

Corporate Governance Committee – 19 June 2018

Present: Councillor Adkins, Booth, Cavill, Coles, Gaines, Hall, Hunt, Ryan, Ms Smith-Roberts, Tucker, Webber and Wedderkopp.

Officers: Andrew Stark (Finance Manager), Catrin Brown (Health and Safety Manager), Richard Doyle (Corporate Strategy and Performance Officer), Alastair Woodland (Assistant Director – South West Audit Partnership), Sarah Crouch (Audit Manager – Grant Thornton) and Andrew Randell (Democratic Services Officer).

(The meeting commenced at 6.15 pm)

14. Appointment of Chairman

Councillor Cavill was appointed as the Chairman of the Corporate Governance Committee.

15. Appointment of Vice-Chairman

Councillor Hunt was appointed as the Vice-Chairman of the Corporate Governance Committee.

16. Apologies.

Apologies were received by Councillors Govier, Horsley, Parrish, Nicholls and Wedderkopp

17. Minutes.

The Minutes of the meetings of the Corporate Governance Committee held on 19 March 2018 were taken as read and were signed.

18. Declaration of Interests.

Councillor Mrs Smith-Roberts declared a personal interest as the Chairperson of RAFT. Councillor Coles declared a personal interest as a Somerset County Councillor and a member of the Devon and Somerset Fire Authority.

19. Report on Health and Safety Performance.

Members considered the report previously circulated, concerning the Report on Health and Safety Performance.

4 x reports made to HSE, all were injuries which meant that the employee was off work for more than 7 days.

- 3 were Building Services employees, 1 was an agency Open Spaces employee.
- 3 were musculoskeletal injuries and 1 was broken bones to the foot and all injuries arose out of either manual handling activities or slips and trips.

By way of comparison in 2016 – 17 there was only one reportable injury, again a musculoskeletal back injury to an Open Spaces employee.

Using the data gathered high risk activities (such as strimming on banks) have been identified and have been discussed with the teams through tool box talks to raise awareness and prevent recurrences. Other than the increase in reportable incidents, total numbers of accidents and incidents reported from Deane Depot remain very similar to last year.

Of the 10 accidents reported 5 were related to the WSC area harbours – slips, trips and falls and incidents with boats. As a high risk area, with a significant visitor and user footfall the maintenance of the harbours is monitored by the Assistant Harbour Master on a daily basis, the Corporate Works team and the Assets teams. It is highly likely that the increase in reports is due to increased vigilance and awareness rather than an increase in actual incidents.

3 accidents causing harm, involved minor slips and trips on the staircases whilst carrying drinks or other work materials. Whilst still very low numbers it has raised awareness that agile / flexible working leads to increased footfall on the stairs and carrying laptop bags which may put people off balance. Advice has been given on suitable cases and trolleys for carrying work materials and reminders have been sent out with the H&S information from the accommodation team about carrying work equipment safely. This will be monitored closely.

3 near missed related to refurbishment work activities at the Deane House. A weekly meeting is held with the accommodation team and the contractors carrying out the Deane House works. The contractors have been responsive when required to undertake urgent remedial work, for instance to reduce dust and falling material during the window replacement work. Lessons learnt will be taken forward for the phase 2 works. A large number refer to the harbours and weather related repairs reported using the Near Miss cards

As in previous reports the most frequent accident by type continues to be slips, trips and falls, and the most frequent work area the Deane Depot due to the nature of the work.

Accident investigation and root-cause analysis training has been carried out with Deane Depot Managers to help them to understand all the available strands of information required in an accident investigation and how to set out action plans to implement measures to prevent a recurrence.

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

- Four policy updates had been considered and reaffirmed by James Barraah, there was a three yearly cycle for policy reviews.
- The asbestos policy was being looked at. It made sense to review these annually.
- There was no specific policy to avoid spillages such as ensuring lids are on cups to prevent spillages for hot drinks.
- Because of the focus on reporting practices for the depot, there had been an increase in reporting for this reason.
- There was also a focus safety around communal areas for Council tenants and open spaces.

Resolved that:- The Corporate Governance Committee noted the report.

20. External Audit Fees 2018/19.

Members considered the report previously circulated, concerning External Audit Fees 2018/19.

Each year our external auditors, Grant Thornton, provide details of the forecast fees to be charged for the main audit and the grant certification work relating to the current year.

