

You are requested to attend a meeting of the Corporate Governance Committee to be held in The Brittons Ash Community Centre, Bridgwater Road, Bathpool, Taunton (Committee Room) on 18 September 2017 at 18:15.

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### Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 31 July 2017 (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 SWAP Internal Audit – Internal Audit Plan 2017/18 Progress. Report of the Assistant Director, Internal Audit Services (attached).  
Reporting Officer: Alastair Woodland
- 6 Regulation of Investigatory Powers Act (RIPA) 2000 - Update Following Inspection. Report of the Assistant Chief Executive and Monitoring Officer. (attached)  
Reporting Officer: Bruce Lang
- 7 Corporate Risk Management Update. Report of the Corporate Performance Officer (attached).  
Reporting Officer: Richard Doyle
- 8 Overdue High Priority SWAP Audit Actions. Report of the Corporate Strategy and Performance Officer. (attached).  
Reporting Officer: Richard Doyle
- 9 Corporate Governance Action Plan Update. Report of The Corporate Strategy and Performance Officer. (attached)  
Reporting Officer: Richard Doyle
- 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

04 March 2018

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

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

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

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

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

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

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

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



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



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

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

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**Corporate Governance Committee Members:-**

Councillor A Sully (Chairman)  
Councillor M Adkins  
Councillor C Booth  
Councillor N Cavill  
Councillor E Gaines  
Councillor A Govier  
Councillor T Hall  
Councillor J Horsley  
Councillor J Hunt  
Councillor S Nicholls  
Councillor R Ryan  
Councillor Mrs F Smith-Roberts  
Councillor C Tucker  
Councillor D Webber

## **Corporate Governance Committee – 31 July 2017**

Present: Councillor Sully (Chairman)  
Councillor Cavill, Booth, Gaines, Hall, Horsley, Hunt, Ryan, Mrs Smith-Roberts, Mrs Stock-Williams, Mrs Tucker.

Officers: Paul Carter (Assistant Director – Corporate Services), Jo Nacey (Financial Services Manager and Deputy s151 Officer), Peter Barber (Director – Grant Thornton) and Andrew Randell (Democratic Services Officer).

Councillors Coles and Habgood

(The meeting commenced at 6.15 pm)

### **14. Apologies**

Apologies were received by Councillors Govier and Nicholls.

Substitution: Councillor Nicholls for Coles.

### **15. Minutes**

The Minutes of the meetings of the Corporate Scrutiny Committee held on 20 June 2017 were taken as read and were signed.

### **16. Declaration of Interests**

Councillor Cavill declared a personal interest as a member of the Taunton Heritage Trust. Councillor Coles declared a personal interest as a Somerset County Councillor and a member of the Devon and Somerset Fire Authority. Councillor Hall declared a personal interest as a member of the Taunton Heritage Trust. Councillor Hunt declared personal interests as a Member of Somerset County Council, Exmoor National Park Authority Member, Devon & Somerset Fire & Rescue Authority Member and Tacchi Morris Management Committee Member. Councillor Stock-Williams declared an interest as a member of the Taunton Heritage Trust.

### **17. Assessment of Going Concern Status 2016/17**

Members considered the report previously circulated, concerning the S151 Officer's assessment of the Council as a "going concern" for the purpose of producing the Statement of Accounts for 2016/17.

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

- The Council's current financial position;
- Current and Projected financial position;
- Governance arrangements;
- The regulatory and control environment applicable to the Council as a local authority.

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

- NHS claims for Business Rates Discount
- Multi Year Finance Settlement and Business Rates Retention
- Transformation and New Council Creation
- Commercial Approach and Income Generation

It was considered that, having regard to the Council's arrangements and such factors as were highlighted in this report, the Council remained a "going concern for the foreseeable future. This assessment would be undertaken annually in the course of preparing the Council's financial statements for each year.

During the consideration of this item, the following points were made:-

- The potential of business rate relief claim from the NHS triggering a safety net payment was discussed. It was questioned how this was triggered. Concerns were expressed that there would be little indication of the business rate claim to mitigate against the risks.
- Any successful business rate claim would be a significant figure. This would be backdated for 6 years.
- Following the creation of the New Council, West Somerset would also have the potential of a business rate claim to be resolved. There was a different scale of risk in relation to the increase of the Hinkley rateable value.
- Funding had been set aside in the smoothing reserve to cover the risk for 2018/19.
- Assurance was given that there was confidence there was enough budget set aside in earmarked reserves to cover the risk.

**Resolved** that members noted the assessment made of the Council's status as a "going concern" as a basis for preparing the 2016/17 Statement of Accounts.

## **18. External Audit 2016/17 Audit Findings Report.**

Members considered the letter previously circulated, concerning the External Audit 2016/17 Audit Findings Report.

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

That following the detailed review of financial statements and our governance and control arrangements, the Auditor had indicated his intention to provide an "unqualified" opinion on our accounts for 2016/17, and an "unqualified VFM conclusion" in respect of arrangements to secure economy, efficiency and effectiveness in our use of resources i.e. providing value for money.

The Unaudited Statement of Accounts 2016/17 were signed off by the Council's S151 Officer in May 2017 within the earlier statutory deadline for 2017/18, and before the start of the external audit review.

The external audit review had been completed and the auditor had indicated their

intention to issue an “unqualified opinion” for the Statement of Accounts, as showing a true and fair view of the Council’s financial position and performance.

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

During the consideration of this item, the following points were made:-

- The Unqualified in the opinion of the findings set out no concerns over the accounts.
- Data from SAP was owned by the Council. All historic data from SAP had been downloaded.
- Issues relating to security and user access to the IT systems were discussed. More information would be requested from IT to address this.
- A review of security access would be undertaken with managers involved along with controls in employee access.
- Controls in recognising income were considered, along with risks in reporting and accounting errors. No significant issues had been identified.
- Work had been done in the areas of balance sheets and fixed assets.
- Pension fund liability was considered, information relating to this was provided by Somerset County Council.
- There were no issues relating to employee remuneration, operating expenses or the Southwest One contract termination.
- Assurance was given that appropriate controls were in place for the Medium Term financial plan.
- There were no significant issues had occurred in the systems transfer when bringing the Southwest One services back in house.
- There was ongoing dialogue and early engagement with finance colleagues.
- This year’s audit findings were ahead of schedule. Mistakes that were picked up in previous years wouldn’t reoccur due to the change of timetable.
- It was determined to be a significant achievement for finance on the improvements made since the previous year.
- The “Red/Amber/Green” status was requested to be included in future reports.
- The apportionment of time between both councils had been correctly stated in the report and accounts. This has been arranged appropriately within the agreement.
- Internal and external audit had considered cost apportionment, this would be revisited; it was recognised that there were changing pressures that would influence this.

**Resolved** that the Corporate Governance Committee note the report and support the action plan.

## **19. Approval of the Statement of Accounts 2016/17.**

Members considered the report previously circulated, concerning the Statement of Accounts for 2016/17. This report is required to be approved by the Corporate

Governance Committee and signed by the S151 Officer (Paul Fitzgerald) and the Chair of the Corporate Governance Committee (Councillor Sully).

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

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

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

The S151 officer was required to sign off the unaudited Draft Accounts as true and fair by 30 June each year. The audited Statement of Accounts must be approved by Committee by 30 September each year. Once approved the Statement must be signed by the S151 Officer and the Chair of the Corporate Governance Committee, and published on the Council's website. This requirement had changed for the 2017/18 accounts and in anticipation the 2017/18 deadlines worked to were 31 May and the Final Accounts signed off by the 31 July

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

The Statement of Accounts for 2016/17 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 2016/17.

In 2016/17 there was a significant change in the Code of Practice to our accounting requirements which might that income and expenditure had to be reported in the same format management accounts are produced to committee. This also meant that the 2015/16 figures had to be restated for comparative purposes. The changes were highlighted in note 2 on page 34. The format change did not change the outturn figures ("bottom line") and is presentational only.

The Statement of Accounts contain four main statements reflecting the position of the Council at 31 March 2017:

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

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

Grant Thornton UK LLP intends to issue the Council with an "unqualified" opinion on the Statement of Accounts and the Value for Money conclusion. This was good news



and means that the Auditors agree that the Accounts provide a “true and fair view” of the financial position.

During the audit, there was an amendment to the Council Dwellings revaluation figure of 13.8m which had been reflected in the Accounts and in the Audit findings. Reported that other minor amendments were made during the checking process but these were mainly presentational.

During the consideration of this item, the following points were made:-

- It was determined that General Reserves and the Housing Revenue Accounts were above the minimum balances.
- There was a calculation determining appropriate provision for bad debt. The introduction of Universal Credit could be a factor in determining this.
- The projected figures would be factored into the Medium Term Financial Plan.
- Assurance was given that the pension fund would provide the best information they can do at the earliest opportunity.
- There were no impending future changes to the LGPS. New starters were automatically enrolled in the LGPS.

**Resolved** that:-

1. The Corporate Governance Committee noted the Auditors unqualified opinion on the Statement of Accounts.
2. Approve the 2016/17 Statement of Accounts as attached to the report.
3. The Chairman of the Corporate Governance Committee signed the Statement of Accounts

## **20. 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.

Councillor Hunt left at 7.35pm

(The meeting ended at 7.45pm).

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

### **Corporate Governance Committee**

- Member of Somerset County Council – Councillor Govier
- Member of Somerset County Council, Exmoor National Park Authority Member, Devon & Somerset Fire & Rescue Authority Member and Tacchi Morris Management Committee Member – Councillor Hunt

# Taunton Deane Borough Council

## Corporate Governance Committee – 18 September 2017

### SWAP Internal Audit – Internal Audit Plan 2017/18 Progress

This matter is the responsibility of Executive Councillor Richard Parrish

Report Author: Alastair Woodland, Assistant Director, SWAP

#### 1 Executive Summary

- 1.1 The Internal Audit function plays a central role in corporate governance by providing assurance to the Corporate Governance Committee, looking over financial controls and checking on the probity of the organisation.
- 1.2 The 2017-18 Annual Audit Plan is to provide independent and objective assurance on TDBC's Internal Control Environment. This work will support the Annual Governance Statement.

#### 2 Recommendations

- 2.1 Members are asked to note progress made in delivery of the 2017/18 internal audit plan and significant findings since the previous update in June 2017.

#### 3 Risk Assessment

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

#### Risk Matrix

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

## Risk Scoring Matrix

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

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

## 4 Background

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

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in June 2017.
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

4.2 The Internal Audit Progress Report for 2017/18 is contained within the attached SWAP Report.

## 5 Links to Corporate Aims

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

## **6 Finance**

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

## **7 Legal Implications**

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

## **8 Environmental Impact Implications**

8.1 There are no direct implications from this report.

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

9.1 There are no direct implications from this report.

## **10 Equality and Diversity Implications**

10.1 There are no direct implications from this report.

## **11 Social Value Implications**

11.1 There are no direct implications from this report.

## **12 Partnership Implications**

12.1 There are no direct implications from this report.

## **13 Health and Wellbeing Implications**

13.1 There are no direct implications from this report.

## **14 Asset Management Implications**

14.1 There are no direct implications from this report.

## **15 Consultation Implications**

15.1 There are no direct implications from this report.

### **Democratic Path:**

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

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

Twice-yearly

Annually

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

Appendix A	SWAP Internal Audit Progress Report 2017/18
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# Taunton Deane Borough Council

Report of Internal Audit Activity

Plan Progress 2017/18

# Contents

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➡	Role of Internal Audit	Page 1
➡	Internal Audit Work	Page 2
➡	Approved Changes to the Audit Plan	Page 3
➡	Appendices:	
	Appendix A – Internal Audit Definitions	Page 4 -5
	Appendix B – Internal Audit Work Plan	Page 6 – 9
	Appendix C – Significant Risks & Partial Opinions	Page 10 -18



## Internal Audit Plan Progress 2017/2018

### Our audit activity is split between:

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



### Role of Internal Audit

The Internal Audit service for the Taunton Deane Borough Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Corporate Governance Committee at its meeting on March 2017.

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

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

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Management Team and External Auditors. This year's Audit Plan was reported to this Committee and approved by this Committee at its meeting in March 2017.

