

Corporate Governance Committee – 6 December 2016

Present: Councillor Sully (Chairman)
Councillor Adkins, Booth, Cavill, Coles, Hall, Hunt, Nicholls, Miss Smith and Mrs Tucker

Officers: Paul Fitzgerald (Assistant Director - Resources), Heather Tiso (Revenues and Benefits Service Manager), Paul Carter (Assistant Director – Corporate Services), Catrin Brown (Health and Safety Manager), Alistair Woodland (Assistant Director – South West Audit Partnership), and Andrew Randell (Democratic Services Officer)

Also Present: Peter Barber - Associate Director, Grant Thornton
Rebecca Usher – Audit Manager, Grant Thornton

(The meeting commenced at 6.15 pm)

42. Appointment of Vice-Chairman

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

43. Apologies/Substitutions

Apologies: Councillors Govier, Horsley, Mrs Reed and Ryan
Substitution: Councillor Coles for Councillor Horsley

44. Minutes

The Minutes of the meetings of the Corporate Scrutiny Committee held on 19 and 28 September 2016 were taken as read and were signed.

45. Declaration of Interests

Councillor Adkins declared a personal interest as a Somerset County Councillor. Councillor Coles declared a personal interest as a Member of Somerset County Council and Member of Devon and Somerset Fire and Rescue Service. Councillor Miss Smith declared a personal interest as Chairman of Refugee Aid.

46. Grant Thornton Annual Audit Letter

Considered report previously circulated, which introduced the Annual Audit Letter for 2015/2016, which had been prepared by the Council's external auditors, Grant Thornton. A copy of the Annual Audit Letter had also been enclosed with the report.

The report summarised the findings from the external auditors' work in respect of the 2015/2016 financial year and issued an unqualified opinion in relation to Taunton Deane's accounts and value for money arrangements.

The letter also provided a progress update in relation to the Certification of Grant Claims work being undertaken by the external auditors and confirmed the planned audit fees for 2015/2016 at £50,629. The external auditors had also made a number of recommendations, which were detailed in the Appendix to the letter.

During the discussion of this item the following points were made:-

- Concerns were expressed over the materiality of the audit of the Council's accounts, detailed at 2% of the Council's gross revenue expenditure.
- Assets would be revalued more often in instances of volatility in the valuation process.
- Use of in house and external valuers were considered along with changes to the way asset value was determined.
- The return on Council assets were low. Members considered what could be done to address this, including the sale of assets and asset transfer.

Resolved that the report be noted.

47. Grant Thornton External Audit Update

Considered report previously circulated, which provided an 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 report updated Members on the status, progress and completed work in relation to the auditor's planned schedule of work, year ending 31 March 2017. 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 discussion of this item the following points were made:-

- The 2015/2016 Housing Benefit claim had been signed off on 25 November 2016. There had been no difference in the Housing Benefit subsidy.
- Following observations to the claim that had been compiled, clarification was given that there had been no amendments to the claim.
- Members requested for the submission to the Department for Work and Pensions be circulated to the Committee.

Resolved that the External Update Report be noted.

48. SWAP Internal Audit – Internal Audit Plan 2016/2017 Progress Report

Considered report previously circulated, concerning the South West Audit Partnership (SWAP) Internal Audit Plan 2016/2017 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 2016/2017 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 September 2016 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 2017. 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 discussion of this item the following points were made:-

- Members expressed concerns over recent instances over access to petty cash and that there was still use of petty cash. A follow up audit of this issue was scheduled.
- Use of petty cash was still appropriate in the purchase of smaller items but was the exception rather than the rule.
- SWAP were conscious of new risks, with the Risk Register updated to acknowledge and quantify those risks. An internal review of the Risk Register was underway.
- The audit plan and its commitment to the timetable were discussed. It was determined that there was always a rollover into the following year, with the timetable significantly improved on the previous year's timetable.
- Following an audit at the Crematorium, significant improvements had been made, with an improved control environment reported.
- Councillors were reassured that they had right of access to internal audit reports.

Resolved that the Internal Audit Plan be noted.

49. Update on the Health and Safety Performance and Strategy for 2016-2017

Considered report previously circulated, concerning an update on the progress of a range of Health and Safety matters across the organisation. These included:-

- Accident and Incident Data for the period;
- Monitoring Health and Safety Performance;
- Report on actions agreed by Health and Safety Committee;
- Policy updates; and
- Key activities of the Health and Safety Advisor.

