

Corporate Governance Committee – 10 March 2014

Present: Councillor D Reed (Chairman)
Councillor Coles (Vice-Chairman)
Councillors Beaven, Denington, Hall, Horsley, Hunt, Mrs Stock-Williams, Tooze, Mrs Waymouth, D Wedderkopp and A Wedderkopp.

Officers: Catrin Brown (Health and Safety Officer), Kate Woollard (DLO Health and Safety Co-ordinator), Maggie Hammond (Strategic Finance Officer), Fiona Kirkham (Strategic ICT Lead), Heather Tiso (Head of Revenues and Benefits Service), Helen Vile (Overpayments, Investigation and Support Team Lead), Dan Webb (Performance Lead), Richard Sealy (Assistant Director Corporate Services), Shirlene Adam (Director of Operations) and Emma Hill (Corporate Support Officer).

Also Present: Peter Lappin (Audit Manager, Grant Thornton),
Sarah Crouch (Executive, Grant Thornton)
Alastair Woodland (South West Audit Partnership)

(The meeting commenced at 6.15 pm)

1. Apologies

Councillor Gaines, A Govier and R Lees

2. Minutes

The minutes of the meeting held on 9 December 2013 were taken as read and were signed.

3. 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. Councillor D Reed declared a personal interest as a Director of the Taunton Town Centre Company.

4. Update on the Health and Safety Performance and Strategy for 2013 – 2014

Considered report previously circulated, which provided an update on the progress of a range of Health and Safety matters across the organisation.

The figures below were a comparison of summary of the accidents and incidents from 1 April 2013 to 31 March 2014:-

- Overall there had been 38 incidents or accidents. This was a reduction on last year's figures.
- Of which, 7 were Core Council, 28 were DLO and 3 were public.
- There had been 3 reportable incidents, 33 non-reportable and 2 near misses.

- There had been two accident investigations since 1 January 2014.

Whilst the Council did not have significant numbers of serious accidents, in order for appropriate lessons to be learned it was important to ensure that all incidents were reported. This would be addressed in the Health and Safety Strategy for 2014 -15 and the accident reporting procedure for the organisation.

The Strategy had been produced as a three year plan, which would be reviewed on an annual basis to ensure that key performance indicators remained applicable.

South West Audit Partnership (SWAP) was currently undertaking an audit of the Health and Safety service. The Strategy for 2014 - 15 addressed many of the weaknesses identified by the previous audit of the service.

Updates were also provided on the arrangements for the Health and Safety Committee and agreed actions, training on health and safety matters and the provision of health and safety information.

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

- It was felt that the timescales for incident and accident investigation stated were too long. The initial investigation should take place within the first week and concluded within three weeks. *The investigation timescales could be both longer and shorter than the stated timescales. This was dependant on the type of incident or accident and the number of witnesses.*
- DLO incident investigations should be sooner than within a week, due to the nature of the work and the incidents. This view was supported by Members.
- What was meant by a non-reportable incident? *This referred to incidents where the member of staff concerned did not require to take any time off work after the incident. The Council wanted to encourage all staff to report incidents or accidents no matter how minor to enable the Council to prevent these incidents from re-occurring or becoming more serious.*

Resolved that the report be noted.

5. Grant Thornton – Certification of Grant Claims

Considered report previously circulated, which presented the External Auditors findings from their 2012/2013 review work.

Grant Thornton and the Audit Commission had certified three claims and returns for the financial year, relating to expenditure of £79 million.

The Certification of Claims and Returns report highlighted several areas where improvements could be made and the action plan reflected this.

It was reported that the number of claims that required certification had reduced and also the Council had fewer claims amended in 2012/2013 than in 2011/2012.

The validation check report was discussed and it was recommended that future validation programme “bug” checks should be run before the claim was prepared.

Grant Thornton had explained previously that the fees varied from year to year depending on the complexity of the cases sampled. With the validation “bug” report not being run before the preparation of the claim meant that the results had to be followed up.

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

- Looking at the amber RAG alert, this would suggest to Members that there was still some concern regarding this area but this did not appear to be so from the accompanying text. *This area would have been green status if everything had been complete and satisfactory but there were a number of incomplete elements. Grant Thornton were not able to go through each individual grant claim due to the vast number of them so a sample was taken and this was audited and the results from this sample had been presented to Members.*
- Clarification was sought as to the breakdown of Grant Thornton’s fees within the report. *The variance and differences in the fees related to the considerable amount of assistance from the Revenues and Benefits department.*

Resolved that the report be noted.

6. Grant Thornton – External Audit Update

Considered report previously circulated, on the External Audit Update.

The report provided a useful update on progress against each piece of ‘regular’ work carried out by our external auditors.

Additionally, the update report shared headlines on some national issues that would have had an impact on the Council. This would help Councillors ensure they were sighted on “big issues” and, where appropriate, engage with the officers to progress.