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

## Internal Audit Plan Progress 2017/2018

### Outturn to Date:

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



### Internal Audit Work

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2016/17. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in **Appendix A** of this document.

Overall good progress is being made on the Audit Plan 2017-18. Current progress as at the end of August can be seen from **Appendix B**.

As agreed with this Committee where a review has a status of ‘Final’ and has been assessed as ‘Partial’ or ‘No Assurance’, I will provide further detail to inform Members of the key issues identified. Since the June 2017 update there are three Partial Assurance reviews I need to bring to your attention. These are, Housing Rents, Non-Contracted Suppliers and Data Protection/General Data Protection Regulations. Further details on these reviews can be found in **Appendix C**.

In addition to the three ‘Partial Assurance’ audits, there are two follow up audits that I need to bring to your attention regarding the progress made since our original reviews. These are Building Control Partnership and the Crematorium Review. Further details can be found in within **Appendix C**.

## Internal Audit Plan Progress 2017/2018

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



### Approved Changes to the Audit Plan

The audit plan for 2017/18 is detailed in **Appendix B**. Inevitably changes to the plan will be required during the year to reflect changing risks and ensure the audit plan remains relevant to Taunton Deane Borough Council. Members will note that where necessary any changes to the plan throughout the year will have been subject to agreement with the appropriate Service Manager and the Audit Client Officer.

Since the June 2017 committee report there have been the following plan changes:

- **Disaster Recovery Arrangements** – This review was originally scheduled for quarter 1. We have been requested to push this back to quarter 3 as officers want to test the solution that has been put in place before a full audit is undertaken.
- **Housing Rents Follow Up** – This review has been added to the audit plan, utilising the follow up contingency days, due to the partial assurance opinion award to the original review in quarter 4 of the 2016-17 plan.
- **Data Protection Act(DPA)/General Data Protection Regulations (GDPR)** – this review has been added to the plan utilising the follow up contingency days. It has been added to the plan due to the DPA partial assurance audit opinion and the new regulations (GDPA) that take effect in May 2018.
- **Council Tax Base Calculation** – We will also be spending some of our plan days on reviewing the basis of the council tax base calculation.
- **Development Control** was pushed back to quarter 4 due to the Deane House refurbishment work. To compensate for this the Housing Compliance review on Gas Safety has been brought forward to quarter 2.

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



## Audit Framework Definitions

- Substantial
- Reasonable
- Partial
- No Assurance

### Control Assurance Definitions

<b>Substantial</b>	▲ ★ ★ ★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
<b>Reasonable</b>	▲ ★ ★ ★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	▲ ★ ★ ★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>No Assurance</b>	▲ ★ ★ ★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

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

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



## Audit Framework Definitions

### Categorisation of Recommendations

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

- Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

### Definitions of Risk

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

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
<b>FINAL</b>											
Operational Audit	Impact of Universal Credit/Welfare Reform	Q1	Final	Reasonable	4	0	0	4	0	0	
Operational Audit	Use of Non-Contracted Suppliers - DLO	Q1	Final	Partial	8	0	0	6	2	0	Details in Appendix C
Governance, Fraud & Corruption	Compliance with IR35	Q1	Final	Reasonable	4	0	0	4	0	0	
Operational Audit	Trade materials	Q1	Final	Non-Opinion	0	0	0	0	0	0	
Follow Up	Crematorium follow up	Q2	Final	Follow up	9	0	0	5	4	0	Details in Appendix C
Follow Up	Building Control follow up	Q2	Final	Follow up	1	0	0	1	0	0	Details in Appendix C
<b>DRAFT</b>											
Operational Audit	Housing Compliance - Gas	Q2	Review								
Operational Audit	Parking maintenance	Q1	Review								
<b>IN PROGRESS</b>											
Operational Audit	Grants - DFG & Other	Q2	In Progress								
Governance, Fraud & Corruption	Organised Crime - Compliance Checklist	Q2	In Progress								

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
Governance, Fraud & Corruption	Transformation	Q1, Q2, Q3, Q4	In Progress								
ICT	New TDBC Website post implementation	Q1	In Progress								
Governance, Fraud & Corruption	Use of Consultants	Q2	In Progress								
Follow Up	User Access Management follow up	Q2	In Progress								
Governance, Fraud & Corruption	New premises - project management	Q2	In Progress								
Governance, Fraud & Corruption	Post Implementation Review - Finance System, HR & Payroll	Q2	In Progress								
<b>NOT STARTED</b>											
ICT	Disaster Recovery	Q3									
Key Control	Main Accounting	Q3									
Key Control	Creditors	Q3									
Key Control	Debtors	Q3									
Key Control	Discretionary Payments - Housing	Q3									
Governance, Fraud & Corruption	Business Rate Avoidance	Q3									

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
ICT	Cyber Security	Q3, Q4									
Operational Audit	Development Control	Q4									
Key Control	Payroll	Q4									
Governance, Fraud & Corruption	<b>NEW:</b> DPA/GDPR Follow Up	Q4									
Key Control	<b>NEW:</b> Housing Rents Follow Up	Q4									
Key Control	System Parameter testing Civica	Q4									
Governance, Fraud & Corruption	Culture & Ethics Survey	Q4									
Governance, Fraud & Corruption	Procurement Analysis	Q4									
Operational Audit	Business Development - Project & Programme Management	Q4									

### Outstanding 2016-17 Audits

Operational Audit	Capital Programme Approval & Monitoring / linked with Contract monitoring	Q2	Draft	Reasonable							
Key Control	Housing Rents	Q4	Final	Partial	6	0	0	5	1	0	Details in Appendix C



Governance, Fraud and Corruption	Information/Data Security/Data Protection	Q4	Final	Partial	6	0	0	6	0	0	Details in Appendix C
Key Control	Treasury Management	Q3	Final	Substantial	0	0	0	0	0	0	

**Summary of key audit findings on work undertaken since the June 2017 Update**

**Audit Assignments completed since the June 2017 update:**



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

**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.**

The following information provides a brief summary of each audit review finalised since the last Committee update in June 2017. Each audit review is displayed under the relevant audit type, i.e. Operational; Key Control; Governance; Fraud & Corruption; ICT and Special Review.

Since the June 2017 update there are three Partial Assurance audit opinions that I need to bring to your attention and two follow up audits.

**Operational Audits**

Operational audits are a detailed evaluation of a Service’s control environment. A risk matrix is devised and controls are tested that mitigate those risks. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

**Non-Contracted Suppliers – Partial Assurance**

The focus of this audit was to assess the adequacy of controls and procedures in place for the use of non-contracted suppliers across the Direct Labour Organisation (DLO). The DLO use non-contracted suppliers to complete works where they do not have the expertise within their current staff or they require additional support to enable them to meet their commitments. Over the last three financial years a total of £1.3m has been spent on non-contracted suppliers.

**Audit Assignments completed since the June 2017 update:**

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

Operational Audits Continued

Management at TDBC asked us to examine this area due to concerns over the nature of the engagements. Our main area of concern related to the lack of evidence to show how the non-contracted suppliers were appointed, that the work was advertised and how performance was being monitored.

The Council’s Contract Procedure Rules (CPRs) outline the processes that needs to be followed when procuring goods and services. The processes to be followed vary depending on the value of the contract to be carried out. Within the CPRs, paragraph 17 provides an exemption for the DLO in certain circumstances. It is felt that this exemption is being utilised to bypass the normal procurement practices too frequently.

An agreed action plan is in place to address these weaknesses and in due course we will follow up on these weaknesses to ensure recommendations have been implemented. A copy of the Audit Report will be circulated to the committee members.

**Audit Assignments completed since the June 2017 update:**

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

## Governance Fraud & Corruption Audits

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

### Information/Data Security/Data Protection – Partial Assurance

Data Protection in the UK is currently governed by the Data Protection Act 1998 (DPA) which brought into statute the 1995 EU directive 95/46/EC on data protection. On the 25th May 2018, the DPA will be superseded by the EU General Data Protection Regulation (GDPR). The GDPR significantly strengthens the data protection rights for EU citizens and brings in a new compliance framework for Data Controllers and Data Processors.

This assurance is based upon the processes currently in place to ensure compliance with the Data Protection Act. We were unable to establish the full programme of data protection training/awareness sessions available to staff beyond initial awareness. A lack of privacy notices included on forms requesting personal data was noted along with erroneous deadline dates set for Subject Access Request responses and therefore statutory timescales for responses could be missed.

There is no corporate approach to ensuring data quality, with the responsibility deferred down to service areas. Although we were provided with a comprehensive schedule detailing retention periods, we were also unable to verify that they are being adhered to.

TDBC have not started making preparations for the GDPR. Whilst the GDPR Lead and Senior Management have awareness of the upcoming regulations, there have been no formal meetings held to discuss how the Authority will implement or update existing controls and systems to ensure they are GDPR compliant.

**Audit Assignments completed since the June 2017 update:**

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

Governance Fraud & Corruption Audits

It would be beneficial for another audit to be scheduled before May 2018 to assess the Council's progress towards compliance with the new regulations.

**Audit Assignments completed since the June 2017 update:**

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

## Key Control Audits

Key Control Audits are a review of the key financial systems that govern the authority. Traditionally, these are systems identified by External audit as key in their assessment of the Council's financial control environment. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance that there is a satisfactory framework on internal control.

### Housing Rents – Partial Assurance

The reason this audit has been given partial assurance is because we were unable to complete our testing comprehensively across all the key controls. Areas that couldn't be tested related to the management of current tenancy areas and incomplete data being provided to audits to allow write-off testing to be completed. As a result the following findings have been made:

- There was some initial uncertainty over the officer who was responsible for providing an oversight of current tenant arrears which has prevented us from placing assurance in this area. Although some data was eventually provided this has not been tested.
- Incomplete data was provided on the write-offs, limiting our testing. It is acknowledged that the officer providing the information is new in role and has not provided data to support audits previously. However, it should be noted that this does further demonstrate a weakness in process notes and there is a risk that processes can be impacted as a result of turnover in key personnel.
- Policies and procedures examined had not been updated and did not include version control or a schedule for review.
- Relevant information to the recovery process for rent arrears had not been recorded in Academy. This included payment arrangements made between former tenants and the organisation.

**Audit Assignments completed since the June 2017 update:**

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

Key Control Audits Continued

In addition, poor record keeping meant that it was not possible to establish whether recovery processes had been exhausted for a sample of accounts that were written off. A similar control weakness was identified in the 2016-17 Debtors audit and a recommendation made in response to this. Therefore, the recommendation will not be repeated here.

**Audit Assignments  
completed since the June  
2017 update:**

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

### Follow Up Audits

Follow up reviews are undertaken where a previous audit has returned a 'Partial Assurance' or 'No Assurance'. This is to provide assurance to the Audit Committee that areas of weakness have been addressed. Follow up reviews will only focus on the areas of weakness identified in the original review and are usually undertaken 6 months after the original review to allow time for recommendations to be implemented.

#### **Building Control**

The Somerset Building Control Partnership, a partnership between four Somerset District Councils, Mendip, Sedgemoor, Taunton Deane and West Somerset, commenced operating on 1 April 2016.

Partial assurance was given to this review and details of the weaknesses reported to this committee in March 2017. Some of the weaknesses identified included:

- Lack of a single IT System and failure of the on-line application system in June 2016;
- HR issues impacting on handover and staff resources from the 1 April 2016;
- No monitoring or reporting of application numbers;
- Weak system for receiving payments.

We have undertaken our follow up work and can report that eleven of the twelve recommendations made have been implemented. The one recommendation outstanding couldn't be actioned as planned due to a coding error caused by the online payment system not forcing applicants to enter the district information on the online form. This issue has been resolved and it is expected that the final recommendation will be implemented by the end of September 2017.



**Audit Assignments completed since the June 2017 update:**

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

## Follow Up Audits Continued

### Crematorium & Imprest Account – Follow Up Audit

The Imprest Accounts: Unannounced Visits report was issued on 14/11/16. Partial assurance was offered. Within this report five recommendations were raised related to the Crematorium, one scored priority 4 and four priority 3.

