

Corporate Governance Committee – 18 May 2009

Present: Councillors Beaven, Critchard, Denington, R Lees, P Smith, A Wedderkopp, Mrs Whitmarsh and Williams

Officers: Ms M Hammond (Strategic Finance Officer), Mr P Sharratt (Economic Development and Regeneration Manager), Mr R Sealy (Client and Performance Manager), Mrs R James (Performance and Client Lead), Mr C Gunn (Group Auditor, South West Audit Partnership) and Mrs G Croucher (Democratic Services Officer)

Also Present: Mr B Wilson (Standards Committee), Mr T Bowditch (Audit Commission) and Mr P Weaver

(The meeting commenced at 6.15 pm)

12. Appointment of Chairman

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

13. Appointment of Vice-Chairman

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

14. Apologies/Substitutions

Apologies: Councillors Govier, Henley, Paul and Mrs Smith.

Substitutions: Councillor R Lees for Councillor Paul and Councillor P Smith for Councillor Mrs Smith.

15. Minutes

The minutes of the meeting held on 16 March 2009 were taken as read and were signed.

16. Risk Management Strategy

Considered report previously circulated, which gave details of the Council's updated Risk Management Strategy.

The original Risk Management Strategy had been approved by the Committee in 2006 and had been reviewed and updated in order to continue the encouragement of best practice in this area.

Details of the updated Risk Management Strategy were submitted for discussion.

Resolved that the updated Risk Management Strategy be approved.

17. Annual Audit and Inspection Letter 2007/2008

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

The report set out an overall summary of the AC's assessment of the Council. Its findings and conclusions had been drawn from the 2007/2008 audit and from any further inspections undertaken.

The report found that that the Council had continued to make progress with the delivery of most of its priorities and had improved the performance of a number of its services.

However, the Council's ability to continue improving its services in the short term was challenged by an ambitious agenda, although a strong performance management system helped to mitigate the risk.

Some aspects of the Housing service had improved but progress in developing the Council's approach to equality and diversity had been slow.

The contract procurement and governance arrangements for Southwest One were robust and operating satisfactorily. However, it had been noted that the project was still at an early stage and would need effective contract management to ensure delivery of the expected benefits.

The Council had been given an unqualified opinion on its accounts for 2007/2008 and the value for money arrangements were adequate.

The Use of Resources score had been reduced from 3 to 2. This reflected reductions in the scores for the financial reporting, financial standing and value for money theme scores.

A Corporate Improvement Plan was currently being prepared that would draw together the findings of this report and other documents and would be reported at a future meeting.

Resolved that the report be noted.

18. Economic Development Progress on Internal Audit Recommendations

The Economic Development Manager reported on the progress made by the Economic Development Department on recent Internal Audit recommendations that had highlighted a number of weaknesses.

Reported on the areas of weaknesses identified and the action plans agreed to monitor the situation.

Members discussed the action plans and it was agreed that a further progress report by the Economic Development Manager be made to a future meeting of the Committee.

Resolved that the report be noted.

19. Comprehensive Area Assessment Update

Reported that the Comprehensive Area Assessment (CAA) had come into effect in April 2009 and would change how public sector organisations would be assessed.

The CAA would look at how well local services were working together to improve the quality of life for local people. It was a joint assessment of the performance of local public services and how they would meet local priorities.

The Organisational Assessment combined the external auditor's assessment of Value for Money (including Use of Resources) and a new assessment, Managing Performance that would focus on the following:-

- How well the organisation was delivering its priority services, outcomes and improvements that were important to local people; and
- Did the organisation have the leadership, capacity and capability needed to deliver future improvements?

The area assessment was a self assessment that reviewed performance against the following:-

- How well did local priorities express community needs and aspirations?
- How well were the outcomes and improvements needed being delivered?
- What were the prospects for future improvements?

The Audit Commission would report on the CAA for Somerset in November 2009 and the report would set out for the public how effective local public services in Somerset were tackling the issues facing them.

The CAA would also assess how well local services were performing against the Local Area Agreement targets for improvement.

Resolved that the report be noted.

20. Annual Governance Statement 2008/2009

Considered report previously circulated, concerning the Annual Governance Statement 2008/2010. The report had been prepared in accordance with the Corporate Governance Framework and covered all significant corporate

systems, processes and controls. The six core principles identified in the framework included:-

- Focusing on the purpose of the Council and on outcomes for the community and 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 managing risk;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

The Annual Governance Statement would need to include:-

- An acknowledgement of responsibility for ensuring that there was a sound system of governance;
- A brief description of the governance framework;
- A brief description of the process that had been applied in maintaining and reviewing the effectiveness of the governance arrangements; and
- An outline of actions taken or proposed to deal with any significant governance issues.

Resolved that:-

1. The Annual Governance Statement 2008/2009 be approved; and
2. The progress of the significant issues highlighted in the Statement be monitored by the Corporate Governance Committee and used to aid the preparation of the Annual Governance Statement for 2009/2010.

21. Internal Audit Annual Report 2008/2009

Submitted for consideration the Annual Report 2008/2009 of the Council's Internal Audit Services.

A total of 14 operational audits had been planned for 2008/2009. 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:-

- 139 agreed actions for improvement;
- 1 audit had been completed from the previous year;
- 6 audits had been completed and final reports issued;
- 8 audits were at the draft stage;
- 1 audit was in the process of being tested;
- 1 audit had not been completed.

For all the reviews undertaken an agreed action plan had been drawn up to address identified control weaknesses. Although a number of areas of concern had been identified, action plans had been agreed and progress would be monitored.

