

Corporate Governance Committee – 26 June 2008

Present: Councillors Beaven, Denington, Govier, Horsley, Paul, Mrs Smith, A Wedderkopp, Mrs Whitmarsh and Williams

Officers: Ms S Adam (Strategic Director)
Mr P Carter (Financial Services Manager)
Mrs G Croucher (Democratic Services Officer)
Mr C Gunn (Group Auditor, South West Audit Partnership)
Mrs T Meers (Legal and Democratic Services Manager)
Mr R Sealy (Contract Client Manager)

Also Present: Councillors House and Morrell, Mr T Bowditch, Mr S Clarke and Mr M Allen (Audit Commission)

12. Appointment of Chairman

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

13. Appointment of Vice-Chairman

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

14. Apology/Substitution

Apology: Councillor Critchard; Substitution: Councillor Horsley.

15. Minutes

The minutes of the meeting held on 17 March 2008 were taken as read and were signed subject to the addition of Councillor Stuart-Thorn to the list of those Councillors present.

16. Declarations of Interest

Councillor Govier declared personal interests as a Member of Somerset County Council and a Non-Executive Director of the Somerset Primary Care Trust. Councillor Paul declared a personal interest as a Member of Somerset County Council. Councillor Mrs Smith declared a personal interest as an employee of Somerset County Council.

15. Review of Southwest One

Mr M Allen, the Senior Technical Manager, Audit Commission presented a review of Southwest One.

An overview of the contract found this to be a complex and large sized procurement that was unique in local government. To achieve value for

money from the contract would require commitment from both Members and officers and ongoing investment in Council capability.

Procurement had provided reductions in price at the preferred bidder stage. Although no challenge from other bidders provided significant risk under current EU law a reasonableness of process had been demonstrated.

Arrangements in place during procurement had provided:-

- Clear governance arrangements;
- Key issues had been consulted upon;
- Appropriate officer involvement;
- Appropriate reports to support the decision making; and
- A Joint Member Advisory Panel.

A number of challenges to the service had been highlighted. These included maintaining the current service delivery, managing the impact of procurement savings and the maintenance of knowledge.

The overview concluded that the process was reasonable. The challenges faced could be met but would need ongoing commitment.

The way forward would require investment in the partnership. The challenge of business expansion and the management of knowledge and skills would also need to be met.

The Chairman thanked Mr Allen for his interesting presentation.

16. The Constitution

A Members' Steering Group had been set up to enable a full review of the Constitution to take place.

The recommendations of the review on the proposed changes to the Articles of the Constitution was presented to Members by the Legal and Democratic Services Manager, Mrs Tonya Meers.

Members discussed the recommendations and agreed the proposed changes subject to the amendment of Article 16(15(2)) to read:-

Any Councillor, upon giving 2 works days written notice to the Democratic Services Manager, may ask the Leader of the Council, a Portfolio Holder, Chairman of a Committee or another Member who has been appointed to an outside body, a question which concerns the Executive's or Committee's functions, powers and duties or the work of the outside body and which affects the Borough".

Resolved that Full Council be recommended to agree the proposed amendments to the Articles of the Constitution.

17. Annual Audit and Inspection Plan 2008/2009

Mr Terry Bowditch, Audit Manager, the Audit Commission (AC) introduced Taunton Deane Borough Council's Annual Audit and Inspection Plan 2008/2009.

The plan set out the audit work proposed to be undertaken by the AC. It had been drawn up from the AC's risk based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA) and reflected:-

- the audit and inspection work specified by the AC for 2008/2009;
- current national risks relevant to the Council's local circumstances; and
- the Council's local risks and improvement policies.

Following the Council's classification as an "excellent" Council in the 2004 Comprehensive Performance Assessment (CPA), the AC had applied the principles of strategic regulation recognising the key strengths and areas for improvement in the Council's performance.

From April 2009 the AC would be implementing CAA. Therefore this was the last year in which corporate assessments and programme service inspections would be undertaken as part of the CPA framework.

The Council had faced a number of challenges over the last twelve months that included the forming of new partnerships, a new political leadership since May 2007 and a number of regeneration projects. These had had a significant impact on the Council's capacity and a number of areas had deteriorated. However, the review found some positive developments and signs of recovery in some areas which included:-

- the development of better arrangements to deal with diversity and equalities issues;
- business planning continued to provide a clear sense of place based on a well grounded understanding of local needs; and
- the restructure of the Council to ensure that its services and partnerships made a positive impact on all its communities.

The AC would also be carrying out an audit of the 2008/2009 financial statements and in accordance with the International Standards on Auditing. A value for money conclusion would also be issued.

Noted that the audit of the 2007/2008 had yet to be completed and the audit planning process for 2008/2009, including the risk assessment, would continue as the year progressed.