The Crematorium and Burial Services report issued on the 10/08/16 was given a partial assurance rating. A total of twelve recommendations were made in this report, seven scored as priority 4 and five as priority 3. One recommendation was to implement the three outstanding recommendations from the Crematorium and Burials non-opinion audit report dated 23/10/15. In this report four recommendations were raised, one scored priority 4 and two priority 3. This audit has therefore followed up on a total of twenty recommendations at the crematorium. Tables 1 and 2 below summarise the progress made with regards to implementing controls to mitigate the risks established for the twenty agreed actions.

**Table 1: Progress – 2016/17 Imprest Accounts: Unannounced Visits report**

	Complete	In Progress	Not Complete
Priority 4		1	
Priority 3	2	2	
<b>Total</b>	Two	Three	

**Table 2: Progress – 2015/16 and 2016/17 Crematorium and Burial Services Audit reports**

	Complete	In Progress	Not Complete
Priority 4	4	4	
Priority 3	2	5	
<b>Total</b>	Six	Nine	

**Audit Assignments completed since the June 2017 update:**

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

Follow Up Audits Continued

The twelve agreed actions that are in progress are currently overdue and therefore a revision to the implementation dates has been agreed. There has been some delay to the implementation of recommendations due to the change of manager at the crematorium. A number of the recommendations are not straightforward to implement, such as the implementation of a new system, but there is evidence that steps are being taken to address the weaknesses.

Given the outstanding weaknesses we will include this area for a full audit in 2018-19 audit plan.

# Taunton Deane Borough Council

## Corporate Governance Committee – 18 September, 2017

### Regulation of Investigatory Powers Act (RIPA) 2000 – Update Following Inspection

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

Report Author: Bruce Lang, Assistant Chief Executive

#### 1 Executive Summary

- 1.1 In accordance with normal procedure the Office of Surveillance Commissioners undertook an inspection of the Council's management of covert activities in respect of the Regulation of Investigatory Powers Act 2000 in June/July, 2017.
- 1.2 This report outlines the outcome from the inspection and seeks endorsement of the actions proposed.

#### 2 Recommendations

**2.1 That the Committee note the positive outcome of the Inspection by the Office of Surveillance Commissioners and that no formal recommendations were made;**

**2.2 That the Committee support the ongoing provision of appropriate training relating to the RIPA process**

#### 3 Risk Assessment

##### Risk Matrix

Description	Likelihood	Impact	Overall
If the RIPA policy is not up to date/ officers appropriately trained, the Council may not comply with its responsibilities under the act and could face a legal challenge	4	4	16
<i>The Council keeps its processes up to date and provides relevant training.</i>	2	4	8

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

- 4.1 As members may be aware, every three years Councils are inspected by the Office of Surveillance Commissioners to review the arrangements that are in place in regard to the authority's management of covert activities under the powers conferred by RIPA.
- 4.2 The Council were last inspected in 2014 and previously such inspections involved a site visit by an appointed inspector followed by a written report. This time round, in an attempt to reduce bureaucracy and cause the least possible disruption to local councils who are infrequent users of the powers under RIPA, the option was provided to have the inspection undertaken by way of a desk top assessment of compliance and progress on previous recommendations based on the completion of a questionnaire and examination of relevant documentation.
- 4.3 It was therefore decided to adopt this time saving option; in addition, the Surveillance Commissioners offered to undertake a combined inspection/report for Taunton Deane Borough and West Somerset Councils to save additional work and reflect that the respective policies in this matter were already aligned and the same officers were involved for both authorities. The Assistant Chief Executive, as Senior Responsible Officer for the RIPA processes for both Councils, duly completed questionnaires on behalf of the two authorities and submitted them to the appointed Inspector at the beginning of June, 2017, together with supporting documentation.
- 4.4 A copy of the covering letter subsequently received from the Rt Hon Lord Judge, the Chief Surveillance Commissioner, together with a copy of the Inspector's Report compiled by Mr Alex Drummond, is attached as Appendix A to this report.
- 4.5 It can be seen that the report was very positive, concluding that all recommendations from the previous inspection had been addressed and could be discharged. Most significantly, there were no formal recommendations made. There are some very minor alterations to wording relating to detail in the policy document that have been agreed to be made with the Inspector's guidance.
- 4.6 Notwithstanding this, it is important not to be complacent and recognise that the requirement for appropriate RIPA training is ongoing and hence this must not be lost sight of to ensure that the Council maintains its state of readiness to be able to properly apply its RIPA powers should they be required at some stage in the future. It is also suggested that some form of annual RIPA progress report is made to members even if it is only to confirm no changes of action has been taken under this act as a matter of information to note.

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

- 5.1 There are no direct links to the Council's Corporate Aims; the matter relates to a statutory duty of the authority.

## **6 Finance / Resource Implications**

- 6.1 The only financial implications in this report would relate to any costs associated with the provision of ongoing training.

## **7 Legal Implications**

7.1 A Council must ensure that it follows its procedures set out in its RIPA Policy and that such policy is up to date. A failure to do so could lead to a legal challenge.

## **8 Environmental Impact Implications**

8.1 There are no environmental implications in regard to this report.

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

9.1 There are no community safety implications in this report, although there will be community safety implications in assessing any authorisations under this policy.

## **10 Equality and Diversity Implications**

10.1

- *The three aims the authority must have due regard for are:-*
- *Eliminate discrimination, harassment, victimisation;*
- *Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- *Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

10.2 The application of the RIPA Policy must be undertaken in such a way to ensure that the human rights of individuals are taken into account.

## **11 Social Value Implications**

11.1 There are no social value implications in regard to this report.

## **12 Partnership Implications**

12.1 There are no partnership implications in regard to this report although the application of the policy may involve working with partners.

## **13 Health and Wellbeing Implications**

13.1 *Demonstrate that the Council has given due regard to:-*

- *People, families and communities taking responsibility for their own health and wellbeing;*
- *Families and communities are thriving and resilient; and*
- *Somerset people are able to live independently.*

13.2 The application of the RIPA Policy must be undertaken in such a way to ensure that the health and wellbeing of affected individuals are taken into account.

## **14 Asset Management Implications**

14.1 There are no asset management implications in regard to this report.

## **15 Consultation Implications**

15.1 There are no consultation implications in regard to this report.

**Democratic Path:**

**Corporate Governance Committee – Yes**

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

Twice-yearly  Annually

**List of Appendices**

Appendix A	Letter from the Chief Surveillance Commissioner and Inspector's Report
Appendix B	
Appendix C	

**Contact Officers**

Name	Bruce Lang	Name	
Direct Dial	01984635200	Direct Dial	
Email	bdlang@westsomerset.gov.uk	Email	



CHIEF EXECUTIVE  
TAUNTON DEANE & WEST SOMERSET

- 2 AUG 2017



Chief  
Surveillance  
Commissioner

**Official -Sensitive**

**26 July 2017**

### OSC Inspection

Dear *Chief Executive,*

I enclose a copy of the report dated 10 July 2017 prepared by Mr Alex Drummond, Surveillance Inspector, following his inspection of the arrangements made by both Councils to secure compliance with the statutory provisions which govern the use of covert surveillance. The report was prepared on the basis of material sent to Mr Drummond for his examination. There was no personal visit to either Council.

I have studied the report and endorse it. Nothing in the report suggests to me that a personal visit is necessary, but if such a visit might be thought helpful, appropriate arrangements can readily be made.

The reality is that neither Council has ever made more than minimal use of its statutory powers, and they have not been used at all since the last inspections in June and in July 2014. This broad policy is unlikely to change. The real question therefore is whether the arrangements currently in force are adequate to cater for an unanticipated occasion when it becomes necessary for the powers to be used.

Following the last inspections two identical recommendations were made to each Council. The first recommendation related to training, the second, to amendment to the Policy document, in effect to update it, in particular in relation to investigative use of social media sites and Internet.

These recommendations have all been addressed and can be discharged. The training arrangements have been sufficient, but, for the avoidance of doubt, I emphasise that they should be seen as an ongoing requirement. Attention has been paid to the use of social media sites in the Policy documents, and particular attention should be paid in the course of training to underlining that there are circumstances in which such use may engage the legislation. Paragraph 11.1 the report underlines the importance of vigilance about this issue. Beyond these observations, it is commendable that the Policy documents have continued to be updated and that these would provide a satisfactory reference point in the event that the legislative powers came to be used.

There are no specific recommendations. The report is a positive one, reflecting credit on Mr Bruce Lang, the SRO.

From the point of view of the OSC, the creation of a new combined Council, should sensibly resulting a single Policy and procedure document.

Yours sincerely,



The Rt Hon Lord Judge  
Chief Surveillance Commissioner

Penny James  
Chief Executive  
Taunton Deane Borough Council and West Somerset District Council  
The Deane House  
Belvedere Road  
Taunton  
Somerset TA1 1HE





Office of Surveillance  
Commissioners

OFFICE OF SURVEILLANCE COMMISSIONERS

INSPECTION REPORT

Taunton Deane Borough Council  
And West Somerset District Council

July 2017

Surveillance Inspector:  
Mr Alex Drummond



## **OFFICIAL- SENSITIVE**

### DISCLAIMER

This report contains the observations and recommendations identified by an individual surveillance inspector, or team of surveillance inspectors, during an inspection of the specified public authority conducted on behalf of the Chief Surveillance Commissioner.

The inspection was limited by time and could only sample a small proportion of covert activity in order to make a subjective assessment of compliance. Failure to raise issues in this report should not automatically be construed as endorsement of the unreported practices.

The advice and guidance provided by the inspector(s) during the inspection could only reflect the inspectors' subjective opinion and does not constitute an endorsed judicial interpretation of the legislation. Fundamental changes to practices or procedures should not be implemented unless and until the recommendations in this report are endorsed by the Chief Surveillance Commissioner.

The report is sent only to the recipient of the Chief Surveillance Commissioner's letter (normally the Chief Officer of the authority inspected). Copies of the report, or extracts of it, may be distributed at the recipient's discretion but the version received under the covering letter should remain intact as the master version.

The Office of Surveillance Commissioners is not a public body listed under the Freedom of Information Act 2000, however, requests for the disclosure of the report, or any part of it, or any distribution of the report beyond the recipients own authority is permissible at the discretion of the Chief Officer of the relevant public authority without the permission of the Chief Surveillance Commissioner. Any references to the report, or extracts from it, must be placed in the correct context.

**OFFICIAL - SENSITIVE**





**OSC/INSP/075**

The Rt. Hon. Lord Judge  
Chief Surveillance Commissioner  
Office of Surveillance Commissioners  
PO Box 29105  
London  
SW1V 1ZU

10<sup>th</sup> July 2017

**OSC INSPECTION - TAUNTON DEANE BOUROUGH COUNCIL and  
WEST SOMERSET DISTRICT COUNCIL**

**1 Inspector**

Alex Drummond

**2 Introduction**

- 2.1 Taunton Deane Borough Council (TDBC) serves a population of some 111,000 people across a mixed rural and urban area of some 463 square kilometres extending from the Somerset Levels along the River Tone, with the Quantock Hills to the north and Blackdown Hills to the South. The main centres of population are Taunton and Wellington.
- 2.2 West Somerset District Council (WSDC) covers a largely rural area of some 726 square kilometres, bordering the Bristol Channel and serves a population of around 35,000. The main population centres run along the 'Coastal Strip' which stretches from Minehead, through Watchet and Williton to the north, and Porlock to the south. The area also includes part of Exmoor, Dulverton, Hinkley Point and Dunster.
- 2.3 Since early 2014 both Councils have shared a Chief Executive and Senior Management Team, who work closely with both sets of Council Leaders, elected Members and relevant partnerships to deliver the corporate priorities for each authority. The shared Chief Executive is Penny James who is supported by three Directors and an Assistant Chief Executive and Monitoring Officer who also acts as the Senior Responsible Officer (SRO) for matters relating to the Regulation of Investigatory Powers Act 2000 (RIPA).
- 2.4 In March 2017 the Councils made a joint submission to the Secretary of State for Communities and Local Government seeking agreement to the creation of a new Council covering the existing TDBC and WSDC areas, which if accepted would probably come into being at the next local government elections in May 2019.

