

Taunton Deane Borough Council

Corporate Governance Committee – 23rd May 2011

Governance of Partnerships

Report of the Legal & Democratic Services Manager

(This matter is the responsibility of the Leader of the Council)

1. Executive summary

Partnership working is important to the Council and will continue to be so therefore it is imperative that the Council establishes a protocol and tool kit for ensuring that any partnership that the Council enters into is appropriate and delivers the councils aims and priorities.

2. Background

- 2.1 The Council has recognised that partnership working has increased over the years and is likely to continue to increase given the financial constraints that the Council is facing.
- 2.2 The Council has also recognised the importance of scrutinising the performance of those partnerships and therefore regular reports are brought to the relevant scrutiny committees in order to assess performance of them.
- 2.3 However due to the wide diversity of these partnerships it was felt that a review should be undertaken to assess whether these partnerships were being adequately managed corporately and were meeting the needs of the Council and its relevant objectives.
- 2.4 The Council's constitution provides over arching guidelines for external arrangements with partners and includes management controls and financial arrangements. There is an expectation that the same high standards of conduct are maintained with regard to financial administration in partnerships that apply throughout the authority. The term 'partnership' is attributed to many different types of relationships with other agencies or organisations. This ranges from partnerships with formal legal agreements with other organisations through to forums, working groups, project groups and one off meetings.
- 2.5 As part of this review officers asked SWAP to carry out an audit of the Council's partnership arrangements on that basis. Out of that audit came a number of recommendations which have been incorporated into the Corporate Governance Action Plan for 2011.
- 2.6 The actions set out in the Action Plan were to:-
 - 2.6.1. prepare a protocol for establishing new partnerships
 - 2.6.2. establish a framework and categorisation of partnerships

2.6.3. confirm involvement and the partnership meets the local authority's aims and objectives

- 2.7 In addition there was a recommendation to maintain a partnership register.
- 2.8 Unfortunately some of this work has been delayed for a number of reasons but in order to give this fresh impetus a further audit has been carried out in April 2011 following a meeting with the Strategic Director and the Legal & Democratic Services Manager and it was agreed that the audit would focus on the four key partnerships the Council are involved in namely, Tone Leisure, Somerset Waste Partnership, Taunton Deane Partnership and Project Taunton.
- 2.9 The audit report is still in draft format but SWAP have given the Council a partial assurance in relation to the areas viewed and the controls found to be in place.
- 2.10 In addition SWAP have given a number of recommendations that they believe would assist the Authority in ensuring that these partnerships are well managed. A copy of the draft audit report is attached to this report at Appendix A.
- 2.11 The recommendations have been discussed with the auditor and the report is currently with the relevant officers but it is not anticipated that the report will be finalised by the time of the meeting and there may be some minor changes once the relevant officers have reviewed their recommendations. A verbal update on this will be given at the meeting.
- 2.12 The recommendations from the report will be added to the relevant services plans and also the Corporate Governance Action Plan in order for this area to be monitored more closely by this Committee.

3. Finance comments

- 3.1 There are no financial implications in this report. However it is anticipated that one of the criteria of entering into any partnership is that it should be financially beneficial to the Council in addition to meeting the corporate aims and objectives.

4. Legal comments

- 4.1 There are no legal implications in this report.

5. Links to corporate aims

- 5.1 The tool kit which is developed should ensure that any partnership meets the Council's corporate aims and objectives.

6. Environmental and community safety implications

- 6.1 There are no implications for the environment or community safety.

7. Equalities impact

- 7.1 An impact assessment is not required in respect of this report. However the implementation of the recommendations from this audit will help to ensure consistency in monitoring our partnerships and therefore enables the Authority to ensure that our partnerships comply with their duties under the Equalities legislation.

8. Risk management

- 8.1 The risk of not implementing these recommendations means that the Authority is at risk of not managing its partnerships effectively and the Council's aims and objectives not being met.

9. Recommendations

- 9.1 The Committee is asked to note this report and make any comments it feels appropriate.

