	Q4	In Progress							
Governance, Fraud & Corruption	Safer Somerset Partnership/ Community Safety (Due to SWAP Restructure)	Q4	Dropped							
Governance, Fraud & Corruption	Asset Management Theme	Q4								
Operational Audit	Community Infrastructure Levy (CIL)	Q4								
Operational Audit	Housing Voids (Due to SWAP Restructure)	Q4	Dropped							
Operational Audit	Commercial Properties/Rents	Q4								
Follow-up	Data Centre	Q4								
Governance, Fraud & Corruption	WSC & TDBC Shared Services (Due to SWAP Restructure)	All	Dropped							
Governance, Fraud & Corruption	Legal Services - Shared Services	All	Final	Non-Opinion	0	0	0	0	0	0



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

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5

**Outstanding 2013-14 Audits**

ICT Audits	IT Financial Controls, Inc. Access (Key Financial System Audit)	3	Draft	Reasonable						
ICT Audits	Disaster Recovery Arrangements	4	Review							



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

# Audit Framework Definitions

## Control Assurance Definitions

## Appendix B

<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 – 9 March 2015

### Internal Audit Plan 2015-2016

#### Report of the Assistant Director – Corporate Services, Richard Sealy and the Audit Manager, Alastair Woodland.

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

#### **Executive Summary**

This report introduces the Internal Audit Plan for 2015/2016 and also incorporates an 'Internal Audit Charter' which sets out the operational relationship between TDBC and the South West Audit Partnership (SWAP).

This is a flexible plan that may be amended during the year to deal with shifts in priorities. The following plan has the support of the Section 151 Officer.

#### **1. Background**

##### **Internal Audit Plan 2015-16 (Appendix A)**

- 1.1 The Internal Audit service for Taunton Deane Borough Council is delivered by South West Audit Partnership (SWAP).
- 1.2 The internal audit plan for 2015/16 is set out in the attached report from SWAP. I am satisfied that this plan is focussed on key risks areas, and will help provide me with assurance on internal controls.
- 1.3 This has been discussed and supported by the Councils Joint Management Team and is now shared with Members for approval.

##### **Internal Audit Charter (Appendix B)**

- 1.4 The internal audit service provided by the South West Audit Partnership (SWAP), works to a Charter that defines its roles and responsibilities and the roles and responsibilities of the Borough's managers as they relate to internal audit. Best practice in corporate governance requires that the Charter be reviewed and approved annually by the Corporate Governance Committee.
- 1.5 The Charter was last reviewed by the Corporate Governance Committee at their meeting on 10<sup>th</sup> March 2014.



1.6 As the Charter has only recently been updated to reflect the changes in roles and responsibilities, mainly job titles, and to address some of the minor requirements of the Public Sector Internal Audit Standards, there are no further changes required at this time.

**2. Financial Issues / Comments**

2.1 The plan will be delivered within the agreed budget for internal audit.

**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 The approval of the internal audit plan does not require an equalities impact assessment to be prepared.

**7. Risk Management**

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

**8. Partnership Implications**

8.1 The Strategic Director and the Internal Audit Team (SWAP – South West Audit Partnership) meet regularly to review the progress against plan. Quarterly updates are provided to this Committee.

**9. Recommendation**

9.1 The Corporate Governance Committee is requested to approve the Internal Audit Plan for 2015/16.

9.2 The Corporate Governance Committee is requested to approve the Internal Audit Charter.

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**Taunton Deane Borough Council**

**Internal Audit Plan 2015-16**

**Internal Audit ■ Risk ■ Special Investigations ■ Consultancy**

# Contents

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Role of Internal Audit & Background

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The Annual Audit Plan

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Appendix A - Plan Summary

Page 5, 6 & 7



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

Our audit activity is split between:

- **Key Control Audit**
- **Governance, Fraud & Corruption Audit**
- **IT Audit**
- **Operational Audit**
- **Follow-Up Audit**
- **Non-Opinion Reviews**

## Role of Internal Audit

The Internal Audit service for Taunton Deane Borough Council (TDBC) is provided by South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors and also guided by interpretation provided by the Public Sector Internal Audit Standards. The work of the Partnership is also guided by the 'Internal Audit Charter' which was last reviewed and approved by the Audit Committee at its meeting on 10<sup>th</sup> march 2014.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness. In order to achieve this, the audit activity is split across the review categories listed to the left.