The total indicative fee for the audit and inspection work included in the Audit and Inspection Plan for 2008/2009 was £102,154. Details as to how this fee had been determined were submitted.

Resolved that the report be noted.

18. Statement of Accounts

Considered report previously circulated, concerning the annual Statement of Accounts for 2007/2008 which was required to be approved by the Corporate Governance Committee prior to the accounts being signed by the Council's Section 151 Officer and Strategic Director, Shirlene Adam, and by the Chairman of the Committee, Councillor Williams. The statutory deadline for the signing of the accounts was the end of June.

The 2007/2008 Accounts presented were subject to audit which would shortly be undertaken by the Audit Commission.

The format of the Statement of Accounts was largely the same as last year with only minor changes to the content of the Annual Accounts when compared to 2006/2007.

A detailed presentation was made to Members by the Financial Services Manager, Paul Carter on the Statement of Accounts which included information on the following topics:-

- Income and Expenditure Account;
- Statement of Movement on the General Fund Balance;
- Statement of Recognised Gains and Losses;
- Consolidated Balance Sheet;
- Housing Revenue Account;
- Collection Fund;
- Group Accounts.

Reported that following the conclusion of the audit to be undertaken by the Audit Commission, the Committee would be informed if any significant amendments arose.

Resolved that:-

- 1) The Statement of accounts for 2007/2008 be approved;
- 2) The following determinations in respect of the year ended 31 March 2007 be made:-

1. **Section 42(2)(g)** – that £2,091k of expenditure for capital purposes, which was financed by grant, be capitalised; and
2. **Section 60(2)** – that £690k of useable capital receipts be applied to meet capital expenditure.

19. Review of the Effectiveness of Internal Audit Arrangements

Considered report previously circulated, updating Members on the effectiveness of the internal audit service provided by the South West Audit Partnership during 2007/2008.

The review was an annual requirement and looked at the audit service as well as the system of internal audit. This included the staffing arrangements, the audit strategy and planning, the approach to risk and the quality and effectiveness of report as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit.

The review concluded that the Internal Audit service performed well in terms of delivery against audit plan and customer feedback.

The priority areas for focus during 2008/2009 included:-

- The implementation of an audit recommendation management software package to all partner members;
- The development of a clear business plan for a second 5 year phase of the partnership; and
- To ensure the recently implemented risk management framework was embedded in the governance arrangements of the partnership.

Resolved that:-

1. The report be noted; and
2. The Corporate Governance Committee commend the work of the South West Audit Partnership.

20. Annual Governance Statement 2007/2008

Considered report previously circulated, concerning the Annual Governance Statement 2007/2008. This was a new requirement and was prepared in accordance with the corporate governance framework and covered all significant corporate systems, processes and controls.

A detailed presentation was made to Members by the Strategic Director, Shirlene Adam and included the following topics:-

- Focusing on the purpose of the Council and on outcomes for the community creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which were subject to effective scrutiny and risk management arrangements;
- Developing the capacity and capability of members and officers to be effective in their roles;
- Engaging with local people and other stakeholders to ensure robust public accountability;
- Review of effectiveness; and
- Significant governance issues.

The Annual Governance Statement was required to be approved by the Corporate Governance Committee and then signed by the Leader of the Council and the Chief Executive.

Resolved that:-

1. The Annual Governance Statement 2007/2008 be approved; and
2. The recommendations of the Annual Governance Statement 2007/2008 be reported to the next meeting of the Corporate Governance Committee.

21. Internal Audit Annual Report 2007/2008

Submitted for consideration the Annual Report 2007/2008 of the Council's Internal Audit Services.

A total of 14 operational audits had been planned for 2007/2008. However, three reviews had not been completed during the year and, with the agreement of the Head of Financial Services, one review had been rescheduled for 2008/2009. A further three audits had been completed from the previous year.

The following was a summary of the work undertaken during the year:-

- 3 audits had been completed from the previous year;

- 7 audits had been completed and final reports issued;
- 4 audits were at the draft stage;
- 2 audits had completed testing;
- 1 audit had not been completed.

A number of managed audits had been undertaken to assist the External Auditor which had resulted in a number of actions for improvements. These would be monitored through to completion. The review of the Managed Audits had not identified any serious concerns and reasonable assurance had been given that key financial controls were in place and working as intended.

A further two additional reviews had been completed that had not been included in the plan.

A number of significant areas that had been identified included:-

- Quality of systems and procedural documentation;
- Main accounting system; and
- Payroll.

Resolved that the report be noted.

22. Internal Audit Plan 2008/2009 – Progress Report

Considered report previously circulated, which provided an update on the significant finds and recommendations since March 2008.

Details were also reported of the audits completed for the period between April and June 2008 which included any significant findings or recommendations.

Resolved that the report be noted.

(The meeting ended at 9.03 p.m.)