- 2.5 The Councils are also embarking on an ambitious transformation programme which will take place over the next two years, which, regardless of the proposed merger outcome will look at technology and working practices to improve the customer experience.
- 2.6 The shared SRO, Bruce Lang, has provided the comprehensive questionnaire response and supporting policies and documentation on behalf of each Council from which this report has been compiled. Following the last inspections of the Councils in 2014, each adopted a near identical policy and procedure document as it was recognised that the same shared officers are responsible for the RIPA procedures in both Councils. In line with that progression the OSC inspections for 2017 have been combined within a single report.
- 2.7 This report provides an evaluation of compliance, policies, procedures, operations and administration in respect of the Councils' use of directed surveillance and covert human intelligence sources (CHIS).
- 2.8 The address for correspondence is The Chief Executive, The Deane House, Belvedere Road, Taunton, Somerset, TA1 1HE. Or by email to [BLang@westsomerset.gcsx.gov.uk](mailto:BLang@westsomerset.gcsx.gov.uk)

### 3 Progress against Recommendations

- 3.1 TDBC was last inspected in July 2014 when two recommendations were made:
- i. RIPA training should continue to be formally delivered to Council staff who are likely to engage the legislation, to ensure it can be applied to an appropriate standard. This should be considered as ongoing professional development.*
- Completed** – Regular training has been provided attended by the SRO, Authorising Officers and Applicants.
- ii. The Policy / Guidance document should be further amended as detailed in the report*
- Completed** - Amended as required.
- 3.2 WSDC was last inspected in June 2014 and two formal recommendations were made:
- i. RIPA training should continue to be formally delivered to Council staff who are likely to engage the legislation, to ensure it can be applied to an appropriate standard. This should be considered as ongoing professional development.*

**Completed** - Regular training has been provided attended by the SRO, Authorising Officers and Applicants.

- ii. *The Policy / Guidance document should be further amended as detailed in the report.*

**Completed** - Amended as required.

#### **4 RIPAStructure and Policy**

- 4.1 TDBC nor WSDC have been prevalent users of the powers available under RIPA. Neither Council has granted an authorisation for directed surveillance within the last ten years, nor had a requirement to ever utilise the role of a CHIS.
- 4.2 Despite the infrequent use, the Councils have maintained comprehensive policies and procedures for the application, authorisation and oversight of directed surveillance and use of CHIS. The policies have been regularly updated since the last OSC inspection including the observations that were made during those assessments and provide useful guides and sources of reference.
- 4.3 The policy documents provide a straightforward explanation on the principles of RIPA and Human Rights, followed by an overview of the requirements set out by the legislation. They include instructions that should be followed by officers making an application and explain the responsibilities of the Authorising Officer. Both policies direct readers to seek further information from the relevant Codes of Practice and the OSC Procedures and Guidance document for which hyperlinks are provided in the electronic version.
- 4.4 A section was added to both policies following the 2014 recommendations to provide guidance to investigators on the investigative use of the Internet and social media. Although adequate for a basic awareness, this section would now benefit from being updated and enhanced with the latest guidance from the OSC, as circulated by the Chief Surveillance Commissioner to local authorities in March 2017. This guidance was disseminated across both authorities on receipt, however, it would be advisable to adopt the main principles of that message into the formal RIPA policies to ensure future awareness and compliance is maintained. These points were discussed with the author of the policies during the inspection process and are being actioned.
- 4.5 Any application for activity under RIPA and the subsequent authorisation would be completed in hard paper copy with the details and a unique reference number held on the electronic central record maintained by each Council, both of which contain all the information required by the Code of Practice.

## **5 Reports to Members**

- 5.1 Each Council policy requires that reports will be provided to the Corporate Governance Committee on a regular basis. The Senior Responsible Officer provides such a report following each OSC inspection to advise on the outcome and seek authority to implement any recommendations. As there has been no use of RIPA for over ten years no further reports have been provided, however, the SRO is currently considering whether to provide an annual return in any case, even if just to confirm there has been no use made of RIPA in the previous twelve months. A locally agreed protocol is also in place whereby the SRO would ensure that the Chairman and Vice-Chairman of the Committee and Executive Portfolio Holder are kept appropriately informed with regard to any potential and/or actual authorisations for undertaking covert surveillance .

## **6 The Protection of Freedoms Act 2012**

- 6.1 The requirement for endorsement of an authorisation by a magistrate under the Protection of Freedoms Act 2012 is included within the Council's RIPA policy, but there has not yet been a requirement to seek such endorsement.

## **7 Training**

- 7.1 Although the Council has not had cause to use its powers under RIPA since the last OSC inspection, it has continued to provide training and awareness commensurate with needs of the organisation. This has included guidance on the investigative use of the Internet and social media. Attendees have included the SRO, the cadre of Authorising Officers and applicants.

## **8 Directed Surveillance**

- 8.1 Although no recent use has been made of directed surveillance by either Council, if the procedures set out in the policy documents are followed by applicants and Authorising Officers it should result in authorisations that are granted in compliance with the legislation.
- 8.2 Neither Council possesses equipment designed specifically for covert surveillance but does have a small stock of equipment used overtly by Environmental Health officers for noise pollution control.

## **9 Covert Human Intelligence Sources (CHIS)**

- 9.1 The position of both Councils is that they are most unlikely to ever initiate the use or authorisation of a CHIS. Nevertheless, recognising they have a power to do so, and that staff must be able to recognise a



situation where such a source unexpectedly and unavoidably approaches an authority with information, the Councils have agreed basic procedures to manage a source in accordance with RIPA. The information provided within the policy document as to what constitutes a CHIS is acceptable for current needs, but further training would be required in areas such as risk assessment and steps to protect true identities of CHIS if the Council was ever to consider the use of this tactic.

## **10 CCTV**

- 10.1 WSDC have access to CCTV in the Minehead and Watchet districts with protocols in place should there be a requirement to use these overt systems for a covert purpose under an authorisation for directed surveillance. TDBC has no access to CCTV.

## **11 Conclusion**

- 11.1 Whether they remain as separate authorities with shared services or combine to form a new Council, TDBC and WSDC are unlikely to be more than occasional users of the powers available under RIPA. This may change if the need and opportunity to harness information available through the Internet continues to increase and the SRO should therefore remain vigilant as to the nature of all Internet and social media research being conducted across both Councils, not just that traditionally undertaken by investigation and enforcement teams.
- 11.2 The infrequent" use does not allow staff to become proficient and confident in the use of covert investigation powers, however, the SRO is clearly knowledgeable and passionate about his responsibilities and has ensured the policies in place, and the training delivered, has maintained a good state of 'readiness' for each Council. Consequently a follow up physical inspection is not considered necessary for either Council on this occasion.
- 11.3 Regardless of the outcome of the proposed merger, the use of a shared RIPA regime has not only reduced bureaucracy, it has brought consistency and more focus to training and emerging themes such as Internet investigation. It would now seem a natural progression to also adopt a single joint policy and procedure document.

## **12 Recommendations**

- 12.1 No recommendations are required for either Council.

*Alex Drummond*

**Surveillance Inspector**



# Taunton Deane Borough Council

## Corporate Governance Committee – 18<sup>th</sup> September 2017

### Corporate Risk Management Update

This matter is the responsibility of Cllr Richard Parish, Lead Member for Resources

Report Author: Richard Doyle, Corporate Strategy & Performance Officer

#### 1 Purpose of the Report

- 1.1 This report provides an update on the corporate risks which are being managed by the Joint Management Team (JMT). The Committee are invited to debate whether all necessary corporate risks have been identified.

#### 2 Recommendations

2.1 It is recommended that:-

- The committee note the current position in relation to the identification and tracking of corporate risk and discuss any areas of concern with officers present.
- The committee debate whether all necessary corporate risks have been identified.

#### 3 Risk Assessment

##### Risk Matrix

Description	Likelihood	Impact	Overall
There is the general risk that if the Council fails to make good use of the management of risk processes it is likely to lead to uncontrolled exposure to many high level strategic and operational risks.	Feasible (3)	Major (4)	Medium (12)
<i>The mitigation for this will be the identification and management of risk at all levels of the organisation and oversight of the key strategic risks facing the Council by Members and JMT.</i>	Unlikely (2)	Significant (3)	Low (6)

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

- 4.1 Taunton Deane Borough Council recognises the importance of effective identification, evaluation and management of all key strategic and operational risks. This is endorsed by the increased focus on the importance of Corporate Governance to public sector bodies. The Council also has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts & Audit Regulations 2003:

*“The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes the arrangements for the management of risk.”*

- 4.2 Risk management is a key element of the Council’s overarching Governance arrangements.
- 4.3 The Corporate Risk Register is a ‘live’ document which highlights the key corporate risks facing the Council. The register is a joint one between Taunton Deane and West Somerset Council and is formally reviewed by JMT on a regular basis as part of the corporate performance review day. The last JMT review took place on **19<sup>th</sup> May 2017**.
- 4.4 These regular reviews ensure that new strategic-level risks can be recognised; continuing risks can be re-assessed in the light of management actions to date; and risks which are no longer considered important can be removed.
- 4.5 Risk registers exist with divisions, teams, projects and programmes. All these Risk Registers were updated in **January 2017**.
- 4.6 Risks which are managed at a corporate level are those which have a significant risk to the delivery of a corporate priority or which are cross-cutting risks that don’t naturally sit with a single department or team. These risks have been identified and escalated from other risk registers within the Councils, officer concerns or from external sources.
- 4.7 There are currently **14** strategic risks identified and approved by JMT (**11** joint risks, **1** WSC risk and **2** TDBC specific risks).
- 4.8 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.
- 4.9 An extract of the corporate risk register is provided in Appendix A. Members are invited to review the register and consider whether all the appropriate Corporate Risks have been identified.
- 4.10 The key to the risk scoring used is shown in the following two tables:

<b>Likelihood of risk occurring</b>	<b>Indicator</b>	<b>Description (chance of occurrence)</b>
1. Very Unlikely	Extremely unlikely or virtually impossible	< 10%
2. Slight	Unlikely to occur	10 – 25%
3. Feasible	Fairly likely to occur	25 – 50%
4. Likely	More likely to occur than not	50 – 75%
5. Very Likely	Almost certainly will occur	> 75%

<b>Likelihood</b>	5	V.Likely	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Feasible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Slight	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	V. Unlikely	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Significant	Major	Critical
			<b>Impact</b>				

4.11 The risk matrix below shows the spread of corporate risks, based on the latest assessment. The numbers shown relate to the Risk Number within Appendix A.

<b>PROBABILITY (A)</b>	<b>Very Likely</b> 5					
	<b>Likely</b> 4					6
	<b>Feasible</b> 3			14	9,10,11 16,17	
	<b>Slight</b> 2			13	3,4,5,8	2,15
	<b>Very Unlikely</b> 1					
			<b>Negligible</b> 1	<b>Minor</b> 2	<b>Significant</b> 3	<b>Major</b> 4
<b>IMPACT (B)</b>						

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

5.1 There are no direct links to corporate aims/priorities although good governance (of which risk management is a part) underpins good performance.

## **6 Finance / Resource Implications**

6.1 There are financial risks identified within the Corporate Risk register.

## **7 Legal Implications**

7.1 There are no direct legal implications within this report.

## **8 Environmental Impact Implications**

8.1 There are no direct environmental risks within this report.

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

9.1 Safeguarding is part of risk 14

## **10 Equality and Diversity Implications**

10.1 Equalities is part of risk 14

## **11 Social Value Implications**

11.1 There are no Social Value risks associated with this report.

## **12 Partnership Implications**

12.1 The corporate risk register is maintained jointly between Taunton Deane Borough Council and West Somerset Council and reflects the 'One Team' approach to service delivery between the Councils.