Contact

Contact officer: Tonya Meers
Telephone: 01823 358691
E-mail: t.meers@tauntondeane.gov.uk

Taunton Deane Borough Council

► Partnership Arrangements

Issued to: Tonya Meers
*Legal and Democratic Services
Manager*

Working in partnership with



Date of Report: 11th May 2011

Issued by: Tony Brown
Lead Auditor

Partnership Arrangements

Management Summary

The importance of partnership working has increased significantly over recent years. It is recognised that collaboration significantly contributes to policy development and service delivery. Within Taunton Deane the Council is engaged in a number of significant partnerships which include Southwest One, Tone Leisure, Somerset Waste Partnership, Project Taunton, SWAP, and the Local Strategic Partnerships.

The Council's Constitution provides over arching guidelines for external arrangements with partners and includes management controls and financial arrangements. There is an expectation that the same high standards of conduct are maintained with regard to financial administration in partnerships that apply throughout the authority. The term 'partnership' is attributed to many different types of relationship with other agencies or organisations. This ranges from partnerships with formal legal arrangements with other organisations through to forums, working groups, project groups and one off meetings.

This lack of corporate management means that time and resources can be made available to 'partnership' arrangements that may not be approved or may conflict with the authority's wider objectives and interests. There is also a risk that membership of these partnerships may commit the authority to providing other resources, financial and otherwise that the authority cannot afford.

The management or administration of 'partnerships' will vary on the scope and level of each partnership but the authority do not have any policies or guidelines that give members or officers advice on minimum standards or expectations that should be fulfilled. While there is no clarity over the authority's definition of partnerships there can be no clarity of the expectations of members and officers for ensuring that the authority's interests are protected.

Since the last audit review detailed recommendations have been considered and incorporated within the current TDBC Corporate Governance Action Plan 2011. At the time of the last audit there was no formal list maintained of major partnerships across the authority but a list of significant partnerships was put together and this still currently exists. However, there has been no further development work carried out in order to assess the completeness and appropriateness of the current list. The plan expresses a commitment to maintain a Register of Partnerships. The Corporate Governance Action Plan also seeks to

- a) prepare a Protocol for establishing new Partnerships
- b) establish a framework and categorisation of partnerships
- c) confirm involvement and the partnership meets the authority's aims and objectives

The intention is to feed the results from the current audit process into the review actions expressed within the Corporate Governance Action Plan. Therefore the main body of work required to complete this commitment has not yet been developed.

The scope for the current audit was developed following a meeting with the Corporate Director (Head of Policy and Performance) and the Legal and Democratic Services Manager. It was agreed the audit would focus on 4 key partnerships these being:

- a) Tone Leisure
- b) Somerset Waste Partnership
- c) Taunton Deane Partnership
- d) Project Taunton

The audit methodology was based upon examining a number of key areas within each partnership these being:

- Governance
- Decision making
- Standards of conduct
- Risk management
- Performance management
- Financial management
- Legal arrangements
- IT arrangements
- Partnership staff

A questionnaire was employed in order to recover the key information in respect of the four partnerships. This was based upon an audit programme which was set up to consider four key risks. The questionnaire asked for respondents to provide a 'Yes', 'No' or 'Don't Know' response to each question and also gave the opportunity for further comment. Following receipt of the questionnaires follow up questions were put to representatives of each Partnership either through face to face meeting, telephone conversations and e mail. For Somerset waste placed reliance upon other audit work carried out earlier in the year on Corporate Governance

The wide diversity of 'partnerships' tested makes it impossible to provide any 'score' for tests satisfied as the relevance of each test depended on the type of partnership. It is quite reasonable that some questions would have been answered in the negative as the control may not have been applicable to that specific partnership, so we have not reported any of these responses as 'weaknesses'. We have however, considered responses against those controls that we feel are applicable to all partnerships and reported issues of non-compliance and perhaps more worryingly lack of awareness.

The findings have to be judged against background of the various levels of maturity of the partnership and the nature of the scale of the administrative arrangements in place to manage the day to day workings of the partnership.

As part of the audit we researched what protocols/toolkits are in use by other SWAP clients. We have supplied to the Legal and Democratic Services Manager examples of such documents currently in use as policies/procedures both for entering into new partnerships and reviewing the effectiveness of existing partnerships.