## Background

It is recommended by the Public Sector Internal Audit Standards that organisations nominate a 'Board' to oversee (monitor and scrutinise) the work of Internal Audit. As such, in addition to senior management oversight, this Council has determined that, the Corporate Governance Committee will undertake this function. The plan is presented in [Appendix A](#) to this report and represents the internal audit activity for the 2015/16 financial year.

It should be noted that plan days are only indicative for planning our resources. At the start of each audit an initial meeting is held to agree the terms of reference for the audit which includes the objective and scope for the review. Any changes to individual plan items, in terms of days, are managed within the annual payment made by the Council. The plan is pulled together with a view to providing assurance to both Officers and Members that current risks faced by the Authority are adequately controlled and managed. As with previous years the plan will have to remain flexible as new and emerging risks are identified. Any changes to the agreed plan will only be made through a formal process involving the Director of Operations (Section 151 Officer) and reported to this Committee.



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

## The Annual Plan

## The Annual Plan

In order to develop the plan for the year, the Audit Manager reviewed the Corporate Risk Register, Service Plans and Service Risk Registers as well as liaising with the Joint Management Team (JMT) and the Section 151 Officer.

The audit plan is notionally broken down across various audit categories; the following summarises each:

**Key Control Audits** – focus primarily on key risks relating to the Council’s major financial systems. The External Auditors have emphasised for this year that while they do not place reliance on the work of Internal Audit, they will continue to take assurance from it. The scope of some of these reviews will therefore change in emphasis to include controls that haven’t been included in previous years.

**Fraud/Governance Audit** – The focus of the Governance reviews is primarily the key risks relating to cross cutting areas that are controlled and/or impact at a corporate rather than service level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. This work will, in some cases, enable SWAP to provide management with added assurance that they are operating best practice as we will be conducting most of these reviews at all our Partner Sites.

Fraud will continue to be a focal point of our work programmes in all areas, but to support the Council will have a specialist team that are able to respond and carry out ad-hoc investigations if the need should arise.

**IT Audits** – are completed to provide the Authority with assurance with regards to their compliance with industry best practice. Some of these audits have come from previous year assessments and our awareness of current IT risks.

## The Annual Plan - Continued

## The Annual Plan - Continued

**Operational Audits** – are detailed evaluation of service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

**Follow Up Audits** – Where an audit receives a Partial or No Assurance level, SWAP are required to carry out a follow up review to provide assurance that identified weaknesses have been addressed and risks mitigated. Known follow ups from work undertaken in the 2013-14 plan have been built in. A contingency has also been built in into the plan so that, should any early reviews be awarded this level of assurance, they can be followed up in a timely manner.

**Non-Opinion Reviews** – are undertaken at the specific request of management, where they may have some concerns or are looking for advice on a particular subject matter. Such reviews are not normally afforded an audit opinion.



## The Annual Plan - Continued

## The Annual Plan - Continued

**Audit Drivers** - A key element of risk based audit planning is the relative prioritisation of audit review work. This helps to ensure that resources are targeted at the most significant aspects of the Councils operations. A brief description explaining the context behind each of these 'drivers' is as follows;

**SWAP Best Practice Reviews** - These are audits which are carried out across the SWAP Partnership the outcomes of which will help to share knowledge and inform best practice and risk mitigation.

**Risk Register** - These reviews are undertaken to assess activity and provide assurance on the management and appropriate mitigation of corporate risk/and or service risk register.

**Audit History** - These reviews have been prioritised as a result of the time period since the last review.

**Performance** - These reviews are included to inform the Councils performance management framework and may also include areas of poor performance.

**Impact** - his provides coverage of those areas which are considered business critical

**Business Change/Improvement** - This recognises increased risk as a result of significant change

**Fraud** - To recognise the inherent risk of fraud in particular systems or activities of the Council.

**Corporate Priorities** - Assess performance and support development of areas contained in the Corporate Plan.

The schedule provided at [Appendix A](#) details the Annual Internal Audit Plan for 2015/16.