During the discussion of this item the following points were made:-

- The risk of accidents in the workplace was considered.
- A recent audit had found COSHH compliance.
- There would be an investigation of a recent incident in which a boiler was left in an unsafe condition.
- Incident reporting was encouraged across the Council. The procedure of hedge cutting would be looked into.
- Flexible hosepipes would also be looked into.

- Members requested that details of Health and Safety incidents within the last two years be provided.

Resolved that the progress made on the implementation of the Health and Safety Strategy and its initiatives to improve the operating culture be noted.

50. Appointment of the External Auditors for 2018/2019

Members considered the report previously circulated, concerning the appointment of the External Auditors for 2018/2019.

Details were set out in the report of the various options open to us for appointing the Council's external auditors from 2018/2019 onwards.

The Local Audit and Accountability Act 2014 had abolished the Audit Commission and required, from 2018/2019, local authorities to appoint their own external auditors. The current external audit function was provided by Grant Thornton under contract from Central Government. The external audit work currently cost in the region of £62,000 per annum.

By 31 December 2017 the requirement was to have arrangements in place for external audit provision for the 2018/19 financial year. These changes had no impact on our internal audit arrangements which would continue to be provided by the South West Audit Partnership (SWAP).

During the discussion of this item the following points were made:-

- The financial viability of the appointment of external auditors was considered.
- There was confidence in the proposed Public Sector Auditor Appointments scheme to successfully appoint external auditors
- The costs were anticipated to be set at a fixed daily fee with the ability to purchase additional capacity.
- First point of call would be internal audit where appropriate.

Resolved that Full Council be recommended to opt into the Public Sector Auditor Appointments scheme for procuring the External Auditor for 2018/2019 and beyond.

51. Update on Corporate Counter Fraud Arrangements

Considered report previously circulated, which sought to update the Committee on Corporate Counter Fraud Arrangements.

On 9 December 2013 the Corporate Governance Committee approved the formation of a Corporate Anti-Fraud function to lead and advise on any investigations into fraudulent activity within Taunton Deane Borough Council.

During late 2015/early 2016, the South West Counter Fraud Partnership (SWCFP) organised and delivered fraud awareness training to officers and Members of the three Councils – Taunton Deane, West Somerset and South Somerset.

The SWCFP reported the following financial savings achieved for the three Councils as a result of investigations up to 30 September 2016:-

	£
Taunton Deane Borough Council	2,888
West Somerset Council	0
South Somerset District Council	1,006

In the same period, there had been 28 fraud referrals for Taunton Deane Borough Council, with just one case of fraud being established. The remaining cases were investigated with no fraud proven.

Recent data matching undertaken by SWCFP for potential fraud of Single Person Discount had identified 106 instances where further work was continuing within the Revenues and Benefits Team to establish the validity of the award.

From 1 July 2016 SWAP had agreed to a reduction in the cost of SWCFP until 31 March 2017 as Sedgemoor District Council temporarily joined the Counter Fraud Partnership arrangement for part of this year.

Taunton Deane Borough Council faced significant and increasing financial challenges for the foreseeable future. Therefore consideration was required of further options from 1 April 2017 that would be affordable and did not add to budget pressures.

During the discussion of this item the following points were made:-

- The introduction of Universal Credit would alter the approach to fraud. The Department for Work and Pensions was responsible for investigating this.
- The current investigating staff would return into the core internal audit team.
- Councillors questioned if the lack of return in savings from the service had been good news in terms of low levels of fraud in the area.
- Should credit reference search agencies also be used? Concerns were expressed that other Councils that had a higher fraud detection rate were using this as a tool in tackling fraud
- The service investigated discounts under the right to buy checks, housing and tenancy fraud.
- Councillors expressed concerns over the success of the service following the costs incurred in setting up the service.
- A proposal for the function was due to be considered at the next meeting of the Corporate Governance Committee.

Resolved that the information provided in the report be noted and the proposal to pursue an alternative Corporate Counter Fraud function that was largely self-funding from 1 April 2017 be supported.

52. Corporate Governance Committee Forward Plan

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

Resolved that the changes to the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 7.43pm).