Summary of Significant Corporate Findings

- There is a need to agree a corporate methodology for assessing the importance of individual partnerships to TDBC
- There is a need to develop appropriate toolkit for providing guidance to officers in entering into new partnerships
- There is no structured methodology applied across TDBC to enable a periodic review of the effectiveness of existing partnerships
- There is a lack of detailed consideration of the content of individual Partnership Risk Registers in drawing through key risks to the TDBC Corporate Risk Register

Further details of audits' findings can be viewed in the full audit report, which follows this Management Summary.

Conclusion and Audit Opinion

Opinion key ▲★★★★ **Comprehensive** ▲★★★ **Reasonable** ▲★★ **Partial** ▲★ **No**

▲★★★ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction

or improvement of internal controls to ensure the achievement of objectives.

Detailed Audit Report

Objectives & Risks

The key objectives of the service and risks that could impact on achievement of these objectives were discussed and are identified below. The table captures the inherent risk (the risk of exposure with no controls in place) The Auditors assessment is the summary of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Objective: To ensure partnership risks are effectively managed to achieve agreed objectives.

		Inherent Risk Assessment	Auditors Assessment
Risk 1	Council officers/Members lack skills, knowledge and guidance to enter into partnership arrangements.	High	Medium
Risk 2	The Council and its Partners does not make best use of limited resources to achieve partnership objectives.	High	Medium
Risk 3	A lack of governance arrangements to review the effectiveness of partnerships and their future development.	High	Medium
Risk 4	Key partnership risks are not effectively managed	High	Medium

Method & Scope

This audit has been carried out in accordance with our risk based audit methodology. This means that:

- We discussed and agreed the objectives and risks with management at the outset of the audit.
- We met with key staff and reviewed documentation to find out what controls have been established to manage the risks.
- We evaluated whether or not these controls are sufficient and appropriate to address the risks and seek evidence that the controls are working in practice.
- At the end of the audit we discussed our findings and our suggestions for improvement with the main contact at a close-out meeting.

Findings

The following paragraphs detail all findings that warrant the attention of management.

The findings are all grouped under the objective and risk that they relate.

Risk: 1 Council officers/Members lack skills, knowledge and guidance to enter into partnership arrangements.

1.1 Setting Up New Partnerships

The last Internal Audit Report in February 2009 stated that the authority do not have any policies or guidelines that give members or officers advice on minimum standards or expectations that should be fulfilled.

While there is no clarity over the authority's definition of partnership there can be no clarity of the expectations of members and officers for ensuring that the authority's interests are protected".

At the current time the Taunton Deane Council still has no check list or toolkit in place in order to provide advice and guidance to officers into entering into new partnerships

Audit reviews elsewhere suggest that other Councils have made progress in putting suitable frameworks for meeting these requirements.

Taunton Deane Council do however have a Corporate Governance Action Plan which seeks to address this weakness. There is a commitment within the DBC Corporate Governance Action Plan 2011 to:

- b) Prepare a Protocol for establishing new Partnerships
- b) Confirm involvement and they meet Authority's Aims and Objectives

In preparing a Partnership Protocol it is fundamental to define for TDBC purposes what constitutes a Partnership and therefore recognise what is not a Partnership (eg Supply/Service Contracts, Service Level Agreements etc. The term 'partnership' is attributed to many different types of relationship with other agencies or organisations. This ranges from partnerships with formal legal arrangements with other organisations (eg Somerset Waste and Tone Leisure) through to forums, working groups, project groups (eg Taunton Deane Partnership) and one off meetings.

Of fundamental importance is setting a policy for entering into partnerships. Consideration of the purpose of entering into a Partnership is key which should link directly with the Council's key aims and objectives.

In establishing a new partnership considerations should include:

- a) Is the Partnership really necessary
- b) Is a Partnership the best away of achieving the required outcomes
- c) Will this Partnership duplicate the work of other groups
- d) Can we work with an existing Partnership instead
- e) Have we got the right people and level of resource required

1.1a **I recommend that the Legal and Democratic Services Manager develops an appropriate toolkit for use as a corporate template of the processes and procedures to adopt in setting up partnerships.**

1.2 Categorising Partnerships

Taunton Deane Council has no developed methodology for assessing and categorising partnerships in terms of their significance or importance to TDBC.