Audit Title	Resource (days)	Key Drivers							
		SWAP Best Practice Reviews	Risk Register (Corporate or Service)	Audit History	Performance	Impact	Business Change/Improvement	Fraud	Corporate Priorities
<b>Key Control</b>									
Housing Rents	15			Y		Y		Y	
Main Accounting	15		Y			Y		Y	
Creditors	15					Y		Y	
Council Tax & NNDR	15					Y		Y	
Debtors	15		Y			Y		Y	
Housing Benefits	12					Y		Y	
Payroll	10					Y		Y	
Treasury Management	8					Y		Y	
<b>Governance, Fraud &amp; Corruption</b>									
Business Continuity, including Disaster Recovery	12	Y	Y			Y	Y		
Transformation Programme	5		Y			Y	Y		Y
Declaration of Interests, Gifts and Hospitality & Ethical Standards	10			Y			Y	Y	
Business Incentive Grants	10			Y	Y			Y	Y
Cash & Banking	10			Y				Y	



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



Audit Title	Resource (days)	Key Drivers							
		SWAP Best Practice Reviews	Risk Register (Corporate or Service)	Audit History	Performance	Impact	Business Change/Improvement	Fraud	Corporate Priorities
<b>ICT Audits</b>									
Physical and Env Controls / Data Centre	10			Y		Y			
Information Systems - Property Management	10						Y		
Information Systems - Finance	15		Y	Y		Y	Y	Y	
<b>Operational Audits</b>									
Homelessness	12			Y				Y	
Stores	10				Y				
Crematorium	12		Y	Y					
Deane Help Line	12		Y	Y					
Land Charges	10			Y					
Food safety	12		Y	Y	Y				
Housing - Responsive Maintenance	12			Y					Y
Housing Voids	15			Y	Y				
Gas Servicing	12				Y	Y			
<b>Follow-Up Audits</b>									
Parks & Open Spaces	6								
Data Transparency	1								
<b>Non Project Related</b>									
Follow-ups Contingency	6								
Corporate Advice	12								
Corporate Meetings	16								
Contribution to SWP	5								



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

## Internal Audit Charter

### Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Taunton Deane Borough Council, and to outline the scope of internal audit work.

### Approval

This Charter was approved by the Corporate Governance Committee on 25<sup>th</sup> September 2006 and is reviewed each year to confirm it remains accurate and up to date. It was last reviewed by the Corporate Governance Committee<sup>1</sup> on 10<sup>th</sup> March 2014.

### Provision of Internal Audit Services

The internal audit service is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled company. This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by the Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the Council's level of contribution to SWAP. This is reviewed each year by the Director - Operations (Section 151 Officer) in consultation with the Chief Executive of SWAP.

### Role of Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

### Responsibilities of Management and of Internal Audit

#### *Management<sup>2</sup>*

Management is responsible for determining the scope, except where specified by statute, of internal audit work and for deciding the action to be taken on the outcome of, or findings from, their work. Management is responsible for ensuring SWAP has:

- the support of management and the Council; and
- direct access and freedom to report to senior management, including the Council's Chief Executive and the Corporate Governance Committee.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Authority. Management is also responsible for the appropriate and effective management of risk.

#### *Internal Audit*

Internal audit is responsible for operating under the policies established by management in line with best practice.

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<sup>1</sup> The Standards require that Internal Audit report to the Board. CIPFA have, via the Public Sector Internal Audit Standards (PSIAS) Guidelines, determined that the Corporate Governance Committee in this instance represents the Board.

<sup>2</sup> In this instance Management refers to the Joint Management Team.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. SWAP staff who have previously worked for Taunton Deane Borough Council will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

### **Relationship with the External Auditors/Other Regulatory Bodies**

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

### **Status of Internal Audit in the Organisation**

The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. The Chief Executive for SWAP and the Group Audit Manager also report to the Strategic Director, as Section 151 Officer, and reports to the Corporate Governance Committee as set out below.

Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

### **Scope and authority of Internal Audit work**

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of Taunton Deane Borough Council.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the Council and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether Taunton Deane Borough Council is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.
- reviewing the operations of the council in support of the Council's anti-fraud and corruption policy.