## **13 Health and Wellbeing Implications**

13.1 There are no Health and Well-being implications associated with this report.

## **14 Asset Management Implications**

14.1 Risk 5 identifies a risk in relation to asset management.

## **15 Consultation Implications**

15.1 There are no Consultation implications associated with this report.

**Democratic Path:**

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

**Reporting Frequency: Twice yearly**

**List of Appendices**

Appendix A	Extract of Joint Corporate Risk Register
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## APPENDIX A

Risk Num	Org	Risk Group Heading	Risk Description	Risk Owner	Latest Probability	Latest Impact	Latest Score
2	BOTH	Transformation	<p>THE TRANSFORMATION PROGRAMME</p> <p>RISK - failure to deliver the Business Case on time and/or to target.</p> <p>KEY EFFECTS - programme benefits not realised- real or opportunity cost, failure to maximise service efficiency.</p>	Richard Sealy	2	5	10
3	BOTH	Transformation	<p>SHARED SERVICES ACROSS SOMERSET &amp; WIDER PUBLIC SECTOR</p> <p>Government policy is pushing wider transformation of the public sector.</p> <p>RISK - the organisation is too inward looking and wider opportunities may be missed (opportunity risk) and /or the council is not shaping its destiny through not engaging in strategic conversations (eg devolution).</p> <p>KEY EFFECTS- failiure to maximise efficiencies. Having strategic change imposed (eg being done to) on terms agreed by others.</p>	Penny James	2	4	8
4	BOTH	Political	<p>NATIONAL LAW &amp; POLICY</p> <p>Changes advocated or made maybe missed or not evaluated in a timely manner.</p> <p>RISK - that the Councils are failing to meet an existing legislative requirement or fail to implement new requirements.</p> <p>KEY EFFECTS - The Councils are non-compliant leading to financial and /or reputational damage.</p>	Penny James	2	4	8
5	BOTH	Financial	<p>ASSET MANAGEMENT</p> <p>RISK - failure to manage existing assets appropriately. KEY EFFECTS -</p> <ul style="list-style-type: none"> <li>• Legal and reputational - increased risk &amp; liabilities in relation to disrepair (condition) &amp; compliance (Health and Safety ) matters</li> </ul>	Terry May	2	4	8



6	BOTH	Financial	<p>MEDIUM TERM FINANCIAL PLANNING (MTFP)</p> <p>The key financial risk factors are: continuing budgetary pressures due to demographic change and the impact of the Gov's austerity measures (such as: Business Rates retention, Revenue Support Grant, Council Tax &amp; Council Tax Support, Income from Fees &amp; Charges, Capital investment), uncertainty as to the long-term sustainability / affordability of the existing contract with Somerset Waste Partnership, the shrinking of the General Fund (impact on the HRA).</p> <p>RISK - failure to agree and deliver a sustainable MTFP for the next 5 years KEY EFFECTS - may include:</p> <ul style="list-style-type: none"> <li>• short-term or 'knee jerk' decisions with detrimental long-term implications</li> <li>• Government intervention</li> <li>• Adverse impact on the council's limited reserves &amp; financial standing</li> <li>• Potential service closure / reduced service quality &amp; therefore inability to deliver customer expectations</li> <li>• Insufficient capital resources to fund Corporate Strategy objectives</li> <li>• Unable to maximise investment returns</li> <li>• For TDBC inability to financially resource its growth ambitions</li> <li>• For West Somerset the risk is of being unable to continue to operate as a viable separate sovereign council, delivering an acceptable level of service to the community.</li> </ul>	Shirlene Adam	4	5	20
8	BOTH	Leadership & People	<p>POLITICAL LEADERSHIP &amp; MEMBER ENGAGEMENT</p> <p>Both Councils are led by strong Conservative administrations. It is important to engage the whole council in the change programme to ensure it is member led &amp; steered.</p> <p>RISK - lack of member engagement and therefore member ownership. KEY EFFECTS -</p> <ul style="list-style-type: none"> <li>• lack of cross party buy in and ownership</li> <li>• loss of member input, ideas &amp; challenge</li> </ul>	Penny James	2	4	8

9	TDBC	Corporate Aim (TDBC)	<p>CORPORATE (STRATEGIC) RISK RE TDBC'S VISION AND AIMS FOR A "QUALITY PLACE"</p> <p>RISK - Failure to deliver the ambitions or realise the outcomes &amp; benefits as defined in the Taunton Growth Prospectus and Taunton Rethink.</p> <p>KEY EFFECTS - Taunton's key economic challenges may not be addressed, thus having a detrimental impact on the local economy and quality of life, ie:</p> <ul style="list-style-type: none"> <li>• transport &amp; infrastructure needs not met - traffic worsens, inability to attract inward business investment</li> <li>• long-term increased flood risk (climate change) is not mitigated - no additional protection offered to existing development, future planned growth is prevented</li> <li>• Taunton town centre regeneration does not happen and the town centre stagnates</li> <li>• Taunton's full economic potential is not realised and opportunities for economic growth are not exploited (eg Hinkley Point)</li> <li>• Housing growth (as per proposals in the Development Plan) is not delivered, and/or unplanned development occurs</li> <li>• Employment land (as per proposals in the Development Plan) is not delivered, or fails to provide the optimum mix of uses to attract the targeted growth clusters</li> <li>• opportunity cost in terms of New Homes Bonus and Business Rates</li> <li>• Poor reputation for Taunton and TDBC</li> </ul>	Brendan Cleere	3	4	12
10	WSC	Corporate Aim (WSC)	<p>HINKLEY POINT C</p> <p>RISK 1 - that the development could have an adverse impact on the local environment, tourism, accommodation and highways.</p> <p>RISK 2 - failure to realise the Economic &amp; Social opportunities which the development could bring KEY EFFECTS -</p> <ul style="list-style-type: none"> <li>• increase in housing demand &amp; lack of affordable housing leading to homelessness increases and the council is unable to discharge its homelessness obligations;</li> <li>• increased congestion (impacting on Growth &amp; Regeneration goals / inward investment)</li> <li>• Local businesses are not able to win contracts to participate in the project</li> <li>• Local people aren't trained and are unable to gain employment on the project</li> </ul>	Andrew Goodchild	3	4	12

11	BOTH	Communities	<p>WELFARE REFORMS</p> <p>There is an on-going requirement to reduce benefit payments (CTRS, Business Rates, Universal Credit) - the Welfare Reforms will mean that people in the welfare system will receive less Council Tax support. It will also mean that Universal Credit will be paid directly to tenants rather than the HRA housing landlord.</p> <p>a) RISK - of the Council failing to adequately support our community and services for the impact of the Government's Welfare Reform Agenda.</p> <p>b) RISK - of the TDBC Housing Service having substantially reduced collection rates on introduction of Universal Credit</p> <p>KEY EFFECTS-</p> <ul style="list-style-type: none"> <li>• taxes and rents harder to collect</li> <li>• reduced rent collection could affect ambitions of HRA business plan</li> <li>• Impact on MTFP due to government changes which will affect HRA Income &amp; 30 year B.P.</li> <li>• more vulnerable people - individuals &amp; families may be unable to manage</li> <li>• increased pressure and demand on services</li> <li>• Timetable unknown</li> <li>• Result in more evictions which will increase pressure on the Housing Options &amp; Homelessness Teams</li> </ul>	Simon Lewis Paul Fitzgerald	3	4	12
13	TDBC	Communities	<p>GYPsIES &amp; TRAVELLERS</p> <p>Local Authorities have a (planning) duty to allocate suitable provision for Gypsies &amp; Travellers. TDBC has had previous experience of illegal Gypsy &amp; Traveller encampments.</p> <p>RISK - that TDBC cannot defend against future illegal encampments if we are unable to identify suitable provision.</p> <p>KEY EFFECTS -</p> <ul style="list-style-type: none"> <li>• unable to respond to community or political pressure;</li> <li>• financial impact (eg high legal fees);</li> <li>• reputational damage</li> <li>• lack of land management and gypsy liaison expertise</li> </ul>	Tim Burton Terry May	2	3	6

14	BOTH	Corporate Governance	<p><b>CORPORATE GOVERNANCE ARRANGEMENTS ON RUNNING THE BUSINESS</b></p> <p>There is a need for robust arrangements, and on-going monitoring and focus on embedding effective corporate governance arrangements (ie budget monitoring, risk management, debt management, performance management, Treasury management, compliance with audit recommendations, asset management, Equalities duties, Business Continuity Planning, Information Governance &amp; Security, Health &amp; Safety management).</p> <p>RISK - of failure to comply with key internal controls &amp; corporate governance arrangements. KEY EFFECTS - include:</p> <ul style="list-style-type: none"> <li>• inaccurate budget forecasting &amp; financial loss</li> <li>• failure to adhere to HRA ring fence</li> <li>• project or service failure or under-performance</li> <li>• reputational damage</li> <li>• Government intervention</li> <li>• Failure to comply with statutory duties &amp; regulations (eg Health &amp; Safety, Equalities, Data Security / Data Protection, Safeguarding) causing harm or injury</li> <li>• lack of resilience to unexpected events / failure of IT systems / data loss</li> <li>•safeguarding</li> </ul>	Shirlene Adam	3	3	9
15	BOTH	Corporate Governance	<p><b>BUSINESS CONTINUITY</b></p> <p>RISK - The Council may be unable to deliver critical services in the event of a critical loss of accommodation, data, power, staff or premises.</p> <p>KEY EFFECTS -</p> <ul style="list-style-type: none"> <li>• major disruption to services;</li> <li>• Impact upon customers if critical services (payment of housing costs, homeless service, Deane helpline etc) are disrupted or unavailable.</li> <li>• Reputational damage;</li> </ul>	Paul Carter	2	5	10
16	BOTH	Leadership & People	<p><b>STAFF ENGAGEMENT &amp; DEVELOPMENT</b></p> <p>RISK - that due to increased opportunities in the private sector, as the economy improves, and austerity continues within the public sector that the organisation finds it difficult to attract and retain the right skills - leads to use of expensive agency workers or disruption to service provision.</p> <p>The Organisation has also been through a period of significant restructure and needs to ensure its staff are fully engaged in the changes underway and being planned.</p>	Shirlene Adam	3	4	12

17	BOTH	Communities	<p>COMMUNITY IMPACT OF AUSTERITY</p> <p>RISK - Austerity measures will impact on services to the community.</p> <p>KEY EFFECTS - This may manifest in a number of ways including (but not limited to):</p> <ul style="list-style-type: none"> <li>• direct impact on household income e.g. through cap / reduction in benefits - leading to increased debt and subsequent issues</li> <li>• Lack of income where households are subject to DWP sanctions - leading to crisis and requirement for food banks</li> <li>• Reduced ability to pay council tax, housing rent (Council or private) and utility bills, leading to potential evictions, homelessness and health issues</li> <li>• reduction in level of support that can be delivered by the district councils directly, or through grant-funded providers e.g. reduced ability to support One Team measures through rent changes to HRA - leading to reduced support for deprived communities</li> <li>• Reduced ability to support Under 21s where they are unable to claim HB and need support with potential of increased homelessness and sofa surfing and associated risks (e.g. CSE)</li> <li>• impact of service reductions by other local authorities such as County Council (e.g. P4A and P2I cuts leading to increased homelessness)</li> <li>• Increasing aging population with unmet Health and Social Care needs struggling to live comfortably</li> </ul>	Simon Lewis Paul Fitzgerald	3	4	12
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# Taunton Deane Borough Council

## Corporate Governance Committee – 18<sup>th</sup> September 2017

### Overdue high priority SWAP Audit Recommendations

This matter is the responsibility of Cllr Richard Parrish, Portfolio Holder for Corporate Resources

Report Author: Richard Doyle, Corporate Strategy & Performance Officer

#### 1 Purpose of the Report

- 1.1 This report provides Members with a position statement on the SWAP audit recommendations for Taunton Deane Borough Council, which were assessed as high and very high priority, where the agreed remedial action is overdue.

#### 2 Recommendations

- 2.1 It is recommended that:-
- The committee review the overdue actions.

#### 3 Risk Assessment

##### Risk Matrix

Description	Likelihood	Impact	Overall
The Council is exposed to risk through inadequate systems and processes identified through SWAP audits.	Likely (4)	Major (4)	High (16)
The mitigation for this is the timely completion of agreed remedial actions,	Unlikely (2)	Major (4)	Medium (8)

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

- 4.1 Taunton Deane BC engage the South West Audit Partnership (SWAP) to carry out internal audit functions; checking the adequacy of controls and procedures across the whole range of Council services.
- 4.2 At the start of each financial year an audit plan is agreed between SWAP and the Council which identifies the areas of highest potential organisational and operational risk within the Council.