Other District Councils have developed an approach or criteria which they can use to sort the partnerships. This needs to recognise the importance of the partnership to the council in terms.

Some council's assess importance by financial impact (e.g. Forest of Deane Council). Others categorise partnerships by the role and purpose of the partnership (e.g. Mendip District Council).

Selection criteria based upon the contribution to the Council's aims and objectives could be considered an appropriate methodology for categorising partnerships. Alternatively partnerships could be assessed in their role in the direct delivery of individual services.

- 1.2a I recommend that the Legal and Democratic Services Manager draws on the work carried out by other councils in developing a basis of assessing the value of all the existing partnerships to the council so that those of greatest significance form the core part of the Council Partnership Register.**

Risk: 3. The Council and its Partners does not make best use of limited resources to achieve partnership objectives.

3.1 Reviewing Existing Partnerships

Currently the Council does not have a methodology for a periodic and systematic review of existing partnerships. There is no structured approach therefore available to officers and members which can be used to review the control framework and operations of the existing partnerships.

A lack of periodic review increases that the existing partnerships are effectively managed and controlled and that they make an effective contribution to the agreed aims and objectives originally set when they were created.

A number of Councils have developed toolkits in order that this process can be carried out by officers in a common manner with an agreed schedule of areas for review. The audit methodology for review of 4 partnerships employed a questionnaire which was based upon considering a number of criteria for each partnership these being:

- a) Governance
- b) Decision Making
- c) Standards of Conduct
- d) Risk Management
- e) Performance Management
- f) Financial Management
- g) Legal Arrangements
- h) IT Arrangements
- i) Partnership Staff

- 3.1a I recommend that the Legal and Democratic Services Manager develops an appropriate structure to use as a corporate template of the areas for review in managing partnerships.**

3.2. Governance

Audit Questionnaire responses highlighted the fact that the form of constitution varied considerably across the four partnerships from a Memorandum of Understanding for Project Taunton to full Articles and Memorandum of Association for Tone Leisure as a limited company.

Audit enquires in respect of Project Taunton highlighted the fact that the Memorandum of Understanding had expired as the current 2 year agreement had an end date of March 2010. We understand that a discussion on the future and how it is to be constituted is currently being held as revenue funding is not certain after March 2012.

There were not always documented aims and objectives for all the partnerships. For Project Taunton however although there are no defined aims and objectives set within the MOU there is a declared Purpose (as well as, Delivery Mechanism, Financial Arrangements and Communications Protocol) However in establishing links back to TDBC corporate strategies the position was not always clear. For Tone Leisure it was not apparent that TDBC had a current Leisure Strategy in place which drove the aims and objectives that Tone Leisure were seeking to deliver against. We did however find a "Sports and Physical Activity Strategy 2007- 2012" but the status of this was unclear.

In response to the question on where the procurement arrangements are set out it was generally stated that TDBC Procurement Rules applied. However for Project Taunton where this was stated in fact the actual working practice was different and the RDA procedures were being applied as they were considered to be more rigorous than those for TDBC.

The audit survey highlighted that for the Taunton Deane Partnership there was no dispute resolution procedure in place or any guidance in place on managing conflicts of interest.

For some partnerships gathering information in respect of complaints was very important and for comprehensive internal provision was in place. Tone Leisure had made extensive provision for capturing service users views on the facilities. This was also important for Project Taunton but the methodology for handling complaints was somewhat different and TDBC complaints handling system would be used.. However for Taunton Deane Partnership there are no documented arrangements for handling complaints.

Financial arrangements for concluding the partnership were not considered relevant for two of the partnerships i.e. Project Taunton and the Taunton Deane Partnership. For the Taunton Deane Partnership this was because the membership of the partnership is not contractual.

3.2.a I recommend that the review of the governance structure for Project Taunton needs to be completed as soon as possible to ensure appropriate working relationship is retained with TDBC.

3.2.b I recommend that the methodology for managing the Taunton Deane Partnership needs to include appropriate provision for both handling complaints and dispute resolution.