- at the specific request of management, internal audit may provide consultancy services provided:
  - the internal auditors independence is not compromised
  - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
  - the scope of the consultancy assignment is clearly defined and management have made proper provision for resources within the annual audit plan
  - management understand that the work being undertaken is not internal audit work.

### **Planning and Reporting**

SWAP will submit to the Corporate Governance Committee, for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The annual plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Director. SWAP will report at least two times a year to the Corporate Governance Committee. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Corporate Governance Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought. The detailed report will also be copied to the Director - Operations (Section 151 Officer) and to other relevant line management.

The Chief Executive of SWAP will submit an annual report to the Corporate Governance Committee providing an overall opinion of the status of risk and internal control within the council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and SWAP Directors have the unreserved right to report directly to the Leader of the Council, the Chairman of the Corporate Governance Committee, the Council's Chief Executive Officer or the External Audit Manager.

Revised March 2015

# Taunton Deane Borough Council

## Corporate Governance Committee - 9 March 2015

### External Audit (Grant Thornton) Update Report

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

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

#### 1. Executive Summary

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

#### 2. Background

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

#### 3. (Full details of the Report)

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

#### 4. Finance Comments

- 4.1 This is an update report only.

#### 5. Legal Comments

- 5.1 There are no legal implications from this report.

#### 6. Links to Corporate Aims

6.1 No direct implications.

## **7. Environmental Implications**

7.1 No direct implications.

## **8. Community Safety Implications**

8.1 No direct implications.

## **9. Equalities Impact**

9.1 No direct implications.

## **10. Risk Management**

10.1 No direct implications.

## **11. Partnership Implications**

11.1 No direct implications.

## **12. Recommendations**

12.1 Members are requested to note the update report.

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# Corporate Governance Committee Update for Taunton Deane Borough Council

**Year ended 31 March 2015**

24 February 2015

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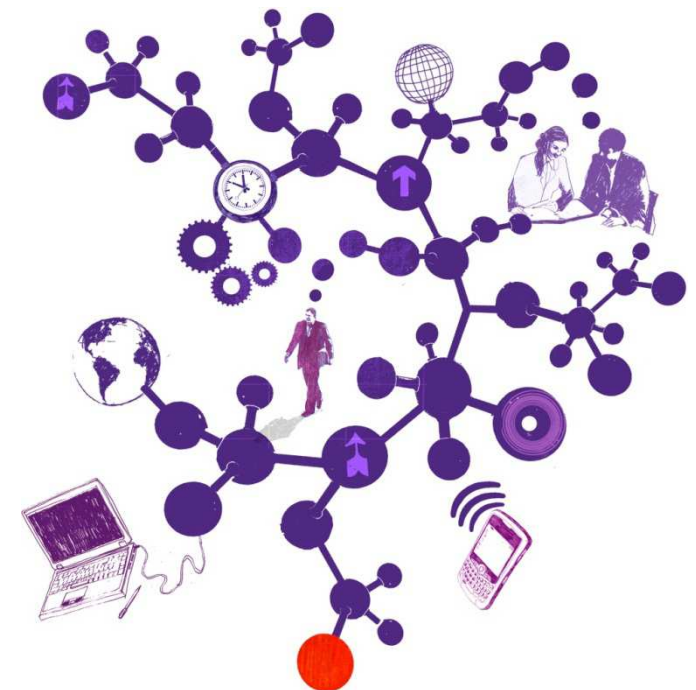
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to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



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# Introduction

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

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

- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England
- Local government governance review 2015: all aboard, our fourth annual governance review assesses local authority, fire and police governance and highlights areas for improvement and poses questions to help assess the strength of current arrangements.