The attached letter provides details of the fees and the schedule of payments.

Grant Thornton have also provided an outline audit timetable to show the phasing of their work.

Any additional audit work, outside of the planned audit and grant certification work will be billed separately and will be an addition to the fee quoted.

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

- The reduction in costs was viewed as positive by the committee

Resolved that:- The Corporate Governance Committee noted the audit plan.

21. External Audit (Grant Thornton) Update Report.

Members considered the report previously circulated, concerning External Audit (Grant Thornton) Update Report.

The report for Members by our external auditors, Grant Thornton. Specifically the report provides an update in relation to their work for the 2017/18 financial year and also provided an update in relation to emerging national issues.

Each year our external auditors, Grant Thornton, are required to carry out prescribed audit work and this report provides a useful progress update on the work undertaken to date.

Additionally, the report shares headlines on some national issues that may have an impact upon the Council.

- The vibrant economy index was an indication based on national rankings.
- The committee considered that the update was on track with no concerns at present or significant issues.
- There were challenges experienced in terms of financial stability issues. These were experienced each year with no significant trends. Some Councils were effected more than others.

Resolved that:- The Corporate Governance Committee noted the update report

22. SWAP Internal Audit – Annual Opinion Report 2017/18.

Members considered the report previously circulated, concerning SWAP Internal Audit – Annual Opinion Report 2017/18.

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.

Internal Audit is required to provide an Annual Opinion on the state of the Internal Control Environment. This report provides that Opinion based on the work undertaken during 2017-18. This work will support the Annual Governance Statement.

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

- Details a summary of the key risks that were identified during the 2017-18 financial year.
- 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.

The Audit Opinion for 2017/18 is contained within the attached SWAP Internal Audit Annual Opinion Report - Appendix A.

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

- It was recognised that there would be detailed discussion on the Shadow Governance arrangements and transformation to manage risks.
- Feedback on how risks were arranged was welcomed.
- There were reserve days for audit that could be committed, there was flexibility to assess risks around the transformation which was more complex work. It was recognised that Business as usual work would suffer.
- The drop in return rates of satisfaction surveys was considered. Reminders were sent out but changing the questionnaires to make them more streamlined was being deliberated.
- The financials and timeline of the accommodation project were on track and deliverable.
- Further work was still needed on the finance system.
- Risk areas were still relevant in the new operating model. The disaster recovery and transformation risks were still at the review stage. There were a wide area of risks linked to disaster recovery.

Resolved that:- The Corporate Governance Committee noted the report.

23. SWAP Internal Audit – Outturn Report 2017/18.

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

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

The 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.

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 March 2018.
- 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.

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

During the consideration of this item, no comments were made:-

- The conclusion from the GDPR follow up was that the authority was not fully GDPR compliant so there was still a risk. It was anticipated there was still some work to do to ensure compliance. Councillors had received GDPR training.
- Financial and Non-Financial benefits had been determined as part of the benefits realisation management.

Resolved that:- The Corporate Governance Committee noted the report.

24. Review of the Effectiveness of Internal Audit.

Members considered the report previously circulated, concerning the Review of the Effectiveness of Internal Audit

The purpose of the report was to inform the Audit Committee of the recent review of the effectiveness of the delivery of Internal Audit through SWAP (South West Audit Partnership) during 2017/18.

Taunton Deane Borough Councils' review of Internal Audit has been carried out by the Assistant Director Strategic Finance and S151 Officer. The findings have been reported as part of the overall evaluation and will also provide supporting evidence for the Annual Governance Statement. The following criteria were used in the evaluation:

- Annual report and opinion of the Assistant Director of SWAP
- Audit plan and monitoring reports
- Reports on significant findings
- Key performance measures and service standards
- View of the Council's External Auditor covering the extent of reliance placed on internal audit work on key financial systems.

The satisfaction from client feedback questionnaires for the audits carried out at TDBC is broadly consistent with previous years.

The average cost of an 'audit day' for SWAP remained unchanged at £280.

In total 86% of the audit plan for 2017/18 has been delivered by 31 March 2018. SWAP is committed to completing the plan and is on track to deliver 100% of the plan at the time of writing this report. The process of Internal Audit requires engagement from TDBC officers at all levels and with competing delivery priorities with services and late changes to the audit plan there will be invariably some delays and work carried over from 31 March 2018.

There were no new high priority recommendations (service level priority 5) in 2017/18.