3.3 Decision Making

The questionnaire focussed on whether there are clearly defined arrangements for sharing partnership information between partners and that partnership officers and board members know what is required of them on information sharing. Questions also sought to establish whether the partnership is open and transparent in its decisions and activities. Individual questions asked how decisions and actions are communicated to the public and what the arrangements are to ensure that citizens, users, carers, etc., are represented in the governance and management arrangements.

The four partnerships recorded positive responses to all the questions. However for the Taunton Deane Partnership the detailed methodology is currently being developed and some of the responses indicated a work in progress situation. As an example of this a Communications Strategy has been recently developed and an Annual Forum is planned to enable wider scrutiny. Taunton Deane Partnership also wished to emphasise that the membership of the Board and the Action Groups is fluid and key individuals are invited to attend as necessary.

For Tone Leisure the Managing Director seeks wide representation on the Board but it is sometimes difficult to get representatives from certain areas eg health and education. Extensive use is made of logging Board Papers on individual web sites as well as providing in some cases other vehicles of communication (eg Tone Leisure use of Facebook and Twitter)

For Project Taunton in respect of citizens being represented in the governance and management arrangements it was stated that consultation with the community is extensive with young champions quoted as an example of this approach.

For Somerset Waste however there was no expectation that stakeholders (public, users, carers etc.) should be involved in governance, management, decision making and operational activities.

3.4 Standards of Conduct

The questionnaire asked if the partnership had written conduct procedures to guide partnership board members and officers. It focussed on whether there are documented standing orders and financial regulations governing the partnership. It also sought to establish that there is a documented protocol on partnership member/officer and partner involvement in commercial transactions (e.g. when letting contracts).

Whilst there appeared to be evidence of Standing Orders and Financial Regulations provisions it was not always clear which organisation's provisions applied. There was an assumption that TDBC Standing Orders and Financial Regulations applied where not stated otherwise.

For Project Taunton the questionnaire response suggested that TDBC Standing Orders and Financial Regulations applied. However the Project Manager was unaware of the content of the TDBC documents and in fact the team had adopted the adhered the RDA equivalent of TDBC Standing Orders and Financial Regulations. The RDA regulations were considered to provide a more stringent approach eg for a tender in the methods of instruction and briefing of interested parties and Member involvement in the Pedestrianisation Project of Castle Green (where potential opposition was likely to proposals).

Tone Leisure have their own Standing Orders and Financial Regulations which were supplied to internal audit and these are based upon those of TDBC.

For Somerset Waste Partnership the host authority (SCC) Standing Orders and Financial Regulations apply

For the Taunton Deane Partnership there are no specific documented Standing Orders or Financial Regulations although it could be anticipated that TDBC provisions would apply

this was not specifically recorded. The Partnership Agreement which has recently been put together does not make any reference to the controlling provisions. It was important that there was a recognised protocol for recording a conflict of interest and on partnership member/officer and partner involvement in commercial transactions e.g. when letting contracts. Without reference to clear standards of conduct to be applied within the partnerships there is the potential for officers to put themselves, the partnership and the Council at risk of malpractice.

3.4a I recommend that the development and documentation of procedures for the Taunton Deane Partnership need to clearly recognise what Standing Orders and Financial Regulations will apply to the Partnership.

3.5 Performance Management

Performance reporting was well established across the partnerships. However detailed parameters and methodologies for measurement of performance and varied considerably across the four partnerships.

The reporting process for the Taunton Deane Partnership was based upon Highlight Reports with key data presented against each Priority Area and for Project Taunton reporting was based upon delivery milestones.

For the Somerset Waste Partnership and Tone Leisure Board reporting was in a more traditional sense against key business parameters supported by very detailed operational data.

In respect of Tone Leisure there was a large quantity of performance data presented to support a Balanced Scorecard. The data was at a relatively high level and did not necessarily give a detailed view of the underlying performance of the company against the controlling agreement with Tone Leisure. The Performance and Client Officer is however currently agreeing a mix of measures and KPI's to enable a closer monitoring on specific areas of the agreement. It was also noted that certain property related periodic actions and checks within the various sports centres and swimming pools buildings (which are recorded within the individual Lease Agreements) were not being effectively monitored.

