

Taunton Deane Borough Council

Corporate Governance Committee – 20 May 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 April 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 The Corporate Governance Action Plan currently includes 18 actions, which have emerged from external audits (ie Audit Commission) – specifically, recommendations from the Annual Governance Reports from the last two years - 2010/11 (report Sept 2011), 2011/12 (report Sept 2012).
- 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 (as at end April 2013)

3.1 The Corporate Governance Action Plan currently lists **18 actions**. Progress monitoring against implementation by the target dates has revealed the following:

Priority	Total	Closed ☺	On Target ☺	Some Concern ☹	Off Target ☹
High	8	5	2	1	
Medium	8	4	2	2	
Low	2	1	1		
Total	18	10 (56%)	5 (28%)	3 (17%)	0

Therefore, a total of **83% (15/18) audit actions are now closed or 'on target'** - a slightly improved position compared to 81% in the previous report in December 2012.

3.2 There are three actions given an 'Amber' status (ie 'some concern'). One of these is rated as 'High priority', and the other two actions rated as 'Medium priority'. These are:

- Ref. 4) Update the Workforce Strategy (ensuring there are clear links to financial planning) and complete & agree a new workforce plan (High priority)
- Ref. 2) To fully review the Financial regulations (Medium priority)
- Ref. 14) Develop benchmarking to support decisions in allocating resources (Medium priority)

Further detail is found in the table in Appendix A

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.