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

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## Progress at 24 February 2015

Work	Planned date	Complete?	Comments
<p><b>2014-15 Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.</p>	May 2015	Not yet due	<p>Will be presented to members at the next Corporate Governance Committee meeting.</p> <p>There is additional fee of £900 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR3 claims. The additional fee is 50% of the average fee previously charged for NDR3 certifications for district councils and has been approved by the Audit Commission. This means the audit fee will be £67,761 for 2014/15 instead of that previously communicated of £66,861. This is consistent with the change in the audit fee for 2013/14 final accounts. This will be discussed again with in the Audit Plan at the next Committee meeting.</p>
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• initial risk assessment to support the Value for Money conclusion.</li> </ul>	January to April 2015	Ongoing	<p>We are currently working with the Council to complete our interim work. The results of this will be communicated in the Audit Plan that will be presented at the next Committee meeting.</p>

## Progress at 24 February 2015

Work	Planned date	Complete?	Comments
<p><b>2014-15 final accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2014-15 financial statements</li> <li>• proposed opinion on the Council's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	July to September 2015	Not yet due	
<p><b>Value for Money (VfM) conclusion</b> We are required to assess whether the Council has proper arrangements in place for:</p> <ul style="list-style-type: none"> <li>• securing financial resilience</li> <li>• challenging how it secures economy, efficiency and effectiveness.</li> </ul>	July to September 2015	Not yet due	
<p><b>2014-15 certification work</b> This work is expected to cover:</p> <ul style="list-style-type: none"> <li>• housing benefits scheme claim</li> <li>• Pooling of housing capital receipts return.</li> </ul>	September to November 2015	Not yet due	

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# Rising to the challenge

## Grant Thornton

Our national report, Rising to the Challenge, the Evolution of Local Government, was published in December and is available at: <http://www.grant-thornton.co.uk/en/Publications/2014/Rising-to-the-challenge---The-evolution-of-local-government/>

This is the fourth in our series of annual reports on the financial health of local government. Like previous reports, it covers key indicators of financial performance, strategic financial planning, financial governance and financial control. It also includes case studies of best practice and a comparison to the NHS. This year it has been extended to use benchmarking information on savings plans and budget performance.

The overall message is a positive one. What stands out is how well local authorities have navigated the first period of austerity in the face of ever increasing funding, demographic and other challenges. Many authorities are forecasting financial resilience confidently in their medium term financial strategy. This reflects an evolution in financial management that would have been difficult to envisage in 2010. However, there remains much to be achieved if the sector is to become sustainable in the long term, and authorities should consider if their:

- medium- to long-term strategy redefines the role of the authority creatively
- operational environment will adapt, working in partnership with other authorities and local organisations
- strategy looks beyond the traditional two- to three-year resource planning horizon
- organisational culture is aligned to where the authority needs to be in the medium to long term
- senior leadership teams – both officers and members – have the necessary skills and capacity to ensure delivery against the medium-term challenges
- corporate governance arrangements ensure effective oversight and scrutiny of the organisation as it adapts to the challenges it faces.

The importance of these actions will be magnified if local government devolves further, particularly in relation to fiscal devolution. The new-found confidence of local government in responding to the medium-term challenges will be tested significantly by the second phase of austerity.

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

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# 2020 Vision

## Grant Thornton

Our national report '2020 Vision' is available at: <http://www.grant-thornton.co.uk/en/Publications/2014/2020-Vision-Exploring-finance-and-policy-futures-for-English-local-government-as-a-starting-point-for-discussion/>

In a time of unprecedented challenge for English local government, how can the sector develop towards 2020 if it is to have a sustainable future? Our latest report provides a thorough analysis of the current political and economic context, explores a range of potential policies and outcomes, and suggests several scenarios to facilitate an open debate on the future for the sector.

Produced in collaboration with the University of Birmingham's Institute for Local Government Studies (INLOGOV), our report suggests that fundamental changes to local government are both operationally necessary and constitutionally inevitable, for the sector to remain relevant by 2020. The report offers a thorough analysis of the current political and economic context and explores a range of potential future policies and outcomes that English local government will need to adopt and strive towards as they seek to adapt and overcome these challenges.

Placed in the context of enhanced devolution, following the Scottish independence referendum, 2020 Vision maintains a wary eye fixed on the 2015/16 Spending Round and looks ahead to the life time of the next government. It highlights that the economic and financial situation remains increasingly untenable, with an expanding North/South divide arising from the pattern of funding reductions and economic growth.