3.5a I recommend that the Performance and Client Lead Officer completes the agreement with Tone Leisure of the revised detailed make up of the reporting matrix for client reporting.

3.6 Financial Arrangements

The questionnaire asked whether the financial monitoring and reporting arrangements are clearly set out and what monitoring information was produced.

The questionnaire responses highlighted the fact that not all the direct and indirect costs of participation within the partnership are individually identified and costed out within the TDBC accounting system. This was highlighted particularly in respect of the Taunton Deane Partnership and Project Taunton.

For Tone Leisure although major costs were identified the accounting arrangements were not as clear as they could be in that there was some overlap in responsibility for specific Cost Centres within SAP between the Client and Performance Lead Officer and the Community Development Manager. There are currently three cost centres involved these being "Sports Development and Community Recreation", "Indoor Sports and Recreation Facilities" and Tone Leisure.

The Client and Performance Lead for Tone Leisure has budget responsibility for Tone Leisure but the costs of supporting Tone Leisure are not all separated out into one 1 budget code in SAP. As well as the annual grant which TDBC give to Tone Leisure (2010/11 £522k) and payments for Free swimming, there are also significant maintenance costs (incurred by TDBC as landlord), on the property estate used by Tone Leisure.

Unless budget and budget outturn figures are clearly separated and reported to individual budget holders there is a potential lack of accountability for such reported figures.

3.6a I recommend that the current SAP GL coding and budget allocations for Tone Leisure is revised as soon as possible to facilitate clarity of budget responsibility and budget outturn reporting.

3.7 Legal Arrangements

Whilst not all questions were initially answered there appeared to be no issues associated with contractual arrangements and understanding the nature of them. However in respect of monitoring compliance with the defined legal framework the position was less clear.

It was apparent that getting people with relevant legal experience onto the controlling Boards was sometime difficult eg for Tone Leisure this has proved difficult often because of potential conflict of interest

For Project Taunton it was not clear whether there were arrangements in place for monitoring the application of the constitution whilst arrangements varied for the other 3 from being designated as the responsibility of the Host Authority Legal Services team for Somerset Waste to the Board Members for Tone Leisure.

It was not always apparent that a periodic review had taken place against the provisions of the controlling legal framework.

3.7a I recommend that appropriate provision is made for a periodic review of the operations of each Partnership against the controlling legal framework to ensure that each is functioning in accordance with the legal agreement.

3.8 IT Arrangements

For Somerset Waste Partnership the host authority provided the infrastructure and in respect of Tone Leisure there was a similar dependence upon TDBC although they had their own IT appointed advisers.

For Project Taunton and the Taunton Deane Partnership there was also a dependence upon TDBC IT facilities.

It was not always clear that there was adequate consideration within organisation plans of this dependency and particularly the need to recognise the dependence within organisation Business Continuity Plans.

3.8a I recommend that TDBC Partnership Leads should ensure that the dependence upon TDBC IT infrastructure should be clearly recognised within Business Continuity Plans and that if these facilities are interrupted that there is adequate provision for alternative arrangements in order to ensure business continuity.

3.9 Partnership Staff

For the Taunton Deane Partnership there are no directly employed staff so there are no employment processes that need to be provided for.

For Somerset Waste the Host Authority provides the administrative support in staff appointments. This was also stated to be the case for Project Taunton.

For Tone Leisure although they had inherited most of the staff via TUPE transfer from TDBC and had inherited their Terms and Conditions of employment. There was significant dependence upon TDBC HR Advisory function for a number of years but Tone Leisure had now appointed their own in house HR Manager.

Risk: 4 Key partnership risks are not effectively managed.

4.1 TDBC Corporate Risk Register

The Performance and Client Lead Officer (TDBC Client Team) is responsible for monitoring risk management throughout TDBC. He maintains the TDBC Corporate Risk Register which is refreshed every 6 months. A Risk Management report goes to the Corporate Governance Committee each quarter for approval.