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APPENDIX A

Number	Section	Audit Name	Recommended Action	Priority	Created Date	Original Target Implementation Date	Responsible Officer	Contributors	Source	Success Criteria	Progress	Revised Target Implementation Date	As At (Date)	Status
1	Business Continuity	Complete Business Continuity (BC) and IT disaster recovery planning (including SW1 services)	1. Ensure adequate BC plans in place at corporate and service level, including key partners. 2. Annual testing of BC plans	H	20/03/2012	31/03/2012	Richard Sealy	Fiona Kirkham & SW1 IT / John Lewis	External Audit- 2009/10 VFM conclusion report Sept 2010	Plans updated. Testing regime in place. Building security plan in place	Plans in place and tested. 1. Service plans updated as part of annual service planning. Corporate plan updated March 2013 in line with most recent SWAP report. 2. Corporate BC exercise held October 2012. Exercise plan in preparation.	On-going	09/05/2013	Green
2	Corporate Policy	To fully review the Financial regulations	To complete review of the financial regulations	M	20/03/2012	30/04/2012	Shirlene Adam		External Audit- Annual Governance Statement 2008/09	Simple Financial Procedure Rules in place to support the Financial Regulations. They are used and valued by Budget Holders throughout the organisation	A new financial regs document produced. Financial Regs have been received and are still fit for purpose. Financial Procedures have been drafted by the Strategic Finance Officer and presented to the S151 Officer for review and sign off. This will be completed and adopted summer 2013.	Sep-13	09/05/2013	Amber
3	Democratic Services	In preparing its draft financial statements, the Authority should ensure that it has received a completed annual declaration from all members of any related party interests and those of close family	TBC	H	18/01/2013	13/05/2013	Tonya Meers	Paul Fitzgerald Southwest One Financial Services Manager	External Audit - Annual Governance Report 2011/12		Completed.		09/05/2013	Closed
4	Human Resources	Update the Workforce Strategy (ensuring there are clear links to financial planning) and complete & agree a new workforce plan	August 2011 - review statistical data in draft workforce strategy. By November 2011 - Revised workforce strategy to compliment four year budget strategy.	H	22/03/2012	31/03/2012	Richard Sealy	Martin Griffin	External Audit- 2009/10 VFM conclusion report Sept 2010	Workforce Plan completed in 2013 as part of Corporate Business Plan. match new priorities. Clear linkages to Corporate Training Plan.	Draft Workforce Development Plan submitted alongside new 3 year Corporate Business Plan (Feb 2013). Further development of Plan now dependant on: outcome of Members' service prioritisation work, other major projects (eg review of SW1 services, West Somerset joint-working). Unison have been briefed and feedback requested. Amber due to uncertainty (ref dependencies above), and HR resources/capacity issues.	Oct-13	09/05/2013	Amber
5	ICT Contract Performance	Update the IT Strategies and ensure there are clear links from these to financial planning.	Establish an IT work group	H	20/03/2012	30/04/2012	Shirlene Adam	Keith Wiggins & SW1 IT	External Audit- 2009/10 VFM conclusion report Sept 2010	Clarity on the Councils IT Strategy and Action Plan to Achieve this.	TDBC Strategic ICT forum (attendees from CMT and SW1) met in July and October 2012, the latter meeting receiving from SW1 ICT the first draft of an ICT Strategy for 2012 - 2014 linked to the Council's Business Plan. SW1 have now produced the IT Strategy and this has been accepted by CMT. The Retained ICT Lead (post recently brought back in-house) will now further refine the strategy and this will be reported to the Council in the autumn.		09/05/2013	Closed
6	Main Accounting	All transactions on the SAP financial system should contain sufficient narrative to identify the purpose of the transaction, the timing and the source	1) Consider whether TDBC requires descriptions from AP, AR and other feeder transactions to populate GL Description fields in SAP. Prepare/agree RFS if required. 2) Users to be reminded that sufficient narrative should be included on GL transactions such as journals 3) Business process for journals and virements will be reviewed to: i) provide clear guidance on descriptions protocol; ii) build control checks and quality assurance into the process	M	18/01/2013	31/12/2010	Shirlene Adam		External Audit - Annual Governance Report 2009/10		Still some improvement necessary in descriptions used on financial transactions. Don't think the problem is completely resolved, but it is much improved. There is regular challenge by the s151 Officer.		27/02/2013	Closed
7	Main Accounting	Reconcile the information in payroll and the ledger for members' expenses	TBC	M	18/01/2013	31/05/2013	Maggie Hammond	Paul Fitzgerald Southwest One Financial Services Manager	External Audit - Annual Governance Report 2011/12	No audit concerns raised for 2012/13 Accounts.	Complete: The process was updated in order to respond to auditor queries during the audit of 2011/12 accounts. The standard working practice for 2012/13 Accounts will follow this updated method.		28/02/2013	Closed
8	Main Accounting	Reconcile housing stock figures so that there is consistent disclosure in the accounts and business plan	TBC	M	18/01/2013	31/05/2013	Maggie Hammond / Stephen Boland	Paul Fitzgerald Southwest One Financial Services Manager	External Audit - Annual Governance Report 2011/12	Housing Service and Southwest One Property Service will ensure separate databases are reconciled and stock count is agreed. It is recognised that figures quoted in the Business Plan may include an element of projection/assumption that could differ from actual data at future dates.	Reconciliation process has worked well and is virtually complete. Evidence to support the completed review will be collated for the audit pack.		09/05/2013	Green
9	Main Accounting	Review the method of calculating the impairment of debtors taking into account the aged of the debt and recovery rates.	TBC	H	18/01/2013	31/05/2013	Maggie Hammond	Paul Fitzgerald Southwest One Financial Services Manager	External Audit - Annual Governance Report 2011/12	No audit concerns raised for 2012/13 Accounts.	Complete: The debt impairment method was reviewed for the 2012/13 financial year end activity.		28/02/2013	Closed
10	Main Accounting	Ensure that income from investment properties is disclosed in the accounts for 2012/13	TBC	M	18/01/2013	31/05/2013	Maggie Hammond / Mark Green	Paul Fitzgerald Southwest One Financial Services Manager	External Audit - Annual Governance Report 2011/12	Disclosure requirements for 2012/13 are compliant with the Code of Practice Guidance, and no audit concerns are realised for 2012/13 Accounts.	The Retained Property Manager is currently working with SWOne Property to review assets classed as Investment Properties. This work needs to be completed and then the accounting information updated to ensure costs and income are reallocated to the new code.		09/05/2013	Green