- 4.3 When an audit takes place a report is provided to the service manager concerned which gives an audit conclusion and opinion.
- 4.4 Any control or procedural weaknesses are identified within an action plan appended to the audit report.
- 4.5 All findings will be allocated one of 5 priority ratings. With priority 5 carrying the most significant risk to the service (not necessarily to the wider Council) and priority 1 the least significant risk.

The definitions used are provided below:

**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.

- 4.6 Each finding within the action plan contains a target implementation date which has been agreed between SWAP and the service manager concerned.
- 4.7 All priority 4 and 5 recommendations are captured in a register to ensure progress against the recommendations can be tracked and progress reported to JMT and the Audit/Corporate Governance Committees at Taunton Deane and West Somerset Councils.
- 4.8 This report highlights the Priority 4 and 5 audit actions affecting Taunton Deane Borough Council, where the agreed remedial action is overdue. On this occasion there are **19 priority 4** priority actions which are overdue but **zero overdue priority 5** recommendations for Taunton Deane Borough Council.
- 4.9 A summary of the overdue actions is provided in Appendix A.

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

- 5.1 There are no direct links to corporate aims/priorities although good governance and robust controls and processes underpin good performance.

## **6 Finance / Resource Implications**

- 6.1 Unmitigated risks identified by SWAP could expose the Council to unanticipated claims, expenditure or exposure to fraud.



## **7 Legal Implications**

- 7.1 There are no direct legal implications within this report although unmitigated risks could expose the Council to unanticipated claims.

## **8 Environmental Impact Implications**

- 8.1 There are no direct environmental impact implications associated with this report.

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

- 9.1 There are no safeguarding implications associated with this report. There are Community safety implications in relation to public safety risks associated with tree surveys.

## **10 Equality and Diversity Implications**

- 10.1 There are no equality and diversity implications associated with this report.

## **11 Social Value Implications**

- 11.1 There are no Social Value implications associated with this report.

## **12 Partnership Implications**

- 12.1 The majority of Council services are delivered through shared services arrangements with West Somerset District Council.

## **13 Health and Wellbeing Implications**

- 13.1 There are no direct health and wellbeing implications associated with this report.

## **14 Asset Management Implications**

- 14.1 There are asset management implications associated with this report.

## **15 Consultation Implications**

- 15.1 There are no Consultation implications associated with this report.

**Democratic Path:**

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

**Reporting Frequency: Twice yearly**

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

Appendix A	Summary of overdue priority 4 and 5 SWAP audit recommendations
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APPENDIX A

Audit Report	Finding	Priority	Recommendation	Management Response	Original Implementation Date	Progress Update	AD Responsible	Org
TDBC - Asset Management - Final Report - 09.12.2015	1.1a Asset Management Plan does not reflect the current role and responsibilities of the new integrated Property and development function.	4 - High	I recommend that the Asset Manager refreshes the current Asset Management Plan to embrace the current role and responsibilities of the new integrated Property and Development function and reviews proposed actions for individual property to ensure they are still appropriate drivers of asset management.	The current Asset Management Plan, whilst needs refreshing, is still live until end of 15/16. In line with work plan, this is to be refreshed during early 2016 and will reflect subsequent Asset Strategy and new structure and responsibilities.	June 2016	<b>Aug 17</b> - 95% of preparatory work around data capture for preparing new asset strategy now complete largely through consultants. This comprises stock condition survey data, land review findings, asbestos surveys and fire risk assessments. Draft strategy now anticipated October.	May, Terry	TDBC
TDBC - Asset Management - Final Report - 09.12.2015	2.1a The make-up of asset records for property has a number of components, none of which are integrated. Those that are computer based have some 'searchability'.	4 - High	I recommend that the Asset Manager in his review of property records ensures that property data is rationalised and collated into a readily accessible and searchable form and one which provides for appropriate document attachment.	Already committed to delivering as part of Commercial Rents SWAP Audit Management Action. Permanent solution will be the implementation and subsequent use of a new Asset Management System. As interim measure (if required) will collate core data currently from multiple sources into one spreadsheet but this will not enable document attachment.	December 2016 (for interim measure if becomes necessary)	<b>Aug 17</b> - No material progress has been made in the development of a new integrated database to hold all property records due to ICT capacity, impact of transformation and Council's new IT solution and lack of corporate approval. Having invested in CAPITA Open Contractor within Housing it is the preference to use this system for the General Account as the asset database. We now hold significantly more data than we did at time of audit and therefore risk is now greater. Action has been taken however to hold asset data changes within a suite of spreadsheets held in folders on a local J Drive. These spreadsheets support the existing data records and provide an interim but poor work around until a decision is made on the solution.	May, Terry	TDBC
TDBC - Asset Management - Final Report - 09.12.2015	4.3a Traditionally data is not broken down sufficiently to allow individual ownership costs to be identified.	4 - High	I recommend that the Asset Manager progresses asset cost determination so that reliable cost data can be used for both internal and external comparisons which can then appropriately inform management decision making on the future suitability of such assets in service delivery.	Agreed. Processes and communication/ awareness to be in place to enable greater accuracy of data for 16/17 financial year.	March 2016	<b>Aug 17</b> - 100% Stock Condition Survey data now known. Previously 0%. Consultants generating a asset performance model which will record anticipated cost and income by asset and therefore enable assessment of performance. Will be closed by Oct 17.	May, Terry;	TDBC
TDBC - Creditors - 12.06.14	1.5a Ten out of twenty purchase orders had been raised retrospectively. This is consistent with Southwest One's analysis of retrospective purchase orders up to the end of August 2012 which showed almost 35% of purchase orders were retrospective.	4 - High	I recommend the Shared Accounting Manager continues to monitor the frequency and users who raise retrospective purchase orders with the aim of bringing about a change of culture in the procure-to-pay process.	Agreed – we will continue to monitor retrospective purchase orders and will through the P2P innovation sessions consider ways to reduce the instances of retrospective orders occurring	31.03.2013	<b>August 2017</b> Responsibility for PO compliances has now passed back to TDBC following the end of the contract with SWOne. The procurement team are planning on running some joint training sessions with Accounts Payable to remind staff of the importance of raising PO's in advance. Reports via the E5 system are also being developed.	Paul Carter	TDBC
TDBC - Crematorium and Burials - Final Report - 23.10.2015	1.3a CAS Replacement Software.	4 - High	I recommend that the Cemeteries and Crematorium Manager liaises with the procurement team to ensure that when tendering for replacement software the following issues are considered; Validation of plot references; I would recommend that the use of spaces is avoided, and consider populating the system with all available plots prior to roll out so that plot references can be checked and then selected when inputting new ownership details, Exception reporting functionality, Fields required by the LACO are made mandatory, Automatic daily back up to avoid loss of data, Document management and scanning of paperwork, Availability of burial details to be published on the internet to enable interested parties to search themselves.	Currently in process and all issues will be considered and discussed.	Current	<b>September 2017</b> - A number of companies have now been identified and have demonstrated their systems at the crematorium. A scoping document has been created for the replacement system need and has been forwarded to both procurement and I.T. Presently we are awaiting to see if this will be progressed. <u>Not completed</u>	Hall, Chris;	TDBC

TDBC - Disaster Recovery - 28.08.2015	1.2a The scope of the DR test provided proof of concept but did not demonstrate business operations could be recovered.	4 - High	I recommend that the scope of future testing be expanded to ensure the applications and business activities can be recovered and made operational using the Disaster Recovery and planned Business Continuity facilities.	Agreed. We will agree the scope of future testing with the SWO ICT Service by 30 Sep 2015 and undertake a further test by 31 Dec 2015	28.08.2015	<b>02.03.17</b> Testing to take place in Q2 2017	Richard Sealy;	TDBC
TDBC - Software Asset Management - 18.09.2015	1.1a Software asset management strategy: There is no documented plan and defined aims for the management of software assets.	4 - High	I recommend the ICT and Information Manager work with Southwest One and Somerset County Council to establish a timeframe for producing a documented software asset management strategy and once created that this strategy is readily available, and is subject to periodic review.	We will work with SWOne to establish the terms on which such a strategy would be created, and subject to a satisfactory outcome of this process will proceed to develop the strategy. In the meantime other actions in this report provide a sound basis for a more robust approach to software asset management.	April 2016	<b>02.03.17</b> South West One exit process has clearly identified assets brought across from South West One. ICT are implementing as part of transformation a complete register of ICT hardware and software assets and data.	Richard Sealy	TDBC
TDBC - Software Asset Management - 18.09.2015	2.4a Renewal of the Microsoft ESA: We are unable to confirm that the Council is a named affiliate and can benefit in its own right from the renewal or buy out options.	4 - High	I recommend that the ICT and Information Manager confirm with Southwest One that the Council is a named affiliate to the Microsoft ESA and can maintain its Microsoft licensing beyond the end of the Southwest One contract. If necessary the Council should be added as an affiliate to the ESA.	Agreed. We will work with SWOne to ensure that TDBC is a named affiliate on the Microsoft ESA	October 2015	<b>02.03.17</b> As part of the South West One exsit process we have identified the licences required from South West One and that this has been fully funded by SW1. Awaiting formal transfer agreement with South West One.	Richard Sealy	TDBC
TDBC Commercial Rents and Properties 1617 Follow Up Final Report		4 - High	I recommend the Asset Manager ensures a complete and up-to-date central record is maintained in relation to all commercial properties and leases.	The permanent solution is an integrated Asset Management System. A project is already advancing to identify requirements, identify suitable systems and then to procure and implement such a system. This has been and continues to be a complex and lengthy project. The interim solution (if necessary) is to bring together all datasets into Excel and migrate all key data into one spreadsheet.	April 2017	<b>Aug 17</b> - No material progress has been made in the development of a new integrated database to hold all property records due to ICT capacity, impact of transformation and Council's new IT solution and lack of corporate approval. Having invested in CAPITA Open Contractor within Housing it is the preference to use this system for the General Account as the asset database. We now hold significantly more data than we did at time of audit and therefore risk is now greater. Action has been taken however to hold asset data changes within a suite of spreadsheets held in folders on a local J Drive. These spreadsheets support the existing data records and provide an interim but poor work around until a decision is made on the solution.	Terry May	TDBC
TDBC Crematorium and Burial Services Final Report 10.08.16	It was identified during testing that there are no documented procedures in place for any tasks that the officers perform. For example:Income collection Invoice raising Booking cremations Banking Aged Debts This increases the risk of tasks not being performed or being incorrectly completed. Without procedures tasks cannot be easily passed to other staff members when officers are absent and long term sickness could cause increased difficulties if the tasks they complete cannot be easily picked up by another officer.	4 - High	I recommend that the current Cemeteries & Crematorium Manager all procedures are documented for the main tasks completed by the officers.	As reported there are no documented procedures in place. This is due to the fact that the majority of administrative tasks are relatively straight forward, there is a team of four who are all long serving members of staff and two other trained members of staff who could be called upon in an emergency. I am also not aware of any other crematorium that provides documented procedures, but there may be some as this is to be considered as good practice. This financial year the IT system is due to be replaced and shortly a new Manager and Registrar will be appointed, this will be the ideal opportunity to provide such written procedures.	31 <sup>st</sup> August 2016	<b>September 2017</b> So far over 40 procedures have been authored and placed in both a physical folder and a shared folder within the cemetery and crematorium office. These procedures are a working progress and will carry on. <u>In progress</u>	Chris Hall	TDBC
TDBC Crematorium and Burial Services Final Report 10.08.16	During testing it was seen that an additional charge entered as miscellaneous had been deleted from the CAS system and no record of the entry was recorded in the system. All staff with access to the CAS system currently have the ability to delete items. The system records if a record has been deleted but this information can be removed completely by a clean-up process. The audit trail can only help identify who deleted the record if you know when the event occurred as it does not record information against the record but just as an event log for the whole system. This makes locating the event record in the audit trail very difficult unless you know when it occurred. As items can be deleted from the system, there is a risk that entries are deleted fraudulently and invoices are not raised. Findings 3.2, 3.3, 3.4, 3.5 and 3.8 all address weaknesses with the CAS software's financial management including budget monitoring and raising invoices. Financial management controls within TDBC are normally managed through the council's Financial Management System (SAP) and the weaknesses identified would be substantially mitigated through developing processes to incorporate SAP.	4 - High	I recommend that the Cemetery and Crematorium Manager implements a new procedure to use the Council's Financial Management System (SAP) to record and produce itemised invoices detailing all charges to debtors.	CAS audit trail, this is noted and CAS will be replaced during the current financial year and this will be the responsibility of the new Cemeteries and crematorium manager.	31 <sup>st</sup> December 2016	<b>September 2017</b> - A number of companies have now been identified and have demonstrated their systems at the crematorium. A scoping document has been created for the replacement system need and has been forwarded to both procurement and I.T. At present I.T has stated their conclusion was to wait for the outcome of the UTP procurement before committed to any other major system replacements, as that is likely to deliver functionality that would be duplicated in other systems. The procurement of the new cemetery and crematorium system has stalled and we continue to use CAS. <u>Not complete</u>	Chris Hall	TDBC