The Corporate Risk Register has only a generic entry within it for all partnerships stated in terms of non delivery of corporate objectives. Direct reference is made to Tone Leisure, Somerset Waste and Southwest One but there is no reference to Project Taunton or the Taunton Deane Partnership.. The Risk Register highlights key risks as being:

- a) Financial Loss
- b) Adverse impact on Council Reputation
- c) Adverse Impact on Customers.

Project Taunton

Project Taunton maintain their own Risk Register. The risk register is shared with the Corporate Director but neither the Advisory Board nor the Steering Group see it. The Performance and Client Lead Officer stated that he had never seen or reviewed the Project Taunton Risk Register. Limited knowledge of the content of the Project Taunton Risk Register puts the Performance and Client Lead Officer in a difficult position in trying to assess whether key risks have been properly incorporated within the TDBC Corporate Risk Register.

The methodology used within the Project Taunton Risk Register was seen to follow the overall methodology for maintain the TDBC Corporate Risk Register. There was evidence of review of the Risk Register but at the time of audit the Risk Register was not up to date. There was no evidence that it had been formally reviewed since June last year.

We also noted inconsistencies within the register as the version update information on the front tab did not agree with the latest recorded date in the body of the Register (June 2010).

Tone Leisure

Tone Leisure inherited the overall risk management approach from TDBC in 2004. The methodology was based upon that put forward by Zurich ("STORM") who were the contracted insurers at the time. Because however the contracted insurers have changed insurers TDBC have since changed their methodology but Tone Leisure have not..

Insurance is now through Allianz managed through a Leisure specialist broker. The Tone Leisure Managing Director is now looking to develop the current approach and is seeking support from Allianz to bring about changes and also to train Tone Leisure staff in applying a different approach across the company.

The Managing Director highlighted the fact that there is limited leisure expertise within TDBC which potentially leaves TDBC exposed ie unable to properly appreciate the key issues in running a leisure service like Tone Leisure.

There are key financial risks centre. A high level of maintenance (planned and unplanned) is necessary to keep some of the sports facilities going. A number of the facilities are very old and could malfunction at any time and prevent operations. An example is St James Pool which is nearing end of useful life but complete shutdown would cause financial loss to Tone Leisure and impact on the Business Plan). Not sure TDBC appreciate the potential cost impact as Tone Leisure who would then seek financial compensation from TDBC..

Damage could also be caused to TDBC reputation from the failure of a sports facility which necessitates a sudden shut down. Further key risks were quoted around

government initiatives (eg Free Swimming) which could force TDBC to offer a facility through Tone Leisure and adequate facilities may not be available.

Whilst these risks are present generically within the TDBC Corporate Risk Register there needs to be a closer working relationship to ensure the impact and likelihood is appropriately considered and appropriate joint actions agreed to mitigate the risks.

There is a commitment stated within Corporate Governance Committee report September 2010 to review the current Risk Management process with Tone and explore joint risks. At the time of audit this had not taken place. .

Somerset Waste

The process for risk management was examined within the Somerset Waste Governance Audit for 2009/10. Some weaknesses were highlighted in the last audit on detailed methodology which were to be addressed. These weaknesses were recorded within Board Meeting papers September 2010 and December 2010.

Taunton Deane Partnership

There is no overall Risk Register for the Taunton Deane partnership overall as risks vary from project to project. Risk Assessments are to be undertaken on each major project that is to be steered / governed by the TDP. However the detailed methodology is currently being developed across the Partnership.

It has not been the practice for previous project risk assessments to be seen by the Client and Performance Lead so there could be specific risks within individual projects which are not reflected within the generic risk statements currently incorporated within the TDBC Corporate Risk Register ..

Although the TDBC risk management approach is adopted in principle there are omissions in the detailed methodology. Audit examination highlighted a lack of defined Action Owners and Action Dates.

- 4.1a I recommend that all Partnership Risk Registers are seen and discussed with the Client and Performance Lead on a regular basis (at least annually) and that the report to the Corporate Governance Committee records this review process.**
- 4.1b I recommend that the Performance and Client Lead ensures that the Partnership Risk Registers are reviewed against the TDBC approved corporate methodology and where variances are apparent then changes are advised to bring into line.**

The Agreed Action Plan provides a formal record of points arising from this audit and, where appropriate, the action management has agreed to take and the timescale in which the action will be completed. All findings have been given a priority rating between 1 and 5, where 1 is low and 5 is high.