The report was split into two parts:-

(1) Progress as at 20 February 2014 which included:-

- 2012/13 certification work;
- 2013/14 Accounts Audit Plan;
- Interim accounts audit;
- 2013/14 final accounts audit; and
- 2013/14 Value for Money conclusion; and
- Other activities; and

(2) Emerging issues and developments which included information on:-

- Local Government guidance – Audit Commission research – Tough Times 2013 and Local Audit and Accountability Act;
- Grant Thornton – 2016 tipping point? Challenging the current; Alternative delivery models in local government; and Reaping the benefits : first impressions of the impact of welfare reform; and
- Accounting and audit issues – Business Rate appeals provisions.

Resolved that the report be noted.

7. SAP Access Audit Report

Considered report previously circulated, concerning the recently completed audit report in relation to SAP access by ICT staff for Somerset County Council (SCC) that had recently been completed by Grant Thornton.

The report had identified a number of actions required to resolve some areas of concern relating to SAP system access.

The Council along with the other partners had recently had a chance to discuss the audit report with SCC and Grant Thornton. The report had highlighted some areas of concern relating to SAP access and the main issues were:-

- There were users of SAP who could access all company and partner records; and
- Some users could access personally identifiable data.

All large computer systems had a user based security and access management system in place to ensure users of the system could only access the parts of the system and data that were relevant to their job role. The ICT team responsible for supporting the entire system, and for developing and implementing changes to that system needed privileged access to the system in order to perform that role.

The SAP system allowed control of these so-called Superuser permissions. As a result, no individual member of the ICT team had all Superuser permissions. Most support activities required the input from more than one member of the ICT team to complete.

Noted that a series of non-technical controls known as Secondary Controls were also in place, and took the form of documented processes and written approvals to perform certain changes to the system.

One of the report findings was that allocation of the subset of Superuser privileges appeared to be excessive. Further analysis identified that some reduction in permissions allocated to certain individuals within the ICT team would be possible without preventing them performing their job roles. Implementation of these changes was underway and would be completed by the end of March 2014.

The Council had also worked with Southwest One to develop an action plan to address the findings.

Three of the twelve issues had an Amber status as work was still in progress. This work was due to be completed by the end of March 2014 and was being monitored.

The remainder were closed and had a Green status, demonstrating that significant work that had been completed since the original report was released.

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

- Concerns were raised over the length of time it took to bring about changes recommended by an audit. *The Council was following the guidelines and there were rigorous secondary controls in place, despite a few technical issues.*
- Referring to the secondary controls, should not the Council know if there were any defects? *This might be something the Council should be informed and sighted on in the future testing.*
- Some Members were not receiving a warning message on the OWA system when their password was about to expire. *This would be investigated.*

Resolved that the Grant Thornton report and the actions being taken to address the concerns raised be noted.

8. Corporate Anti-Fraud and Error Policy

Considered report previously circulated, concerning the Council's Corporate Anti-Fraud and Error Policy.

The Council had recognised that it needed to do more to secure the gateways of fraud, corruption and bribery within the authority and to extend the focus across the entire organisation.

The proposed Corporate Anti-Fraud Policy set out the high level priorities the Council needed to meet to achieve the Council's vision of zero tolerance for fraud, corruption and bribery throughout the authority by creating a strong and effective anti-fraud, anti-corruption and anti-bribery culture.

The policy brought together existing policies on Whistleblowing and Anti-Bribery as well as updating the Revenues and Benefits Service's anti-fraud measures. It also set out the context and anti-fraud activities in other Council services such as Housing and Procurement as well as plans and protocols to effectively mitigate against fraud within the Council.

In developing the Corporate Fraud Policy the Council had drawn on good practice provided by the Chartered Institute of Public Finance and Accountancy, the Audit Commission as well as the National Fraud Strategy published by the Attorney General's Office.

The Audit Commission's Use of Resources fraud checklist had formed the foundation for the Corporate Anti-Fraud Action Plan. The Action Plan was a "living" document that the Council would update as and when new guidance, legislation or good practice was available.

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

- *The Government had announced that they were making money available to Local Authorities to deal with Corporate Fraud.*
- Was the Council planning to publicise the Council's new approach to show it meant business in this area? *There would be extensive publicity when the new Corporate Fraud Team was introduced.*
- The Council had already put aside £70,000 towards the creation of a new Corporate Fraud Team. Would this additional Government funding be in addition to the Council money or put to another use? *Currently the make-up of the team was likely to consist of a manager, two full time investigators and one full time administration assistant. The money from the Government would go towards bridging the gap between what the Council could afford*
- Would the Corporate Fraud Team have the relevant access to SAP elements? *Yes, the Council would look to employ highly skilled and qualified investigators.*
- The Council must not lose sight that there were other areas in the Council that suffered with fraud issues, not just in Revenues and Benefits. *The Corporate Fraud Team would take a much wider view of all Council areas and aspects of fraud.*

Resolved that the Executive be recommended to adopt the Corporate Anti-Fraud and Error Policy.

9. Risk Management

Considered report previously circulated, which provided an update on progress with the Council's approach to Risk Management.

