

Taunton Deane Borough Council

Corporate Governance Committee – 9 December 2013

Corporate Governance Action Plan

Report of Performance Lead

(This matter is the responsibility of Executive Councillor Stock-Williams)

1. Executive Summary

This report shows progress against the Corporate Governance Action Plan as at the end of November 2013.

At the previous review point (May 2013) the Corporate Governance Action Plan included 8 'open' actions. Since then 6 further actions have been 'closed', and 5 new recommendations have been added (from the 2012/13 Audit Findings / Financial Resilience reports by Grant Thornton – Sept 2013).

2. Background

- 2.1 Each year, the Council receives a number of reports and assessments which result in recommendations for improvement. These normally contain individual action plans which can prove challenging to manage and monitor. Therefore an aggregated plan provides the Council with details, in one place, of the scale of improvements required and progress against them.
- 2.2 This report includes recommendations / actions which have emerged from **external** audits (ie Audit Commission and Grant Thornton) – specifically, recommendations from the Annual Governance Reports and Audit Findings / Financial Resilience reports - 2010/11 (report Sept 2011), 2011/12 (report Sept 2012), and recently the 2012/13 reports (Sept 2013).
- 2.3 Actions progress monitoring is undertaken quarterly by the Performance Lead and a summary features in the Corporate Performance Scorecard. The Corporate Governance Officers Group is provided with an overview of the plan.

3. Progress of Corporate Governance Action Plan 2013-14

- 3.1 The position previously reported in:
 - November 2012: total 27 recommendations minus 9 closed = 18 remained open.

- May 2013: total 18 recommendations minus 10 closed = 8 remained open.

3.2 The latest review process (August – October 2013) revealed:

- 6 further recommendations have been closed
- 2 recommendations remain open
- 5 new recommendations added (from the 2012/13 Audit Finding and Financial Resilience reports by Grant Thornton – reported to Corporate Governance committee 23 September 2013)

3.3 The 6 recommendations that have been **closed** since May 2013 are:

- a) Complete Business Continuity (BC) and IT disaster recovery planning (including SW1 services)
- b) To fully review the Financial regulations
(Financial Regs will be refreshed after decision on Joint Management & Shared Services Project and Financial Procedures will refreshed thereafter)
- c) Determine spending priorities and reduce expenditure to ensure that future budgets are balanced by closing the gap between expenditure and projected income.
(Aug 2013 - Work moved to budget setting. MTFP update reported to Corporate Scrutiny Sept 2013. The Council is revising its MTFP and identifying savings plans to close the gap. Sharing services with West Somerset will help close the gap in the medium term but the Council still needs to find its own savings – by Feb 2014)
- d) Reconcile housing stock figures so that there is consistent disclosure in the accounts and business plan
(The reconciliation process was improved for the 2012/13 financial year end, and stock figures successfully reconciled)
- e) Ensure that income from investment properties is disclosed in the accounts for 2012/13
(The information was disclosed for the 2012/13 Statement of Accounts. However, the accounting arrangements will be reviewed again during 2013/14 to make the completion of the disclosure systematic. The Retained Property Manager will continue to work with SWOne Property to review assets classed as Investment Properties. This can now be closed, and ongoing improvements picked up through normal financial control arrangements)
- f) Maintain a register of partnerships and prepare a protocol for establishing new partnerships
(a protocol has been developed although still needs some work)

3.4 The 2 recommendations that remain **open** are:

- a) Review the method for calculating the bad debt provision for housing debts.
COMMENT: During 2012/13 the Council reviewed the method to calculate debt impairment within the Collection Fund (Council Tax) and

for Housing Benefit. We will review the method used for housing debts during 2013/2014

b) Develop benchmarking to support allocating resources.

COMMENT: The Council has started gathering data to allow benchmarking information to assist and support decisions moving forward (as we embark on a period of potential major change re shared services and organizational transformation). Service Profiles (including some high-level benchmarking) were produced in May 2013 and used by Theme Managers during Theme/Service & budget reviews for 2014/15. Further benchmarking (comparative cost & performance analysis) will be progressed by March 2013, and will then feed in to the on-going performance monitoring & reporting process).

NB: Both recommendations are assessed as 'Medium' priority.

3.5 New recommendations (Sept 2013):

The following 5 recommendations resulted from the 2012/13 Audit Findings, and Financial Resilience Reports (Grant Thornton Sept 2013). These have been added to the Corporate Governance Action Plan and will be tracked for progress on a quarterly basis.

a) Work with Somerset CC, Avon and Somerset Police and South West One to address the recommendations from the review of IT controls. (Medium priority – by October 2013)

INITIAL MANAGEMENT RESPONSE: The Strategic Finance Officer will liaise with the partners of SWOne to fully understand the report and contact SWOne to answer questions arising from the report.

b) Review the method for calculating the bad debt provision for housing debts. (The Council has reviewed and revised the basis of the provision for council tax.) (Medium priority – by March 2014)

INITIAL MANAGEMENT RESPONSE: During 2012/13 the Council reviewed the method used to calculate debt impairment within the Collection Fund (council tax) and for Housing Benefit. We will review the method used for housing debts during 2013/14.

c) Ensure that expense claims and supporting receipts are kept in accordance with the Council record retention policy (Low priority – by October 2013).

INITIAL MANAGEMENT RESPONSE: The organisation will be reminded of the Council's record retention policy and reminded that supporting evidence can be attached to Electronic Payment Request Forms in SAP.

d) The Council should consider what further measures it needs to undertake to reduce the high level of sickness absence. (By March 2014).

INITIAL MANAGEMENT RESPONSE: The Council will continue to monitor its arrangements for managing attendance and sickness absence and make improvements to systems where necessary.

e) The Council should address the weaknesses identified by Internal Audit in the financial systems for creditors and for debtors. (By December 2013)

INITIAL MANAGEMENT RESPONSE: The Council has agreed an action plan with Internal Audit, which Internal Audit will review at a follow up audit in the autumn.

- 3.6 Committee Members should also note that all additional recommendations resulting from our on-going annual programme of *internal* audits (ie by the South West Audit Partnership – ‘SWAP’) are also monitored by the Performance Lead. Regular progress & status updates are provided to the Section 151 Officer, the Corporate Governance Officers Group, and Corporate Management Team.

4. Finance Comments

Recommended improvement actions in relation to Managing Finances are included in the Corporate Governance Action Plan.

5. Legal Comments

Recommended improvement actions in relation to legal / Corporate Governance issues are included in the Corporate Governance Action Plan.

6. Links to Corporate Aims

The Corporate Governance Action Plan supports all aspects of the Council's corporate aims and operations.

7. Environmental and Community Safety Implications

Any recommended improvement actions in relation to Climate Change will be included in the Corporate Governance Action Plan.

8. Equalities Impact

Any recommended improvement actions in relation to Equalities & Diversity will be included in the Corporate Governance Action Plan where relevant.

9. Risk Management

The Corporate Risk Register includes the risk:

There is a risk of failure to comply with key internal controls & corporate governance arrangements (ie compliance with audit recommendations).

The Corporate Governance Action Plan is a key control measure, however there are a number of risks associated with not completing the recommended actions within the Corporate Governance Action Plan (eg External Audit opinion, reputation, financial).

10. Partnership Implications

Recommended improvement actions in relation to partnership working, are included in the Corporate Governance Action Plan.

11. Recommendations

It is recommended that Members scrutinise progress of the Corporate Governance Action Plan.

Contact:

Dan Webb

Performance Lead

01823 356441

Ext: 2504

d.webb@tauntondeane.gov.uk