It highlights that English local authorities continue to face unprecedented challenges, relating to the pressures of austerity and central government funding reductions, and demographic and technological change. Our report highlights the vital role of a successful local government sector and encourages it to think hard about how it will cope in the future.

Informed by the views of a broad range of local authority leaders, chief executives and other sector stakeholders, the report offers a set of six forward-looking scenarios\* in which councils could be operating within by 2020. Though not mutually exclusive, we suggest that key stakeholders need to take urgent action to avoid a potential slow and painful demise for some councils by 2020.

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

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# Local Government governance review 2015: All aboard

## Grant Thornton

Our national report 'Local Government Governance Review 2015: All aboard' is available at: <http://www.grant-thornton.co.uk/en/Publications/2015/Local-Government-Governance-review-2015-All-aboard1/>

Our fourth annual review into local authority governance aims to assist senior management and elected members of councils, fire & rescue authorities and police bodies to assess the strength of their governance arrangements and to prepare for the challenges ahead.

Focusing on three particular aspects of engagement – within the organisation, with partners and with the public – the key messages from the report are:

- while more than 90% of those surveyed felt their organisations encouraged well-managed risk taking and innovation, 43% felt scrutiny committees were not challenging enough about the way authorities do things
- 84% of respondents said their organisations are now using or considering alternative delivery models but only 45% feel that scrutiny of service quality is sufficiently challenging
- 49% said the transition to police and crime commissioners has not had a positive impact on local partnership working arrangements, while 42% saw no difference in local healthcare governance as a result of councils' new public health role
- annual accounts and annual governance statement continue to expand in length, making them even more challenging for the public to read and understand
- only 30% of cabinet positions in local authorities are held by women, while over half our survey say members do not adequately reflect the demographic profile of the local population.

Alongside the research findings, the report highlights examples of good practice and also poses a number of questions for management and members, to help them assess the strength of their current governance arrangements.

Hard copies of the report are also available from your Engagement Lead or Audit Manager.

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## Earlier closure and audit of accounts

### Accounting and audit issues

DCLG is consulting on proposals to bring forward the audit deadline for 2017/18 to the end of July 2018. Although July 2018 is almost 4 years away, both local authorities and their auditors will have to make real changes in how they work to ensure they are 'match-fit' to achieve this deadline. This will require leadership from members and senior management. Local government accountants and their auditors should start working on this now.

Top tips for local authorities:

- make preparation of the draft accounts and your audit a priority, investing appropriate resources to make it happen
- make the year end as close to 'normal' as possible by carrying out key steps each and every month
- discuss potential issues openly with auditors as they arise throughout the year
- agree key milestones, deadlines and response times with your auditor
- agree exactly what working papers are required.



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# Financial sustainability of local government

## Local government guidance

In November the National Audit Office published their report on the Financial Sustainability of Local Government.

The report concludes that Local authorities have coped well with reductions in government funding, but some groups of authorities are showing clear signs of financial stress. The Department for Communities and Local Government has a limited understanding of authorities' financial sustainability and the impacts of funding cuts on services, according to the National Audit Office.

The Government reduced its funding to local authorities by an estimated 28% in real terms between 2010-11 and 2014-15. Further planned cuts will bring the total reduction to 37% by 2015-16, excluding the Better Care Fund and public health grant. Although there have been no financial failures in local authorities in this period, a survey of local auditors shows that authorities are showing signs of financial pressure. Over a quarter of single tier and county councils had to make unplanned reductions in service spend to deliver their 2013-14 budgets. Auditors are increasingly concerned about local authorities' capacity to make further savings, with 52% of single tier and county councils not being well-placed to deliver their medium-term financial plans.

There are significant differences in the scale of funding reductions faced by different authorities. Authorities that depend most on government grant are the ones most affected by funding reductions and reforms. This was an outcome of policy decisions to tackle the fiscal deficit by reducing public spending, and for local authority funding to offer incentives for growth.

Local authorities have tried to protect spending on social care services. Other service areas such as housing services and culture and leisure services have seen larger reductions. While local authorities have tried to make savings through efficiencies rather than by reducing services, there is some evidence of reduction in service levels.