<p>TDBC Crematorium and Burial Services Final Report 10.08.16</p>	<p>As stated in finding 3.1, changes can be made to records on the CAS system after invoices have been generated. To make these changes a password has to be entered. Currently the password is known by all officers with access to the CAS system. As a control, the password does not work as all officers can still make changes once an invoice has been generated. The system does not record additional entries as outstanding and if entered for a previous period they will not be picked up and included in the next invoice run. There is a risk that not all income is being collected.</p>	<p>4 - High</p>	<p>In combination with recommendation 3.1a. I recommend that the Cemetery and Crematorium Manager ensures a new system is procured and controls are implemented either through this system or the council's financial management system that allow the following: Interface with the TDBC finance system so that manual input is minimise or no longer required - Record all invoice numbers and dates Provide clear audit trails allowing simple searches to find required information Allow cash receipting against the relevant invoice numbers so over and under payments can clearly be seen. Allow reports to be run from the system showing various financial information. This should include aged debt reports. Produce clear invoices which include VAT breakdowns, VAT registration number, business address, and payment terms. Ensure no changes can be made to records after an invoice has been raised.</p>	<p>CAS audit trail, this is noted and CAS will be replaced during the current financial year and this will be the responsibility of the new Cemeteries and crematorium manager.</p>	<p>31st December 2016</p>	<p><b>September 2017</b> - Please see above comment regarding Cemetery and Crematorium software. Presently the staff at the crematorium are using E5 for all financials which means more administration work as we need to enter the information for both systems.</p>	<p>Hall, Chris;#121</p>	<p>TDBC</p>
<p>TDBC Crematorium and Burial Services Final Report 10.08.16</p>	<p>A further weakness was identified during testing relating to the use of the CAS system to generate invoices as there are no payment terms shown on invoices raised. Therefore there is no information provided to the debtor on how soon invoices must be paid or how they should be paid. Furthermore, when discussed with the Bereavement Manager audit were informed that no payment terms are in place with any customers. This increases the risk of overdue debt increasing as the customer can claim that they are not overdue with their payment as no terms are in place. A control could be implemented by raising debts through the Accounts Receivable team, and could be considered when identifying the requirements for the new system.</p>	<p>4 - High</p>	<p>Use of SAP will generate invoices on the standard TDBC template that will include payment terms.</p>	<p>CAS audit trail, this is noted and CAS will be replaced during the current financial year and this will be the responsibility of the new Cemeteries and crematorium manager.</p>	<p>31st December 2016</p>	<p><b>September 2017</b> - The scoping Document for the new system identifies all the financial weaknesses that the audit report raises. Any new system that is chosen will have to abide by all of these findings. Presently the service uses the Councils current financial system to invoice all of its clients. <u>In progress</u></p>	<p>Hall, Chris;#121</p>	<p>TDBC</p>
<p>TDBC Crematorium and Burial Services Final Report 10.08.16</p>	<p>At point of testing there was £121,413.40 outstanding on invoices prior to April 16. Of these £87,677.90 is owed by one company. Although the overdue debts are followed up by the bereavement manager three main issues were identified which could be contributing to the amount of overdue income:</p> <ol style="list-style-type: none"> <li>1. There are no payment terms in place which makes chasing payments difficult if you cannot prove that they are overdue.</li> <li>2. There are no overdue letter templates in place to be sent out as part of the debt recovery process.</li> <li>3. There is a reluctance to chase funeral directors for payments as they are dealing with bereaved families and certainly a reluctance to put any form of penalty against the company for fear of loss of business and reputational damage.</li> </ol> <p>There is a risk that these debts will not be recovered and will eventually be written off and income to the council will be lost.</p> <p>For the customer with a debt of £87,677.90. This debt had been chased however the customer was not able to locate the invoice on their system and the Bereavement Manager was unable to confirm the invoice numbers and amounts that had been unpaid. During the testing period a cheque was received for a portion of this debt but a large value is still outstanding.</p> <p>The normal process for TDBC debtors are recorded and monitored through SAP. Unpaid invoices would then be followed up by the AR team. The system in place is not a feeder system and therefore only income is recorded in SAP. It is also unlikely that any old debts will be recorded and reported to JMT as part of the top 20 debtors as they are not captured on SAP.</p>	<p>4 - High</p>	<p>Invoices raised through SAP will be subject to the TDBC debt recovery procedures employed by SWOne. For existing debt still on the CAS system it is recommended that the standard TDBC Debt Management policy is implemented to ensure satisfactory recovery.</p>	<p>I feel I must apologise for the outstanding invoices, I had not been made aware of the situation at that time. I do believe that the introduction of procedures mentioned in this report will remedy the situation.</p>	<p>31st December 2016</p>	<p><b>September 2017</b> - Outstanding debtors other than one who no longer trades have entered a payment plan with us to service any debts. As we are using the councils system any unpaid or aged debts will be handled through a uniform system in place. <u>In progress</u></p>	<p>Hall, Chris;#121</p>	<p>TDBC</p>

TDBC Crematorium and Burial Services Final Report 10.08.16	During testing, the previous audit recommendations were discussed with the Cemetery and Crematorium Manager to identify what progress had been made. There were two priority three recommendations previously and one priority four recommendation regarding replacing the CAS software. None of the recommendations had been completed at point of testing, the Cemetery and Crematorium Manager stated that the procurement of new software had been put back until his replacement was appointed.	4 - High	I recommend that the Assistant Director – Operational Delivery ensures that audit recommendations are completed by the responsible officers.	During the current financial year the system is due for replacement, there has been a demonstration on site of the ClearSkies software and the service is waiting for a demonstration of the Gower software. The new manager will have the opportunity to obtain a new software package appropriate to Taunton Deane requirements and compatibility.	31st December 2016	<b>September 2017</b> - The service is currently waiting to see if the procurement for this new system will still take place in the short term. A scoping document has been completed by the service and is currently with I.T. Once given the authorisation to go ahead with the update for the system we can then identify the best replacement software and implement the change. <u>Not Complete</u>	Hall, Chris:#121	TDBC
TDBC Disaster Recovery Follow Up Final Report 201617		4 - High	I recommend that the Assistant Director review the Disaster Recovery capabilities provided by SWOne and through review and agreement with Section Heads identify the six critical applications that should be recovered. In addition the capabilities and timeliness of the services provided should be reviewed for appropriateness, and shared with Business Continuity planners in order that their expectations can be adjusted accordingly. Although it is not stated in the Disaster Recovery plan, SWAP understands that the first application could take three or more business days to recover from the time the Disaster is declared to SWOne.	Agreed	March 2015	<b>March 2017</b> At the point of Southwest One exit, TDBC implemented Dell AppAssure Rapid Recovery. This particular tool improves recovery times for critical systems as well as providing a DR copy of critical data at Chelston. A DR test is planned for Q4 2017.	Carter Paul	TDBC
TDBC Housing Rents 2016-17 Final Report	We have not been able to test that these steps are being followed and are unable to place assurance as to the effectiveness of these stages. As can be seen from the current tenant arrears figures shown below, the debt position has increased. This could suggest that recovery processes and monitoring of debts need to be reviewed. However, there could also be an impact as a result of universal credit however without testing we are unable to verify this. Current Tenant Arrears • As at 3 April 2016 - £420,371.94 • As at 26 March 2017 - £538,716.21 We were able to see evidence of recovery records outlining current progress on each tenant's arrears for one Estate Officer – however these records have not been assessed for accuracy. A previous audit finding identified that debt recovery processes did not have full up to date system notes despite ongoing recovery actions, as we have not been able to complete testing in this area we have not been able to give assurance that the recommendation to remind staff has been implemented effectively. A recommendation has been made under 2.2a to reflect record keeping.	4 - High	I recommend that the Housing Services Lead ensures there is a clear line of responsibility for the management of current tenant arrears. Responsible officers should be responsible for the recovery processes and management of arrears across all Housing stock.	Agreed	September 2017		Simon Lewis	TDBC
TDBCWSC User and Access Management Final Report	Removal of Audit Trail WSC AD users are removed from the directory after a varying length of time, usually 6 months. Other sub-systems such as Acolaid and Northgate also follow the same pattern. This means that their audit trail is also removed. In the event of a dispute or investigation in the future, absence of audit trail would mean resolution is difficult. There is also a requirement to keep audit trail for a period of 6 months.	4 - High	The Assistant Director ensures accounts are suspended, not delete until necessary audit trail is no longer required. Guidelines should be created which reflects these requirements and system administrators instructed to follow it.	On the assumption that this finding applies to individual business systems access rather than AD accounts, a 6 monthly review will be carried out of all system accounts, with the individual system owners being required to authorise on going access.	30/04/17		Richard Sealy	TDBC
TDBCWSC User and Access Management Final Report	Approval of Physical Access There are no standard forms to request a proximity pass, the request usually comes in one of two ways:- An email from ICT at South West One, notifying Facilities that the employee has started. ICT are involved because they set up the individual on the flexi-time system (the card issued is used for both flexi-time and building access).  - A member of staff will arrive at Facilities with a colleague asking for a pass to be created.  The pass is activated automatically for both TDBC and WSC should the employee be a part of the 'One Team'. Changes to card access follow the same logic, there is no formal request process.  There is an increased risk that, in the absence of appropriate formal request and authorisation that cards can be produced fraudulently and access exploited.	4 - High	The Assistant Director establishes a formal procedure relating to the request and issuing of a proximity pass which includes authorisation from an agreed list of signatories. This list of signatories will need to be provided to Facilities Management to ensure that authorisation procedures are followed.	Agreed	31 March 2017		Richard Sealy	TDBC & WSC (Both)

# Taunton Deane Borough Council

## Corporate Governance Committee – 18<sup>th</sup> September 2017

### Corporate Governance Action Plan Update

This matter is the responsibility of Cllr Richard Parrish, Lead Member for Resources

Report Author: Richard Doyle, Corporate Strategy & Performance Officer

#### 1 Purpose of the Report

- 1.1 This report provides an update of progress against the Annual Governance Statement Action Plan.

#### 2 Recommendations

- 2.1 It is recommended that:-

- The committee Members are asked to note current progress in relation to completing the actions identified within the Annual Governance Statement.

#### 3 Risk Assessment

##### Risk Matrix

Description	Likelihood	Impact	Overall
There is the general risk that if the Council fails to keep its controls and governance arrangements under review they could cease to be appropriate and lead to uncontrolled exposure to high level strategic and operational risks.	Feasible (3)	Major (4)	Medium (12)
<i>The mitigation for this will be for the Council to formally review the internal controls for governance of its affairs, identify opportunities for improvement and implement these.</i>	Unlikely (2)	Significant (3)	Low (6)

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

- 4.1 The Annual Governance Statement (AGS) is a statutory document which provides assurance on the governance arrangements in place within the Council. The statement is produced following a review of the council's governance arrangements.

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

## **5 The Action Plan**

5.1 The action plan is set out in Appendix A.

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

6.1 There are no direct links to corporate aims/priorities although good governance (of which risk management is a part) underpins good performance.