The outturn position for SWAP is likely to show that, as in previous years, the partnership makes a surplus from operations.

As SWAP is a company limited by guarantee the Directors of the company will be required to act in the interests of the company. As Section 151 Officer, I have access to the SWAP Management Team to influence service delivery and priorities from a customer's perspective. Additionally, the 'Members Board', which is comprised of Elected Member representatives from each partner authority, meets quarterly to review the performance of the company.

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

- Only 5 satisfaction surveys had been received which was 30% less than in previous years. From April 2018 the questionnaire had been changed.
- These would be followed up with managers to get a clearer picture and feedback.
- It was agreed that Section 7.1 of the review would be removed as a service standard.
- The cost of audit is reviewed every year. Taunton Deane Borough Council set the fees. An ambition of the services was to pick up an increased amount of private sector work.

Resolved that:- The Corporate Governance Committee noted the report.

25. Annual Governance Statement 2018/19.

Members considered the report previously circulated, concerning the Annual Governance Statement 2018/19.

Best practice required that Statements give greater prominence to:

- An opinion on the Council's governance arrangements from the Council's senior managers and the leader of the Council
- A review of the effectiveness of the Council's governance arrangements
- A review of the action plan from last year's statement
- An action plan for 2018/19

The Corporate Governance Officers Group has led the 2017/18 review of the governance framework. The group includes the Monitoring Officer (Assistant Chief Executive), the deputy s151 Officer the internal Audit Manager, the Assistant Director Corporate Services and the Corporate Strategy & Performance Manager. The conclusions from this review are that overall the Council's governance framework is reasonable and fit for purpose.

Taunton Deane Borough Council's Annual Governance Statement for 2017/18 provided:

- An *opinion* on the Council's governance arrangements from the Council's Chief Executive and the Leader of the Council
- A review of the *action plan* from last year's statement
- An *action plan* for 2018/19
- A review of the *effectiveness* of the Council's governance arrangements

The Statement will be published on the Council's website alongside the Council's Statement of Accounts. The Annual Governance Statement is required by Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015.

It is our opinion that the Council's governance arrangements in 2017/18 were sound and give reasonable assurance in order to achieve the Council's priorities and challenges in 2018/19.

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

- No questions were received in consideration of the annual governance statement.

Resolved that:- The Corporate Governance Committee recommend the adoption of the Annual Governance Statement by the Leader of the Council and Chief Executive.

26. Assessment of Going Concern Status.

Members considered the report previously circulated, concerning the Assessment of Going Concern Status.

The concept of a "going concern" assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

Given the significant reduction in funding for local government in recent years and the potential threat this poses nationally to the ongoing viability of one or more councils as a consequence, external auditors are placing a greater emphasis on local authorities undertaking an assessment of the "going concern" basis on which they prepare their financial statements. This report sets out the position at Taunton Deane.

As with all principal local authorities, the Council is required to compile its Statement of Accounts in accordance with the current Code of Practice on Local Authority Accounting (hereafter referred to as the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code the Council's Statement of Accounts is prepared assuming that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.

The main factors which underpin this assessment were:

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

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

- A net underspend of £21k was reported.
- There was some uncertainty over future funding and the financial forecast following the transformation programme.
- There was a modest budget gap which was a going concern until July 2019.
- A new set of processes would be introduced in April 2019 with the New Council. This would be more robust with a set of figures and cost parameters in light of this.
- The medium term financial plan would provide a combined account for both authorities. The budget setting going forward would be for combined councils.
- In respect of the pension scheme liability, the deficit was reducing and fully funded. Pension liabilities were a challenge that all Councils faced.
- The pension fund was reassessed every three years and updated every year. The liability had reduced from the previous year. The scheme was administered by Somerset County Council on behalf of Taunton Deane Borough Council.

Resolved that:- The Corporate Governance Committee noted the report.

27. Overdue High Priority SWAP Audit Recommendations.

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

The report provided 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 was 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.

When an audit takes place a report is provided to the service manager concerned which gives an audit conclusion and opinion.

Any control or procedural weaknesses are identified within an action plan was appended to the audit report.

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

- The list of actions had been reduced from 26 to 16.
- Further updates were given on some of the high priority areas.
- More information was requested from asset management in relation to the introduction to software in their service.
- A management and risk update was requested for this.

Resolved that:-

28. Forward Plan.

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

Resolved that the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 7.39pm)

