

## **Corporate Governance Committee – 1 March 2011**

Present: Councillor Denington (Chairman)  
Councillor Coles (Vice-Chairman)  
Councillors Beaven, Hall, Henley, Miss James, Thorne, A Wedderkopp,  
and Mrs Wilson.

Officers: Mrs S Adam (Strategic Director), Mrs T Meers (Legal and Democratic  
Services Manager), Mr M Daly (Strategy Lead) and Mrs G Croucher  
(Democratic Services Officer)

Also Present: Councillors House and Morrell and Mr B Bethell and Mr P Lappin (Audit  
Commission)

(The meeting commenced at 6.15 pm)

### **1. Apology**

Councillor Govier.

### **2. Minutes**

The minutes of the meeting held on 27 September 2010 were taken as read  
and were signed.

### **3. Declaration of Interests**

Councillor Henley declared a personal interest as a Member of Somerset  
County Council. Councillor Miss James declared a personal interest as an  
employee of Viridor.

### **4. Audit Commission Annual Audit Letter 2009/2010**

Mr Brian Bethell and Mr Peter Lappin of the Audit Commission introduced  
Taunton Deane Borough Council's Annual Audit Letter.

The report set out an overall summary of the Audit Commission's assessment  
of the Council and outlined the following:-

- A conclusion on the Statement of Accounts and Annual Governance  
Statement;
- A conclusion on Value for Money;
- The fees charged by the Audit Commission compared to those  
budgeted;
- Current and future challenges; and
- Action Plan.

A major challenge for the Council was to identify and take action to preserve  
priority services while achieving the budget savings needed to balance  
spending with the reduced resources likely to be available in the medium term.

More work was also necessary to implement the key controls in the SAP based financial systems to ensure the accuracy and integrity of data, to prevent unauthorised access and to stop duplicate payments.

**Resolved** that the report be noted.

## **5. Action Plan – Annual Governance Report**

Considered report previously circulated, concerning the Annual Governance Report Action Plan.

The Action Plan had been prepared to meet the recommendations set out in the Annual Governance Report presented to the Committee in September 2010. The progress of the Action Plan would be monitored by the Strategic Director and a further report would be made to the Committee in May 2011.

**Resolved** that the report be noted.

## **6. Grants Claims Report**

Mr Brian Bethell and Mr Peter Lappin introduced the Certification of Claims and Returns Report 2009/2010 reviewing the Council's arrangements to prepare grant claims.

The Council received funding from various grant paying departments and had to demonstrate that the conditions attached to the grants had been met.

Reported that six claims had been certified in 2009/2010 with a total value of £45m. A full review of five claims and a limited review of one claim had been carried out. Four claims requiring full certification for errors were amended and one claim could not be fully certified and a qualification letter to the grant-paying body had been issued.

The fee for the audit of grant claims in 2009/2010 was £32,500.

**Resolved** that the report be noted.

## **7. Value for Money Report 2009/2010**

Mr Brian Bethell and Mr Peter Lappin introduced the Value for Money Report 2009/2010 giving details of the Audit Commission's review of Taunton Deane Borough Council's arrangements.

The review found that the Council had proper arrangements to secure economy, efficiency and effectiveness of its use of resources.

The review also found that the Council had made proper arrangements and were embarking on an ambitious programme of joint working to provide financial and other services including finance and IT. Some teething problems

had been met in the operation of some of the joint services, including the financial systems based on SAP. However, despite these problems, the Council had maintained proper arrangements to achieve economy, efficiency and effectiveness.

**Resolved** that the report be noted.

#### **8. Audit Commission Audit Plan 2010/2011**

Mr Brian Bethell and Mr Peter Lappin introduced the Audit Commission's Audit Plan 2010/2011 setting out the audit work the Audit Commission proposed to undertake for the audit of Taunton Deane Borough Council's financial statements and the value for money conclusion 2010/2011.

The Plan was based on the risk-based approach to audit planning and reflected the audit work specified by the Audit Commission for 2010/2011, the current national risks relevant to Taunton Deane Borough Council and also our local risks.

**Resolved** that the report be noted.

#### **9. Localism Bill Response**

Mrs Meers reported that the Localism Bill had been released in December 2010 and would introduce a number of changes to local authority arrangements.

The Bill was currently with the House of Commons Parliamentary Scrutiny Committee and the Council had the opportunity to submit evidence on a number of proposals including changes to Standards, Governance Procedures, Community Empowerment and Predetermination.

Members discussed the proposals and made a number of comments that included the roles and powers of the Standards Committee; the financial cost of any changes to the governance procedures; a local referendum on community empowerment and the lack of detail on predetermination.

Mrs Meers reported that a range of consultation documents would be released over the coming months to enable a more detailed response to be submitted.

**Resolved** that the response of the Corporate Governance Committee be submitted to the Parliamentary Scrutiny Committee.

#### **10. Update of Part 3 of the Constitution**

Reported that a number of changes to the planning delegation scheme had been agreed by the Planning Committee on 25 February 2009. However, the Constitution had not been updated to reflect the agreed amendments.