A number of managed audits had been completed 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.

Resolved that the report be noted.

(The meeting ended at 8.30 p.m.)

Corporate Governance Committee – 30 June 2009

Present: Councillor A Wedderkopp (Vice-Chairman) (In the Chair)
Councillors Denington, Hall, R Lees, McMahon, Mrs Stock-Williams
and Mrs Wilson

Officers: Ms M Hammond (Strategic Finance Officer), Mrs E Collacott (Principal Accountant), Mr R Holwill (Temporary Accountant), Mr C Gunn (Group Auditor, South West Audit Partnership), Mr J Williams (Chief Housing Officer), Mr T Haynes (Housing Property Manager), Mr D Woodbury (Health and Safety Advisor) and Mrs G Croucher (Democratic Services Officer)

Also Present: Councillor I Morrell, Mr B Wilson (Standards Committee),
Mr T Bowditch and Mr S Clarke (Audit Commission)

(The meeting commenced at 6.15 pm)

22. Apologies/Substitutions

Apologies: Councillor Williams (Chairman) and Councillors Beaven, Critchard, Govier, Henley, O'Brien, Paul, Mrs Smith and Mrs Whitmarsh

Substitutions: Councillor Hall for Councillor Williams, Councillor McMahon for Councillor Beaven, Councillor Lees for Councillor Critchard, Councillor Mrs Stock-Williams for Councillor Paul and Councillor Mrs Wilson for Councillor Mrs Smith

23. Declarations of Interest

Councillors Denington and Hall declared personal interests as the Council's representatives on the Joint Committee of the South West Audit Partnership.

24. Internal Audit Plan – Progress Review

Considered report previously circulated which provided an update on the significant findings and recommendations for the period May to June 2009.

Details were also reported of the operational audits and managed audits completed since May 2009 which included the main issues raised and the management responses thereto.

Members were concerned that there was no set procedure in place for the authentication of Council Tax callers and agreed that advice should be sought to rectify this.

Details of the reviews currently in progress were also provided.

Resolved that the report be noted.

25. Annual External Audit Fee 2009/2010

Mr Terry Bowditch, Audit Manager, the Audit Commission (AC) introduced the proposed external audit fee for 2009/2010 for Taunton Deane Borough Council.

This year the annual audit and inspection plan had been separated and the inspection fee would be reported at a future meeting.

The fee was based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/2010 and only reflected the audit element of the AC work and excluded any inspection and assessment fees.

The total indicative fee for the audit for 2009/2010 was £105,600. Details as to how this fee had been determined were submitted.

Resolved that the report be noted.

26. Housing Repairs – Progress Report and Action Plan

The Chief Housing Officer and the Housing Property Manager reported on the progress made by the Housing Repairs department on recent Internal Audit recommendations that had highlighted a number of weaknesses.

Reported on the areas of weaknesses identified and the action plans agreed to monitor the situation.

Members considered that good progress had been made.

Resolved that the report be noted.

27. Statement of Accounts 2008/2009

Considered report previously circulated, concerning the annual Statement of Accounts for 2008/2009 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 2008/2009 Accounts presented were subject to audit which would shortly be undertaken by the Audit Commission.

The format of the Statement of Accounts had not changed substantially from last year with only minor changes to the content of the Annual Accounts when compared to 2007/2008.

A detailed presentation was made to Members by the Strategic Finance Officer, Maggie Hammond and the Temporary Accountant, Richard Holwill, 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;
- Balance Sheet;
- Cash Flow Statement.

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

Resolved that:-

- 1) The Statement of Accounts for 2008/2009 be approved;
- 2) The transfer of £372,000 from the Core Council Review Reserve to the General Fund Balances in 2008/2009 and £372,000 from the General Fund Balances to the Core Council Review Reserve in 2009/2010 be approved; and
- 3) The following determinations in respect of the year ended 31 March 2009 be made:-
 1. **Section 42(2)(g)** – that £4,968,000 of expenditure for capital purposes, which was financed by grant, be capitalised; and
 2. **Section 60(2)** – that £870,000 of useable capital receipts be applied to meet capital expenditure.

28. South West Audit Partnership Financial Performance 2008/2009

Considered report previously circulated, giving the Committee an update on the 2008/2009 financial performance of the South West Audit Partnership (SWAP).

The SWAP provided an internal audit service to Taunton Deane Borough Council and the four Somerset District Councils, together with Somerset County Council, Weymouth and Portland Borough Council and West Dorset District Council and operated as a joint committee.

It was reported that the Partnership's financial performance and business plan were robust and the Partnership had made an operating surplus of £11,763. This would be added to the Partnership reserve which stood at over £76,000.

It was also reported that the Partnership had largely delivered against its performance targets, despite a number of staffing vacancies during the year.

Resolved that the report be noted.

28. Review of 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 2008/2009.

The review was an annual requirement to review the effectiveness of the arrangements for the provision of internal audit services. 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 2000/2010 included:-

- The implementation of an audit recommendation management software package to all partner members by 31 July 2009;
- The risk register for the South West Audit Partnership to be updated by 31 October 2009; and
- The completion of a business plan to include a new financial model and policies for the continuation of the Partnership by 31 October 2009.

Resolved that the report be noted.

29. Health and Safety Update

Mr David Woodbury, the Health and Safety Advisor, presented the Health and Safety Report updating Members on strategic issues including SAP, Southwest One and the Core Council Review.

Resolved that the current position be noted.

(The meeting ended at 7.53 p.m.)