## **6 Finance / Resource Implications**

6.1 None – this is a governance matter.

## **7 Legal Implications**

7.1 Regulation 4 of The Accounts and Audit (England) Regulations 2011 requires that the Council must conduct a review at least once a year of the effectiveness of its systems of internal control and committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

## **8 Environmental Impact Implications**

8.1 There are no direct environmental risks within this report.

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

9.1 There are no safeguarding and /or community safety implications associated with this report.

## **10 Equality and Diversity Implications**

10.1 There are no equality and diversity implications associated with this report.

## **11 Social Value Implications**

11.1 There are no Social Value risks associated with this report.

## **12 Partnership Implications**

12.1 There are no direct partnership implications associated with this report.

## **13 Health and Wellbeing Implications**

13.1 There are no direct health and wellbeing risk associated with this report.

## **14 Asset Management Implications**

14.1 Risk 5 identifies a risk in relation to asset management.



## 15 Consultation Implications

15.1 There are no Consultation implications associated with this report.

### Democratic Path:

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

Reporting Frequency: Twice yearly

### List of Appendices

Appendix A	AGS Action Plan 2017/18
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### Contact Officers

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## Appendix A

### Annual Governance Statement - Action Plan for 2017/18

	Action now planned for 2017/18	Timescale for Completion	Responsible Officer	Monitoring Body	Progress
1	Review our approach to the Risk Management culture. Research and consider risk appetite statements, improving manager's perception of risk and taking into account good practice elsewhere.	March 2018	AD Corporate Services	Corporate Governance Officer Group	Performance Manager to review current approach and to consider ways of improving manager's awareness and perception of risk.
2	To prepare the Corporate Governance process for Transformation and the possibility of a new Council	March 2018	AD Strategic Finance and S151 Officer & Assistant Chief Executive	Corporate Governance Officer Group	A meeting was held between the Chief Executive, Assistant Chief Executive and Director responsible for the Transformation Programme to discuss options for ensuring appropriate corporate governance for the Transformation Programme. There is a 'New Council' work stream as part of the overall Transformation Programme with a designated Governance Project to develop a proposed governance structure and constitution for the new council should it be established. Overall timescale of having a new authority up and running for elections in May 2019 is still on track.

## **Corporate Governance Committee Forward Plan**

**18/09/2017, Report:SWAP Internal Audit - Progress Update**

Reporting Officers:Alastair Woodland

**18/09/2017, Report:Corporate Risk Management Update**

Reporting Officers:Richard Doyle

**18/09/2017, Report:Corporate Governance Action Plan**

Reporting Officers:Richard Doyle

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

Reporting Officers:Bruce Lang

**18/09/2017, Report:Overdue high priority SWAP Audit Recommendations**

Reporting Officers:Richard Doyle

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

Reporting Officers:Kevin Henderson

**04/12/2017, Report:Grant Thornton - External Audit Update**

Reporting Officers:Kevin Henderson

**04/12/2017, Report:SWAP Internal Audit - Progress Report 2017/18**

Reporting Officers:Alastair Woodland

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

Reporting Officers:Catrin Brown

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

Reporting Officers:Paul Carter

**19/03/2018, Report:Grant Thornton - Audit Plan**

Reporting Officers:Rebecca Usher

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

Reporting Officers:Catrin Brown

**Report:Review of Financial Regulations**

Reporting Officers:Jo Nacey

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

Reporting Officers:Bruce Lang

## **Corporate Governance Committee – 18 September 2017**

Present: Councillor Sully (Chairman)  
Councillor Govier, Hall, Hunt, Lees, Mrs Lees, Nicholls, Mrs Smith-Roberts,  
Mrs Stock-Williams, Mrs Tucker.

Officers: Bruce Lang (Assistant Chief Executive and Monitoring Officer), Richard Doyle (Corporate Strategy and Performance Officer), Alastair Woodland (Assistant Director – South West Audit Partnership) and Andrew Randell (Democratic Services Officer).

Councillors Aldridge and Coles

(The meeting commenced at 6.15 pm)

### **21. Apologies**

Apologies were received by Councillors Adkins, Booth, Cavill, Horsley and Ryan.

Substitutions: Councillor Booth for Lees.  
Councillor Horsley for Mrs Lees

### **22. Minutes**

The Minutes of the meetings of the Corporate Scrutiny Committee held on 31 July 2017 were taken as read and were signed.

### **23. Declaration of Interests**

Councillor Govier declared a personal interest as a Somerset County Councillor.  
Councillor Hunt declared personal interests as a Member of Somerset County Council, Exmoor National Park Authority Member, Devon & Somerset Fire & Rescue Authority Member and Tacchi Morris Management Committee Member.

### **24. SWAP Internal Audit – Internal Audit Plan 2017/18 Progress.**

Members considered the report previously circulated, concerning the SWAP Internal Audit – Internal Audit Plan 2017/18 Progress.

Considered report previously circulated, concerning the South West Audit Partnership (SWAP) Internal Audit Plan 2017/2018 Progress Report which provided a regular progress and update report in relation to prescribed audit work to date for the financial year and also provided an update in relation to emerging national issues that might impact on the Council.

The 2017/2018 Annual Audit Plan provided an independent and objective assurance on Taunton Deane Borough Council's internal control environment. This work supported the Annual Governance Statement. Details of the progress made since the previous update in December 2017 was submitted.

The report updated Members on the status, progress and completed work in relation to the auditor's planned schedule of work, year ending 31 March 2018. The Auditors had completed risk assessments in the prescribed audit work areas. If any risks came out of the assessment process, the Auditor's would look into those risks and the area in further detail.

During the consideration of this item, the following points were made:-

- The GDPR would still be implemented and legislation would still be honoured and the requirements would be adhered to before Brexit is implemented. This would need to be clarified in legislation after the date of EU compliance.
- The data protection responsibilities meant that there was a responsibility for a data protection officer.
- A review of the Crematorium would take place within the next financial year.
- There had been no breaches in data protection. There was confidence that the controls would be implemented quickly; this would be reviewed and followed up with the new manager.

**Resolved** that the report be noted.

## **25. Regulation of Investigatory Powers Act (RIPA) 2000 – Update Following Inspection.**

Members considered the letter previously circulated, concerning the Regulation of Investigatory Powers Act (RIPA) 2000 – Update Following Inspection.

Every three years Councils are inspected by the Office of Surveillance Commissioners to review the arrangements that are in place in regard to the authority's management of covert activities under the powers conferred by RIPA.

The Council were last inspected in 2014 and previously such inspections involved a site visit by an appointed inspector followed by a written report. In an attempt to reduce bureaucracy and cause the least possible disruption to local councils who are infrequent users of the powers under RIPA, the option was provided to have the inspection undertaken by way of a desk top assessment of compliance and progress on previous recommendations based on the completion of a questionnaire and examination of relevant documentation.

It was decided to adopt the time saving option; in addition, the Surveillance Commissioners offered to undertake a combined inspection/report for Taunton Deane Borough and West Somerset Councils to save additional work and reflect that the respective policies in this matter were already aligned and the same officers were involved for both authorities. The Assistant Chief Executive, as Senior Responsible Officer for the RIPA processes for both Councils, duly completed questionnaires on behalf of the two authorities and submitted them to the appointed Inspector at the beginning of June, 2017, together with supporting documentation.

A copy of the covering letter subsequently received from the Rt Hon Lord Judge, the Chief Surveillance Commissioner, together with a copy of the Inspector's Report compiled by Mr Alex Drummond, was attached as Appendix A to this report.

The findings of the report were positive, concluding that all recommendations from the previous inspection had been addressed and could be discharged. Most

significantly, there were no formal recommendations made. There were some very minor alterations to wording relating to detail in the policy document that have been agreed to be made with the Inspector's guidance.

Notwithstanding this, it is important not to be complacent and recognise that the requirement for appropriate RIPA training is ongoing and hence this must not be lost sight of to ensure that the Council maintains its state of readiness to be able to properly apply its RIPA powers should they be required at some stage in the future. It is also suggested that some form of annual RIPA progress report is made to members even if it is only to confirm no changes of action has been taken under this act as a matter of information to note.

During the consideration of this item, the following points were made:-

- The definitions of covert and overt surveillance were considered alongside surveillance of social media pages.
- Covert surveillance would need to be authorised and included the involvement of the police.
- It was discussed if surveillance would increase due to the implementation of Universal Credit.
- If the surveillance could be undertaken by over means then covert investigation methods shouldn't be used.
- The council didn't own any CCTV cameras.
- Authorising officers would be trained in areas such as Environmental Health and Planning to grant authorisation of investigatory powers.
- Reassurance was given that data would be held only for the purposes it was intended for. Under the Data sharing protocol, further consent would be required if there was a new reason for the use of investigatory powers.
- This item would be reconsidered in a year.
- The senior responsible officer was congratulated on his commendation from the Office of Surveillance Commissioners.

**Resolved that**

1) The Corporate Governance Committee noted the positive outcome of the Inspection by the Office of Surveillance Commissioners and that no formal recommendations were made;

2) That the Committee support the ongoing provision of the appropriate training relating to the RIPA process.

## **26. Corporate Risk Management Update.**

Members considered the report previously circulated, concerning the Corporate Risk Management Update.

This report provided an update on the corporate risks which are being managed by the Joint Management Team.

Risk management is a key element of the Council's overarching Governance arrangements.

The Corporate Risk Register is a 'live' document which highlights the key corporate risks facing the Council. The register is a joint one between Taunton Deane and West Somerset Council and formally reviewed by JMT on a quarterly basis as part of the corporate performance review day. The last JMT review took place on 19<sup>th</sup> May 2017.

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

Risk registers exist with divisions, teams, projects and programmes. All these Risk Registers were updated in January 2017.

Risks which are managed at a corporate level were those which had a significant risk to the delivery of a corporate priority or which were cross-cutting risks that didn't naturally sit with a single department or team. These risks have been identified and escalated from other risk registers within the Councils, officer concerns or from external sources.

There were 14 strategic risks identified and approved by JMT (11 joint risks, 1 WSC risk and 2 TDBC specific risks).

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

An extract of the corporate risk register was provided in Appendix A.

During the consideration of this item, the following points were made:-

- The addition of a new corporate risk around the addition of GDPR and data protection was being considered.
- Clarification was given that no scored had changed and nothing had been moved.
- It was questioned if E5 issues encountered at the DLO would be added as a risk.
- Retrieving data back from Southwest One was no longer relevant, this had been completed.

**Resolved** that:- The Corporate Governance Committee noted the current position in relation to the identification and tracking of corporate risks

## **27. Overdue High Priority SWAP Audit Actions**

Members considered the report previously circulated, concerning the Overdue High Priority SWAP Audit Actions.

Considered report previously circulated, the report provided Members with a

position statement on the SWAP audit actions for Taunton Deane Borough Council, which were assessed as high and very high priority, where the agreed remedial action is overdue.

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

The control and procedural weaknesses were identified within an action plan appended to the report.

During the consideration of this item, the following points were made:-

- Issues experienced with housing rents were considered. A factor causing these issues were high sickness rates amongst housing officers. It would be followed up to ascertain if there was an action plan to resolve this.
- It was questioned if disaster recovery was in line with internet security and threats of cyber-attacks. This would be looked at for an update to be considered.
- The committee requested further information relating to the number of bad debts that were written off.

**Resolved** that:- the report be noted.

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

Members considered the report previously circulated, concerning the Corporate Governance Action Plan Update.

This report provided an update of progress against the Annual Governance Statement Action Plan.

The Annual Governance Statement (AGS) is a statutory document which provides assurance on the governance arrangements in place within the Council. The statement is produced following a review of the council's governance arrangements.

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

The progress against the action plan set out in appendix A was set out.

During the consideration of this item, the following points were made:-

- A decision was awaited on the new Council, this was due to be implemented in by May 2019.
- There were expectations on the improvement of performance since the appointment of the new Crematorium manager.
- Concerns were expressed in relation to the perceived failings of the commercial areas of the authority.



- The audit actions and implementation dates for these would be reported back to the Corporate Governance committee.

**Resolved** that:- The report be noted.

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

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

It was requested for an update of the audits in the Crematorium be added to a future committee.

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

(The meeting ended at 7.15pm).