**Resolved** that Council be recommended to agree the proposed amendments to Part 3 of the Constitution.

**11. 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 8.25 pm).

## **Corporate Governance Committee – 14 March 2011**

Present: Councillor Denington (Chairman)  
Councillor Coles (Vice-Chairman)  
Councillors Mrs Allgrove, Beaven, Cavill, Miss James, Thorne and  
A Wedderkopp

Officers: Mrs S Adam (Strategic Director), Mr P Fitzgerald (Financial Services  
Manager), Mr C Gunn (Group Auditor, South West Audit Partnership),  
Mr A Brown (South West Audit Partnership), Mr D Webb (Client and  
Performance Officer), Mr D Woodbury (Health and Safety Advisor), and  
Mrs G Croucher (Democratic Services Officer)

Also Present: Councillors Morrell and Stuart-Thorn

(The meeting commenced at 6.15 pm)

### **12. Apologies/Substitutions**

Apologies: Councillor Govier, Hall, Henley, O'Brien and Mrs Wilson

Substitutions: Councillor Mrs Allgrove for Councillor Hall and Councillor Cavill  
for Councillor O'Brien

### **13. Declaration of Interests**

Councillor Miss James declared a personal interest as an employee of Viridor.

### **14. Health and Safety Update**

Mr David Woodbury, the Health and Safety Advisor, presented the Health and  
Safety Report and updated Members on issues including a number of issues  
reported to the Health and Safety Committee.

**Resolved** that the report be noted.

### **15. Corporate Governance Action Plan**

Considered report previously circulated, giving details of the progress made  
against the Corporate Governance Action Plan.

Each year the Council received a number of reports and assessments which  
resulted in recommendations for improvement. Individual action plans had  
proved challenging to manage and monitor and, therefore, an aggregated plan  
provided the details of the scale of improvements required and progress  
against them in one place.

The Corporate Governance Action Plan had undergone a full review and had  
been updated to include the most recent audit recommendations. These were

in addition to some actions from previous audits that remained outstanding or were still considered as priorities for improvement.

The Action Plan listed 34 actions, details of which were submitted. There were no items off target and most actions were on course to be completed by the target date.

**Resolved** that progress against the Corporate Governance Action Plan be noted.

## **16. Risk Management**

Considered report previously circulated, updating Members on the current position of Risk Management. This was the process by which risks were identified, evaluated and controlled and was one of the key elements of the Corporate Governance framework.

The annual review of the Corporate Risk Register had been completed by the Corporate Management Team in February 2011. Particular emphasis had been placed on the consideration of risks arising from the significant cuts to the Government Grant Settlement and Government Reforms. The development of Management Action Plans for further control measures for the highest level risks would be reported to the June 2011 meeting.

Also reported that operational risk registers had been produced for each of the Council's Themes and were reviewed on a quarterly basis.

**Resolved** that:-

- 1) The Corporate Risk Register be noted; and
- 2) The progress with Risk Management be noted.

## **17. Internal Audit – Review of Internal Audit Charter**

Considered report previously circulated, setting out the terms of reference of the Internal Audit Charter which governed the work of the South West Audit Partnership (SWAP) at Taunton Deane Borough Council.

Details of the Internal Audit Charter were submitted for consideration and review by Members.

**Resolved** that the Internal Audit Charter be approved.

## **18. Internal Audit Plan 2010/2011 – Progress Review**

Considered report previously circulated, which provided an update on the significant findings and recommendations since September 2010.

Details of the four operational audits completed during the period were reported, together with details of the seven managed audits completed to draft or final report state.

Also reported that six governance audits had been completed to draft or final report stage and the remaining two audits would be completed by the year end.

**Resolved** that the report be noted.

## **19. Annual Audit Plan 2011/2012**

Submitted for consideration the Annual Audit Plan 2011/2012.

The Plan had been developed with the co-operation and approval of the Section 151 Officer. It was risk based and, where possible, was co-ordinated with the audit plans of the other members of the South West Audit Partnership (SWAP).

The Plan had been drawn up to reflect the wide range of work undertaken by the Internal Audit Section and comprised four main areas of activity:- Operational Audit Reviews; Governance Reviews; Annual Reviews of Key Financial System Controls and Follow Up Reviews.

Details of the reviews planned for 2011/2012 were submitted for consideration by Members.

**Resolved** that the Annual Audit Plan for 2011/2012 be agreed.

## **20. International Financial Reporting Standards Update**

Considered report previously circulated, giving details of the progress made on the implementation of International Financial Reporting Standards (IFRS) in 2010/2011. This related to changes to the technical accounting rules that the Council used for its financial reporting and would be implemented for the 2010/2011 Statement of Accounts.

IFRS were accounting standards issued by the International Accounting Standards Board. These standards were the equivalent of the current UK GAAP, which was the set of "Generally Accepted Accounting Principles" under which the Council met its statutory obligations in the preparation of its financial statements.

The most significant areas of change were:-

- Accounting policies;
- Format of the main Financial Statements and supporting notes;
- Accounting for leases;
- Accounting for fixed assets, including component accounting;
- Accounting for employee benefits;

- Segmental reporting; and
- Group accounts.

The Council set an implementation timetable in line with early guidance which intended to give local authorities plenty of time to plan and prepare for the changes. However, the timetable has been revised to accommodate revised expectations.

Although the implementation of IFRS was later than planned, good progress had been made and the proposed key milestone dates to complete the IFRS and the 2010/2011 Financial Statements had been proposed as follows:-

Heading	Target
Restatement of 2009/2010 Comprehensive Income and Expenditure Statement	31 March 2011
Restatement of 31 March 2009 and 31 March 2010 Balance Sheets	31 March 2011
Draft 2010/2011 Unaudited Statement of Accounts (on IFRS basis) approved by S151 Officer	15 June 2011
Corporate Governance Committee approve 2010/2011 Statement of Accounts	27 June 2011
External Audit provide Audit Opinion on 2010/2011 Statement of Accounts	30 September 2011

**Resolved** that the report be noted.

## 21. 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 8.35 pm).