It is these findings that have formed our opinion of the service's control environment that has been reported in the Management Summary.

Partnership Arrangements

Confidential

Agreed Action Plan

Finding	Recommendation	Priority Rating	Management Response	Responsible Officer	Implementation Date
Objective: To ensure partnership risks are effectively managed to achieve agreed objectives.					
1. Risk: 1. Council officers/Members lack skills, knowledge and guidance to enter into partnership arrangements.					
1. 1a Lack of corporate template for entering into new partnerships.	I recommend that the Legal and Democratic Services Manager develops an appropriate toolkit for use as a corporate template of the processes and procedures to adopt in setting up partnerships.	4			
1.2a No criteria in place to assess the value of individual partnerships to the Council	I recommend that the Legal and Democratic Services Manager draws on the work carried out by other councils in developing a basis of assessing the value of all the existing partnerships to the council so that those of greatest significance form the core part of the Council Partnership Register	4			
Risk: 3. The Council and its Partners does not make best use of limited resources to achieve partnership objectives.					
3.1a No agreed methodology to use for the periodic review of the effectiveness of individual partnerships	. I recommend that the Legal and Democratic Services Manager develops an appropriate structure to use as a corporate template of the areas for review in managing partnerships.	4			
3.2a Memorandum Of	I recommend that the review of	3			

	Understanding for Project Taunton passed defined expiry date.	the governance structure for Project Taunton needs to be completed as soon as possible to ensure appropriate working relationship is retained with TDBC.				
3.2b	Incomplete processes for overall governance of the Taunton Deane Partnership.	I recommend that the methodology for managing the Taunton Deane Partnership needs to include appropriate provision for both handling complaints and dispute resolution.	2			
3.4a	Lack of clarity on applicability of TDBC Standing Orders and Financial Regulations for the Taunton Deane Partnership.	I recommend that the development and documentation of procedures for the Taunton Deane Partnership need to clearly recognise what Standing Orders and Financial Regulations will apply to the Partnership.	3			
3.5a	Work in Progress in developing a more detailed approach to review of Tone Leisure Performance.	I recommend that the Performance and Client Lead Officer completes the agreement with Tone Leisure of the revised detailed make up of the reporting matrix for client reporting.	3			
3.6a	Lack of clarity on period budget reporting for Tone Leisure.	I recommend that the current SAP GL coding and budget allocations for Tone Leisure is revised as soon as possible to facilitate clarity of budget responsibility and budget outturn reporting.	3			
3.7a	Lack of evidence of	I recommend that appropriate	3			

compliance of partnership operations against defined legal framework.	provision is made for a periodic review of the operations of each Partnership against the controlling legal framework to ensure that each is functioning in accordance with the legal agreement.				
3.8a Dependence of provision of IT facilities through TDBC should be recognised within Business Continuity planning process.	I recommend that TDBC Partnership Leads should ensure that the dependence upon TDBC IT infrastructure should be clearly recognised within Business Continuity Plans and that if these facilities are interrupted that there is adequate provision for alternative arrangements in order to ensure business continuity.	3			
Risk: 4. Key partnership risks are not effectively managed.					
4. 1a Lack of sharing of individual partnership registers with TDBC Client Lead for Risk Management .	I recommend that all Partnership Risk Registers are seen and discussed with the Client and Performance Lead on a regular basis (at least annually) and that the report to the Corporate Governance Committee records this review process.	4			
4. 1b Different methodologies being used in the individual partnership risk registers.	I recommend that the Performance and Client Lead ensures that the Partnership Risk Registers are reviewed against the TDBC approved corporate methodology and where variances are apparent then changes are advised to bring into line.	3			

Control Assurance Definitions

Comprehensive	☑️ I am able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	☑️ I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	☑️ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	☑️ I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.

Priority 4: Important findings that need to be resolved by management.

Priority 3: The accuracy of records is at risk and requires attention.

Priority 2: Minor control issues have been identified which nevertheless need to be addressed.

Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.