11	Main Accounting	Review the actual costs to support the basis of recharges from the HRA to the General Fund.	TBC	M	18/01/2013	31/05/2013	Maggie Hammond	Paul Fitzgerald Southwest One Financial Services Manager	External Audit - Annual Governance Report 2011/12	Recharge basis uses up to date information to provide assurance over accuracy of recharged amounts	Complete: The HRA Accountant has worked with the service to ensure the accuracy of coding for shared costs, so that year end figures are readily available for reporting purposes. This has also been used for preparation of the 2013/14 Budget.		28/02/2013	Closed
12	Main Accounting	Review the method to reconcile the year end NNDR position and ensure that this is in line with the Authority's contribution to the national pool.	TBC	M	18/01/2013	31/05/2013	Maggie Hammond	Paul Fitzgerald Southwest One Financial Services Manager	External Audit - Annual Governance Report 2011/12	No audit concerns raised for 2012/13 Accounts.	Complete: part of the year end activity in April/May 2013.		28/02/2013	Closed
13	Main Accounting	Update the HRA financial model for actual changes in housing stock - such as sales, demolitions and voids	TBC	H	18/01/2013	31/05/2013	Maggie Hammond	Paul Fitzgerald Southwest One Financial Services Manager	External Audit - Annual Governance Report 2011/12	No audit concerns raised for 2012/13 Accounts.	Complete: The HRA financial model has been refreshed as part of the preparation of the revised Business Plan approved in December 2012. The model, by definition, will include an element of projections and assumptions as it is used as a forecasting tool covering a 30-year period.		09/05/2013	Closed
14	Main Accounting	Develop benchmarking to support decisions in allocating resources	TBC	M	18/01/2013	31/05/2013	Simon Lewis	Dan Webb	External Audit - Annual Governance Report 2011/12	~ Provide a robust & meaningful VFM analysis to support CMT & Members with strategic decision-making ~ High-level and more detailed VFM analysis to be undertaken - this will help inform new 'Streamlined, modern services' project during 2013	1. Cost & performance benchmarking data being included in refreshed 2013 Service Profiles to inform Members and Directors service prioritisation work (Spring-Summer 2013). 2. County-wide Housing Service cost and performance data has been submitted and is currently being analysed by a project team - findings to be reviewed and discussed by relevant Housing Managers from Somerset Districts spring-summer 2013.	Aug-13	09/05/2013	Amber
15	Main Accounting	Determine spending priorities and reduce expenditure to ensure that future budgets are balanced by closing the gap between expenditure and projected income	None	H	20/03/2012	31/03/2012	Shirlene Adam	Simon Lewis / Dan Webb	External Audit- Annual Governance Report 2010/11 (Sept 11)		A new 3 year Business Plan was approved by Full Council (22 Jan 2013). Further work on service prioritisation was undertaken with Members - with support from LGA (24 April 2013). A project plan ('Achieving Financial Sustainability') is in place and the aim is to have completed this and have a sustainable financial plan agreed by Autumn 2013.	Oct-13	09/05/2013	Green
16	Main Accounting	Strengthen the arrangements to ensure the accuracy of the whole of government accounts submission.	Arrangements for the preparation of the WGA will be reviewed and strengthened to ensure accuracy.	L	20/03/2012	31/07/2012	Maggie Hammond	Paul Fitzgerald Southwest One Financial Services Manager	External Audit- Annual Audit Letter (Oct 11)	No audit concerns raised for 2011/12 Accounts.	Complete: Draft Accounts presented to S151 Officer in line with agreed timetable. The WGA accuracy was improved for 2011/12. No material errors were reported by the auditor, and the auditor issued an 'unqualified opinion' for the 2011/12 WGA.		28/02/2013	Closed
17	Partnership Arrangements	Maintain a register of partnerships and prepare a protocol for establishing new partnerships	1. Compile comprehensive partnership register. 2. Confirm involvement and they meet authority's aims and objectives. 3. Introduce protocol for establishing membership prior to commitment. 4. Establish framework and categorisation of partnerships. 5. Widen scope of Members Task & Finish Group re membership on outside bodies	L	20/03/2012	30/09/2011	Tonya Meers		External Audit- 2009/10 VFM conclusion report Sept 2010		Partnerships adequately controlled and managed. Protocol completed and will be reviewed by CMT June/July 2013.	Aug-13	09/05/2013	Green
18	Section 106 Agreements	Improve control and monitoring of Section 106 Agreements	1. Implement regular monitoring and reporting to Executive, PH & Senior Management 2. Implement process of management of the payment or other obligation 3. Project team to be established 4. Quarterly reports to Theme Managers' group	H	20/03/2012	30/09/2011	Tim Burton	Debbie Arscott	External Audit- Housing Inspection		S106 agreements in Acolaid - regular monitoring, reporting and prompt raising of invoices. Prompt escalation where non-payment The especially created Master database containing all live and completed Agreement information from August 2011 continues to be updated. Monthly S106 meeting are continuing. Escalation of non-payments is on-going. We are complying with audit requirements		27/02/2013	Closed