

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 28 September 2015 at 18:15.

---

### Agenda

- 1 Apologies
- 2 Minutes of the meeting of the Corporate Governance Committee held on 22 June 2015 (attached).
- 3 Public Question Time
- 4 Declaration of Interest  
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
- 5 Grant Thornton External Audit - Audit Findings. Report of the Audit Manager and Appointed Auditor (attached).  
Reporting Officer: Peter Barber
- 6 Approval of the Statement of Accounts. Report of the Assistant Director of Resources (attached).  
Reporting Officer: Paul Fitzgerald
- 7 SWAP Internal Audit - Process Report 2015/16. Report of the Assistant Director of South West Audit Partnership (attached).  
Reporting Officer: Alistair Woodland
- 8 Corporate Risk Update. Report of the Corporate Strategy and Performance Manager (attached).  
Reporting Officer: Paul Harding
- 9 Corporate Governance Action Plan. Report of the Corporate Strategy and Performance Manager (attached).  
Reporting Officer: Paul Harding
- 10 Corporate Governance Committee Forward Plan - details of forthcoming items to be considered by the Corporate Governance Committee and the opportunity for Members to suggest further items (attached)

Bruce Lang  
Assistant Chief Executive

01 December 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.

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

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



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



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

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

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

**Corporate Governance Committee Members:-**

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

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

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

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

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

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

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

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

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

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

**Report:Corporate Counter-Fraud Update**  
Reporting Officers:Heather Tiso,Paul Fitzgerald

**Report:Going Concern Assessment**  
Reporting Officers:Paul Fitzgerald

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

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

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

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

(The meeting commenced at 6.15 pm)

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

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

### **26. Minutes**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Resolved** that:-

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Resolved** that the report be noted.

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

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

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

(The meeting ended at 7.40 pm).