

## **Corporate Governance Committee – 26 September 2011**

Present: Councillor Denington (Chairman)  
Councillor A Wedderkopp (Vice-Chairman)  
Councillors Beaven, Gaines, A Govier, Hunt, Morrell, Mrs Reed,  
D Reed, and R Lees

Officers: Shirlene Adam (Strategic Director and Section 151 Officer), Paul Fitzgerald (Financial Services Manager), Chris Gunn (Internal Audit Manager), Maggie Hammond (Strategic Finance Officer), Dan Webb (Performance and Client Lead), David Woodbury (Health and Safety Advisor) and Keith Wiggins (Democratic Services Officer)

Also present: Brian Bethal and Peter Lappin (Audit Commission).

(The meeting commenced at 6.15 pm)

### **52. Apologies/Substitutions**

Apologies: Councillors Coles, Hall, Miss James, Mrs Stock-Williams and Tooze

Substitution: Councillor Mrs Reed for Councillor Hall  
Councillor Morrell for Mrs Stock-Williams

### **53. Declaration of Interests**

Councillor A Govier declared a personal interest as a Member of Somerset County Council.

### **54. Health and Safety Report**

The Chairman, prior to the discussion of this item, expressed concerns that a number of agenda item reports were not available on publication of the meeting agenda and stated that it was not acceptable for reports to be submitted after the publication deadline.

Considered report previously circulated, concerning progress in implementing the Health and Safety Action Plan. The Health and Safety Advisor explained that overall progress was good, with no new significant risks or incidents to report.

Members heard that there had been one reportable incident, a case of repetitive strain injury (RSI) operating a road hammer.

There had been an increase in the number of injury accidents to children within the new play areas. This had been recognised as a possible outcome of the revised Play Strategy but each incident needed to be reviewed to ensure that the inspection and maintenance regime was correct.

In response to questions about the responsibilities for health and safety and repairs at swimming pools, the Health and Safety Advisor explained that the pools were run by Tone Leisure who, as a separate company, had their own health and safety obligations. He also agreed to contact Tone Leisure about the specific issues raised.

**Resolved** to note:

- the progress on the revised Action Plan;
- the accident report summary;
- that there were no new significant risks or incidents.

## **55. Audit Commission Annual Governance Report 2010/2011**

Considered covering report previously circulated, which had introduced the Annual Governance report for 2010/2011 prepared by external auditors the Audit Commission.

The Strategic Director explained that, although the Council had received an unqualified opinion on the 2010/2011 accounts, there had been several issues that had emerged from the audit process that would help the Council improve its procedures for future years

Brian Bethal and Peter Lapin from the Audit Commission highlighted key areas of their forty page Annual Governance report for the Council. These included:

- The improvement in closedown procedures;
- Different accounting standards for the year;
- A retrospective and one-off change to pension liabilities, caused by Government decision to base increases on the Consumer Price Index;
- Sale and lease back arrangements for some DLO vehicles;
- Tenant arrears;
- Value for Money.

Members were promised a written response to questions on debt recovery for tenant arrears.

**Resolved** to:

- note the unadjusted misstatements in the Accounts set out in Appendix 3 of the Audit Commission report;
- note the action plan as set out in Appendix 5 of the Audit Commission report;
- approve the letter of representation on behalf of the Council as set out in Appendix A to the covering report.

## **56. Approval of the Statement of Accounts for 2010/2011**

Considered covering report and full 96 page Statement of Accounts previously circulated.

The Accounts and Audit Regulations 2011 required the Statement of Accounts to be approved by a resolution of a nominated Committee, following completion of the external audit. The Council had devolved this responsibility to the Corporate Governance Committee. The annual accounts had to be signed by the Council's S151 Officer and the Chairman of the Committee.

The format of the Statement of Accounts had changed for 2010/2011 due to the introduction of International Financial Reporting Standards (IFRS). IFRS had significantly changed the presentation of some key statements and in particular both the 2008/2009 and 2009/2010 Balance Sheets had been restated to take into account the changes.

The Financial Services Manager and Principal Accountant made a brief presentation on the main changes and major areas of the Statement of Accounts, whose format was prescribed by CIPFA.

The Audit Commission had reviewed the draft Statement of Accounts for 2010/2011 and accompanying working papers. As a result they had identified and requested amendments to the Statements. The few material amendments that had been made were shown in the report. The Council's resulting final Statement of Accounts had been audited by the Audit Commission and they had issued an unqualified opinion.

Members discussed the Movement in Reserves and Balance Sheet and were assured that, despite the changed format, there were no instances of "double counting" within the Statements.

Questions were asked and comments made related to:

- Council housing stock valuation;
- Rent arrears;
- Officers' remuneration and termination benefits;
- Southwest One.

The account preparation and overall audit process was summarised by the Financial Services Manager.

**Resolved** that the Statement of Accounts for 2010/2011, as attached to the report, be approved.

## **57. Risk Management Update**

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 and had undergone a six-monthly review on 5 September. Particular emphasis had been placed on the

consideration of risks arising from the significant cuts to the Government Grant Settlement and Government Reforms.

The overall Risk Exposure (shown in the Summary Risk Profile) remained unchanged from the last review in February, with two risks remaining in the “red zone”. However some minor changes and additions had been made to the Risk Register.

During the discussion of this item, Members made the following comments and statements and asked questions:

- How could effective leadership be improved (risk 1)?
- An overall working Council Business Plan should be created covering all corporate aims (risk 2);
- Partnerships were too short sighted and did not look at the longer term (risk 5);
- Why was Tone Leisure not shown separately (risk 5)? *The Performance Team did maintain details for each partner but the overall risk should be the aggregated data.*

**Resolved** to note the updated Corporate Risk Register and progress with Risk Management.

## **58. Internal Audit Plan – Progress Report**

Considered report previously circulated, which provided an update on the significant findings and recommendations since March 2011.

Details of the six operational audits started during the period were reported, together with details of three governance audits.

Members heard that the auditors were on target to complete audits as planned. For the audits completed to report stage each report contained an action plan with a number of recommendations which were given service priorities.

Council management had responded positively to internal audit suggestions for improvements and corrective action had already been taken in a number of cases.

**Resolved** that the report be noted.

## **59. Anti-Bribery Policy**

Considered report previously circulated, concerning a new Council policy document in the light of the Bribery Act 2010 coming into force in July 2011.

The policy would confirm that Taunton Deane Borough Council did not and would not pay bribes or offer improper inducements to anyone for any purpose, nor did we or would we accept bribes or improper inducements.

Councils were expected to demonstrate they had implemented “adequate procedures” in order to prevent bribery. Having adequate procedures in place provided a defence to the corporate offence of failing to prevent bribery.

It was essential that the Council’s policies were up to date, reflected the requirements of this new legislation and were sufficiently robust to prevent bribery and to mitigate the risk of committing a bribery offence.

There were no requirements for extensive written documentation or policies, particularly as it was acknowledged that an organisation may already have proportionate procedures through existing policies.

The Council had in place an Anti-Fraud and Corruption Policy along with a Whistleblowing policy and an employee code of conduct.

The new policy was intended to allow “business as usual” whilst making officers, members and the public aware of the Bribery Act 2010.

Questions were asked about how contractors and the public would be aware of the new policy. A written response was promised on inducements to Members and officers.

**Resolved** that the Anti-Bribery Policy be adopted.

#### **60. Corporate Governance Committee Forward Plan**

Submitted for information the proposed Forward Plan of the Corporate Governance Committee.

**Resolved** that the Corporate Governance Committee Forward Pan be noted

(The meeting ended at 8.15 pm).