Taunton Deane Borough Council

Corporate Governance Committee – 25 June 2012

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 May 2012.

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 21 actions, which are the most recent external audit recommendations from the following sources:

- Annual Audit Letter 2010/11 (Audit Commission , Oct 2011)
- Annual Governance Report 2010/11 (Audit Commission, Sept 2011)

2.3　Actions progress monitoring is undertaken quarterly by Theme Managers and a summary features in the Corporate Performance Scorecard. The Corporate Governance Group provides an overview of the plan, and may request further actions to be added (for example, significant findings from Internal Audits).

3. Progress (as at June 2012)

3.1 The Corporate Governance Action Plan currently lists **21 actions**. Progress monitoring against implementation by the target dates has revealed the following:

Priority	On Target / Complete ☺	Some Concern ☺	Off Target ☹
High	6 (67%)	2 (22%)	1 (11%)
Medium	8 (80%)	1 (10%)	1 (10%)
Low	2 (100%)		
Total	**16 (76%)**	**3 (14%)**	**2 (10%)**

This indicates a slightly improved position compared to the previous report in December 2011, where 73% of actions were 'on target'.

There are however 2 actions that are off target, one of which is rated as 'High priority', and the other action rated with 'Medium priority'.

3.2 High priority actions that are 'off target' (Red status) or with 'some concern' (Amber status):

- Update the IT Strategies and ensure there are clear links from these to financial planning
- Complete Business Continuity (BC) and IT disaster recovery planning (including SW1 services)
- Determine spending priorities and reduce expenditure to ensure that future budgets are balanced by closing the gap between expenditure and projected income

Further detail is found in the table in Appendix A

3.3 Medium priority actions that are 'off target' (Red status) or with 'some concern' (Amber status):

- Maintain a register of partnerships and prepare a protocol for establishing new partnerships
- To fully review the Financial regulations

Further detail is found in the table in Appendix A

3.4 The other 16 actions (High, Medium or Low priority) that are 'on track' or complete are listed below.

High priority:

- Update the Workforce Strategy (ensuring there are clear links to financial planning) and complete & agree a new workforce plan
- Improve control and monitoring of Section 106 Agreements
- Ensure that HRA balances remain in excess of the minimum levels
- Use comparative information such as benchmarking to inform strategic decisions on the allocation of resources
- Further improve the closedown process so that the draft financial statements are prepared in time to meet the statutory deadline of 30 June.
- Complete the investigations into the higher priority National Fraud Initiative data matches.

Medium / Low priority:

- Update the master data file for vendors (suppliers) to remove duplicate entries for the same vendor (supplier)
- Provide clear written instructions to the valuer to ensure that the Council meets the requirements of the Code
- Provide a full segmental analysis required by the Code for the Financial Statements for 2011/12
- Investigate and clear the unallocated cash balances
- Review how the cash flow statement is prepared to eliminate significant balancing items
- The Council should review the accounting treatment and value for money arising from sale and leaseback proposals before they are approved
- The Council should review its bad debt provision for former tenants and ensure that the aged debt analysis for all debts is reconciled to the figures in the balance sheet
- All transactions on the SAP financial system should contain sufficient narrative to identify the purpose of the transaction, the timing and the source
- Review the process for recognising and accounting for rental income in advance
- Strengthen the arrangements to ensure the accuracy of the whole of government accounts submission.

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**

Recommended improvement actions in relation to Climate Change are included in the Corporate Governance Action Plan.

8.   **Equalities Impact**

Recommended improvement actions in relation to Equalities & Diversity are 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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CORPORATE GOVERNANCE ACTION PLAN 2012/13

Jun-12

Item	Improvement / recommendation	Proposed / Planned activities	Target date	Lead Officer	Source	Success criteria	Progress	Status
HIGH PRIORITY ACTIONS								
2	**Update the IT Strategies and ensure there are clear links from these to financial planning.**	Establish an IT work group	Apr-12	Shirlene Adam Alison North & SW1 IT	2009/10 VfM conclusion report Sept 2010	Fit for purpose IT strategy	Some progress has been made since the last update as follows: 1.Outline ICT Infrastructure Renovation Programme 2.Application Road Map 3.Draft ICT SDP(Service Delivery Plan) ICT Strategy Audit was rated with 'No Assurance' due to the lack of an overall strategy to bring this together. Actions for SWOne ICT and TDBC have been put forward Head of Client has met with SWOne Director of Operations and ICT Head of Service. Actions have been agreed. First step will be to agree finalised actions and governance to monitor the actions with SWAP a meeting to do this has been arranged for 20th June	☹ (Red)
1	**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	Sep-13	John Lewis / Alison North	2009/10 VfM conclusion report Sept 2010	Plans in place & tested	1. Service plans completed. Corporate plan to be updated to reflect latest restructure (June '12). 2.Test exercise planned for Sept '13 in conjunction with Civil Contingencies Partnership. (Target date revised)	😐 (Amber)
16	**Determine spending priorities and reduce expenditure to ensure that future budgets are balanced by closing the gap between expenditure and projected income**		Mar-12	Shirlene Adam	Annual Governance Report 2010/11 (Sept 11)		This recommendation still stands and Members are fully sighted on the challenge. The refresh of the Corporate Strategy into a business plan will help match resources to ambition. The new plan will be presented for approval Dec 12 Full Council	😐 (Amber)
MEDIUM PRIORITY ACTIONS								
5	**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	Sep-11	Tonya Meers	2009/10 VfM conclusion report Sept 2010	Partnerships adequately controlled and managed	This has been delayed due to other work commitments and deadlines. A new deadline should be inserted for September 2012.	☹ (Red)
4	**To fully review the Financial regulations**	To complete review of the financial regulations	Apr-12	Shirlene Adam	Annual Governance Statement 2008/09	A new financial regs document produced	Draft produced in 2011 not accepted. New Financial Procedures part drafted and will be launched over summer 2012.	😐 (Amber)

Key to alerts:

☺ **(Green)**	Planned actions are on course to be achieved by target date, or have been completed
😐 **(Amber)**	Some uncertainty or concern in meeting planned actions by target date
☹ **(Red)**	Planned actions are off course, or have not been achieved by target date