

Corporate Governance Committee – 19 May 2014

Present:

Councillors Allgrove, Beaven, Coles, Denington, Gaines, Hall, Hunt, S Lees, D Reed, Mrs Stock-Williams, Miss Smith, Tooze, D Wedderkopp and A Wedderkopp.

Officers:

Richard Sealy (Assistant Director Corporate Services), Bruce Lang (Assistant Chief Executive and Monitoring Officer), Maggie Hammond (Strategic Finance Officer), Shirlene Adam (Director of Operations) and Emma Hill (Corporate Support Officer).

Also Present:

Ashley Allen (Audit Manager, Grant Thornton)
Peter Barber (Appointed Auditor, Grant Thornton)

(The meeting commenced at 6.15 pm)

14. Appointment of Chairman

Resolved that Councillor D Reed be appointed Chairman of the Corporate Governance Committee for the remainder of the Municipal Year.

15. Appointment of Vice-Chairman

Resolved that Councillor Coles be appointed Vice-Chairman of the Corporate Governance Committee for the remainder of the Municipal Year.

16. Apologies/Substitutions

Apologies: Councillors A Govier, Horsley, R Lees and Mrs Waymouth.

Substitutions: Councillor Miss F Smith for Councillor Horsley

Councillor S Lees for Councillor R Lees

Councillor Allgrove for Councillor Mrs Waymouth

17. Minutes

The minutes of the meeting held on 10 March 2014 were taken as read and were signed.

18. Declaration of Interests

Councillors Coles, Hunt, D Wedderkopp and A Wedderkopp declared personal interests as Members of Somerset County Council. Councillor Tooze declared a personal interest as an employee of UK Hydrographic Office.

19. External Audit Plan 2013/2014

Considered report previously circulated, which introduced the External Audit Plan for 2013/2014.

Each year the Council's external auditors, Grant Thornton, provided a plan which detailed their approach to the audit work required in respect of the preceding

financial year (2013/2014). Specifically this audit work focussed on the provision of an audit opinion in relation to the accounts, value for money (VFM) and associated key risks.

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

- Concerns were raised over the cost of the service to the Council. What was the percentage of work / cost?
Currently about 15% of work had been completed but the majority of the remaining work would be completed by late June.
- Why the level of detail and cost?
As a public body with public money, the Council needed to be seen to be transparent. The Council was a £70 million body and the cost of the audit to the Council was 0.01% of our revenue.
- How much would Grant Thornton have to do with the West Somerset audit in connection with the current shared services project?
This would be looked into as part of the projected savings related to sharing of services with West Somerset.

Resolved that the report be noted.

20. External Audit Update

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

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

Additionally, the report shared the headlines on emerging national issues and developments, which might have a bearing on the Council. Specifically the 2013/2014 Code for valuing property and assets and changes to the Local Government Pension Scheme were highlighted.

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

- Was the Council on track to meet the deadline of 30 June 2014? Yes.
- Was Taunton Deane amongst those with concerns over assets and accounts?
Grant Thornton was working with the Director of Operations on procedures as to the presenting of the draft accounts as well as looking at the Council's principles.

Resolved that the report be noted.

21. External Audit – Fees Report

Considered report previously circulated, on the fee position for external audit services for 2014/2015.

The external audit function for Taunton Deane transferred from the Audit Commission to Grant Thornton during 2012. This change was part of a national programme of “outsourcing” the external audit work and had resulted in significant savings for local authorities.

The letter also set out details of the process and timetable for completing the external audit work for 2014/2015 together with details of the team who would lead the work. However, since receiving the letter the Council had been notified of a change to the team – Peter Lappin would be replaced by Ashley Allen as Engagement Manager.

Any additional audit work, outside of the planned audit and grant fee work, would be billed separately and in addition to the fee quoted.

The indicative audit fee for 2014/2015 was £76,955. This was split between the fee for the main audit of £66,605 (which remained the same as the previous year) and the grant certification work of £10,350 (which represented a reduction of £7,210 from the previous year).

The fee was within the Council’s budget allocation for 2014/2015.

Resolved that the Grant Thornton report be noted.

22. Regulation of Investigatory Powers Act (RIPA) – Policy and Procedure Update

Considered report previously circulated, concerning the Policy amendments made to the Regulation of Investigatory Powers Act 2000 (RIPA) by The Protection of Freedoms Act 2012.

The Council had had a corporate policy dealing with the Regulation of Investigatory Powers Act 2000 since July 2008.

The Policy detailed various aspects of the legislation and guided officers and the relevant processes and procedures that needed to be followed. In addition, it also set out details of the relevant authorising officers for the Council.

The Protection of Freedoms Act had made amendments to RIPA to provide that following authorisation to use the Act, no surveillance could be conducted until that authorisation had been approved by a Justice of the Peace. Therefore the Council’s policy needed to be updated to reflect this change in process.