According to the NAO, however, the Department does not monitor in a coordinated way the impact of funding reductions on services, and relies on other departments and inspectorates to alert it to individual service failures. In consequence, the Department risks becoming aware of serious problems with the financial sustainability of local authorities only after they have occurred.

The Department's processes for assessing the capacity of authorities to absorb further funding reductions are also not sufficiently robust.



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

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

Reporting Officers:Catrin Brown

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

Reporting Officers:Ashley Allen,Peter Barber

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

Reporting Officers:Anton Sweet,Peter Barber

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

Reporting Officers:Paul Harding

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

Reporting Officers:Alistair Woodland

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

Reporting Officers:Alistair Woodland

**22/06/2015, Report:Grant Thornton External Audit - External Audit Fees 2015/16**

Reporting Officers:Ashley Allen,Peter Barber

**22/06/2015, Report:Grant Thornton External Audit Plan 2014/15**

Reporting Officers:Ashley Allen,Peter Barber

**22/06/2015, Report:Grant Thornton External Audit Update**

Reporting Officers:Ashley Allen,Peter Barber

**22/06/2015, Report:Draft Annual Governance Statement 2014/15**

Reporting Officers:Paul Harding

**22/06/2015, Report:Health and Safety Update Report**

Reporting Officers:Catrin Brown

**22/06/2015, Report:SWAP Internal Audit - Annual Report**

Reporting Officers:Alistair Woodland

**22/06/2015, Report:SWAP Internal Audit - Review of Effectiveness**

Reporting Officers:Shirlene Adam

**22/06/2015, Report:Annual Governance Statement 2014/15**

Reporting Officers:Paul Harding

**28/09/2015, Report:Corporate Governance Action Plan Update**

Reporting Officers:Paul Harding

**28/09/2015, Report:Corporate Risk Update Report**

Reporting Officers:Paul Harding

**28/09/2015, Report:Grant Thornton External Audit - Audit Findings**

Reporting Officers:Ashley Allen,Peter Barber

**28/09/2015, Report:Grant Thornton External Audit - Certification Plan**

Reporting Officers:Ashley Allen,Peter Barber

**28/09/2015, Report:Approval of the Statement of Accounts**

Reporting Officers:Paul Fitzgerald

**28/09/2015, Report:SWAP Internal Audit - Progress Update Report 2014/15**

Reporting Officers:Alistair Woodland

**28/09/2015, Report:Corporate Counter-Fraud Update**

Reporting Officers:Heather Tiso,Paul Fitzgerald

**28/09/2015, Report:Going Concern Assessment**

Reporting Officers:Paul Fitzgerald

**07/12/2015, Report:Health and Safety Update Report**

Reporting Officers:Catrin Brown

**07/12/2015, Report:Grant Thornton External Audit - Annual Audit Letter 2014/15**

Reporting Officers:Ashley Allen,Peter Barber

**07/12/2015, Report:Grant Thornton External Audit Update**

Reporting Officers:Ashley Allen,Peter Barber

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

Reporting Officers:Alistair Woodland

## **Corporate Governance Committee – 9 March 2015**

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

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

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

(The meeting commenced at 6.15 pm)

### **62. Apologies/ Substitution**

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

Substitution : Councillor R Lees for Mrs Lees.

### **63. Minutes**

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

### **64. Declaration of Interests**

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

### **65. Taunton Deane Borough Councils Constitution**

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

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

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

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

**Resolved** that the verbal update provided be noted.

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

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

Below was a summary of topics which included:-

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

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

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

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

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

**Resolved** that the report be noted.

#### **67. Grant Thornton - Certification Report 2013/2014**

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

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

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

**Resolved** that the Auditor's report be noted.

#### **68. Risk Management Update Report**

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

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

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

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

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

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

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

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

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

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

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

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

**Resolved** that the report be noted.



## **69. Internal Audit Plan 2014-2015 Progress**

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

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

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

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

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

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

**Resolved** that the SWAP Progress Report be noted.

## **70. Internal Audit Plan 2015-2016**

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

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

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

**Resolved** that the report be noted.

## **71. External Audit (Grant Thornton) Update Report**

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

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

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

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

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

**Resolved** that the report be noted.

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

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

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

(The meeting ended at 8.00 p.m).