The new Joint Management Team (JMT) had recently undertaken a fundamental review and refresh of the Corporate Risk Register. This had been created as a new joint risk register for Taunton Deane and West Somerset, which would enable JMT to manage strategic risks for both Councils by the new 'One Team' organisation.

A Risk Management Action Plan had been prepared and a copy had been circulated to all Members of the Committee. This outlined the key areas of focus to further improve and embed Risk Management during 2014.

Reported that the focus for the next few months would be the adoption of the new approach to joint risk management for both Councils.

The specific actions required in moving Risk Management forward were set out in detail in the report under the headings:-

- Strategic actions;
- Programmes, Projects, Services and Partnerships; and
- Other considerations.

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

- Had the risk to Members when they were making decisions been assessed?
- How would this be quantified?
- Surely a Ward Councillor's priority was to those people they represented within their Ward. *Risk management was a continuing process and it was therefore hoped that Members discussed risk at every opportunity with other Members and officers so the Council had a more informed position of risk. The more feedback, the officers received from Members the more informed the Council would be.*
- Could the inclusion of a RAG Status column be considered for the Risk Register to allow Members to gauge its progress? *Yes.*
- Concerns were raised that because the Council was concentrating on certain areas of risk that it may miss other areas of importance. *There were other Risk Registers throughout the Council for a variety of projects and departments but this particular one was the Corporate Risk Register for the whole Council.*
- The Risk Register as a document, Could the Risk Register be simplified or did Members want or need the level of detail it contained? *As this was a completely new Register it was considered appropriate for Members to see the full version. In future, summaries would be brought to the Committee for information/consideration.*
- Would this document become more detailed and complicated with the inclusion of the shared services with West Somerset? *This new register showed a combined risk position for both Councils. There was a column indicating who the risk related to.*
The benefit to having a combined Risk Register. It would be the same register even if it only related to Taunton Deane.
- Members expressed a desire to discuss this topic further at a future meeting of Committee.

Resolved that the progress with Corporate Risk Management, the Corporate Risk Register and the approach and actions to achieve joint Risk Management for Taunton Deane Borough Council and West Somerset Councils, be noted.

10. Internal Audit Plan 2013/2014 – Progress Report

Considered report previously circulated, which summarised the work of the Council's Internal Audit Service and provided:-

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the Committee in September 2013; and
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority ranking of these.

Members noted that where a partial assurance had been awarded, Internal Audit would follow up on the agreed management responses to provide assurance that risk exposure had been reduced.

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

- The current issues that the South West Audit Partnership was having with getting the correct SAP access should be raised and chased for a resolution. *Southwest One was moving this matter forward towards a resolution and this would continue to be monitored.*
- Who authorised the dropping of Audits? *The Section 151 Officer was responsible for authorising changes to audits.*
- A request was made for a progress update on the partial audit of procurement cards as well as an update of the ICT audit progress. *These updates would be added to the forward plan on the agenda of the next meeting.*

Resolved that the progress made in the delivery of the 2013/2014 Internal Audit Plan and the significant findings be noted.

11. Internal Audit Plan 2014/2015

Submitted for consideration the Internal Audit Plan 2014/2015, a copy of which had been circulated to Members of the Committee. The Plan also incorporated an 'Internal Audit Charter' which set out the operational relationship between the Council and the South West Audit Partnership (SWAP).

The Plan was a flexible plan that could be amended during the year to deal with shifts in priorities.

It focussed on key risk areas and would help provide assurance on internal controls. The Plan had been discussed and supported by the Joint Management Team.

The internal audit service provided by SWAP, worked to a Charter that defined its roles and responsibilities and the roles and responsibilities of the Council's managers as they related to internal audit. Best practice in corporate governance required that the Charter be reviewed and approved annually by the Corporate Governance Committee.

Noted that the Charter had only recently been updated to reflect the changes in roles and responsibilities and to address some of the minor requirements of the

Public Sector Internal Audit Standards. There were no further changes required at this time.

Resolved that:-

- (1) The Internal Audit Plan for 2014/2015 be approved; and
- (2) The Internal Audit Charter be also approved.

12. South West Audit Partnership Directors Governance Arrangements

Considered report previously circulated, concerning an amendment to the governance arrangements for the Council with regard to the South West Partnership Limited (SWAP).

Just over twelve months ago, the Council supported the formation of the company.

Since formation, the representation on the Members Board had been undertaken by the Chairman of the Corporate Governance Committee.

Representation at officer level, as a Director on the Board, had been undertaken by the Deputy Section 151 Officer (with the Client and Corporate Services Manager acting as Alternate).

Clearly with the new Joint Management Team arrangements now in place the Council needed to amend this to reflect new roles and responsibilities.

Proposed that the Assistant Director – Corporate Services who was responsible for the audit function should now be this Council's Director on the SWAP and that the "Alternate" should be the Assistant Director – Resources.

Resolved that Full Council be recommended to approve the following nominations:-

- (a) The Assistant Director – Corporate Services as this Council's Director on the Board of South West Audit Partnership Limited; and
- (b) The Assistant Director – Resources as the Alternate Director.

13. 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 8.24pm).