In addition, following the changes to the Council’s management structure new officers were required to be authorising officers and the policy had been updated to reflect these changes.

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

- *Could the missing information from the RIPA document be included before the next inspection which was due later this year?*
- Members asked to see the document once the amendments had been included.
The policy document could be approved as a Draft version subject to the required additional amendments being included. The document could then be re-submitted for final approval at a meeting later in the year.
- Could a notification system for surveillance requests be included in the document? Perhaps to the Chairman and Vice-Chairman of the Committee, or to all Members?
- Outside agencies and contractors used surveillance as well. Was this covered in the policy?
Outside agencies would have their own procedures in place for requests for surveillance.

Resolved that:-

1. The report be noted;
2. The appointment of the Assistant Chief Executive and Monitoring Officer as the Senior Responsible Officer for the Regulation of Investigatory Powers Act process be approved; and
3. The Council's draft updated Policy and Procedures in relation to the Regulation of Investigatory Powers Act as set out within the report be approved, with the Monitoring Officer being requested to bring any further changes back to a future meeting of the Committee.

23. Whistle Blowing Policy Refresh

Considered report previously circulated, concerning the refresh of the Council's Whistleblowing Policy.

Following new legislation -The Enterprise and Regulatory Reform Act 2013 - the policy needed to be revised to ensure it complied.

It was important that an up to date policy was maintained so that employees and members of the public knew how to report any concerns and what protection they had. The main change from the previous policy was in the protection offered to a whistleblower. This had been changed so that any person raising a concern where they reasonably believed that the disclosure they were making was in the public interest, even if they were mistaken, would be protected.

The Whistleblowing policy was an important part of the authority's governance arrangements and thus need to be regularly reviewed to ensure it complied with all current legislation.

Resolved that the updated Whistleblowing Policy for Taunton Deane Borough Council be approved.

24. Money Laundering Policy Refresh

Considered report previously circulated, concerning the proposed Money Laundering Policy.

The proposed policy ensured that the Council had appropriate and proportionate measures in place to comply with the legal requirements, to implement relevant regulatory provisions and to protect its staff and Members.

The Council and its individual Members and employees had obligations under the Terrorism Act 2000 and certain sections of the Proceeds of Crime Act 2002 relating to money laundering. Public authorities were not legally obliged to implement the provisions of the Money Laundering Regulations 2007 because public authorities were neither 'relevant persons' nor part of the 'regulated sector'.

However, as a prudent and responsible public body, the Council's policy and procedures should be designed to reflect the essence of the UK's anti-terrorist financing and anti-money laundering regimes.

Money laundering was any attempt to use the proceeds of crime for legitimate purposes and was generally defined as the process by which the proceeds of crime, and the true ownership of those proceeds, were changed so that the proceeds appeared to come from a legitimate source. Anyone who became aware of an activity which they had reasonable grounds to suspect, was related to the proceeds of crime might be guilty of a money laundering offence.

The Chartered Institute of Public Finance and Accountancy (CIPFA) had published guidance on how the provisions of this framework apply to public authorities (CIPFA, 2009). The Policy which had accompanied the report had been designed to ensure that the Council and its staff fulfilled all legal obligations and regulatory requirements in accordance with this guidance.

Resolved that the Money Laundering Policy be approved.

25. Update on Internal Audit Plan 2013/2014

Considered report previously circulated, concerning an update on issues raised at the previous meeting in relation to the Procurement Cards Audit and the delay in progressing various ICT Audits.

The Procurement Card Audit had contained six recommendations that had been agreed by the Strategic Finance Officer. Although five of these were due to be completed by 31 March 2014, unfortunately this deadline had been missed.

A policy had now been written and agreed by the Assistant Director - Resources. This had been shared with all the holders of Procurement Cards who had been asked to confirm that they had read the policy and understood their responsibility as a Procurement Card holder.

Further reported that the delays with the ICT audits had resulted from the auditors not being provided with the appropriate access to the SAP system, which was required in order for them to undertake the audit.

The issues had now been resolved and satisfactory progress had now been made on the audits in question. The Data Centre Facilities Management audit had now been finalised. The System Development Life Cycle would be finalised by the 16 May 2014 and SAP IT Financial Controls would be finalised by the 20 June 2014

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

- Pleased to hear that certain elements would be blocked on Procurement Cards.
- Had there been any issues with Procurement Cards and using them?
There had been no issues with staff using Procurement Cards. Getting people set up and instructed on how to use the cards was straight forward.

Resolved that the progress with both the Procurement Card Audit Recommendations and the ICT Audits be noted.

26. Corporate Governance Committee Forward Plan

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

Resolved that the Corporate Governance Committee Forward plan be noted.

(The meeting ended at 7.40pm).