

## **Corporate Governance Committee – 24 June 2013**

Present: Councillor D Reed (Chairman)  
Councillor A Wedderkopp (Vice-Chairman)  
Councillors Beaven, Coles, Denington, A Govier, Hall, Horsley, Hunt,  
Mrs Lees and Mrs Stock-Williams.

Officers: Shirlene Adam (Strategic Director), Catrin Brown (Senior Environmental Health Officer – Health and Safety), Maggie Hammond (Strategic Finance Officer), Tonya Meers (Legal and Democratic Services Manager) and Andrew Randell (Corporate Support Manager)

Also Present: Councillors Coles, Morrell, Nottrodt, Mrs Warmington, Peter Lappin (Audit Commission) and Alastair Woodland (South West Audit Partnership).

(The meeting commenced at 6.15 pm)

### **26. Apologies/Substitution**

Apologies : Councillors Gaines, Miss James, R Lees and Tooze.

Substitutions : Councillor Horsley for Councillor Tooze;  
Councillor Mrs Lees for Councillor R Lees.

### **27. Minutes**

The minutes of the meeting held on 20 May 2013 were taken as read and were signed.

### **28. Declaration of Interests**

Councillors A Govier and Hunt declared personal interests as Members of Somerset County Council.

### **29. Update on the Health and Safety Performance and Strategy for 2013 - 2014**

Considered report previously circulated, which provided an update on the progress of a range of Health and Safety matters across the organisation.

These included:-

- The situation with regard to the vacant Health and Safety Advisor position – The temporary arrangements put in place at the beginning of the year were continuing with the Health and Safety Advisor role being covered by Catrin Brown (Senior Environmental Health Officer) and Kate Woollard (Technical Assistant, Community and Commercial Services). Discussions were taking place with regard to filling the current vacancy;
- The arrangements for the Health and Safety Committee;

- The progress being made on Joint Health and Safety Inspections - Details would be reported back to the Joint Health and Safety Committee and actions would be monitored to ensure progress was made.;
- Training on Health and Safety – Over 30 Theme Managers and Managers had attended this training which would link in with the Competency Framework and Audit process. A training programme had also been developed for Deane DLO and Fire Warden training had been provided too;
- Provision of Health and Safety Information - The sharepoint site used by staff to access information on health and safety matters was being updated;
- The current position with regard to the consolidation and compliance audit - The audit process had been instigated within all Themes and Managers had been provided with an Audit Compliance score sheet and Priorities for action;
- The SWAP Audit on Health and Safety - A detailed action plan had been drawn up to ensure that all aspects of the SWAP audit requiring consideration would be addressed within the agreed time frames;
- Accident and Incident Data for the period 1 April 2012 – 31 March 2013 –

This was set out in the following table:-

#### **Accident, incident data and lessons implemented**

<b>TDBC Totals–1 April 2012 – 31 March 2013</b>				
<b>Classification</b>	<b>Core Council</b>	<b>DLO</b>	<b>Public</b>	<b>Contractors</b>
Reportable	<b>0</b>	<b>0</b>	0	No data
Non-reportable	<b>5</b>	<b>33</b>	<b>0</b>	–
Near Miss	-	<b>2</b>	-	-
<b>Period total</b>	<b>5</b>	<b>33</b>	<b>4*</b>	<b>0</b>

and

- Capturing Accident and Incident data – Noted that the process had reverted to a paper based system – using the accident book and internal Health and Safety Notification forms. A report was to be submitted to the Joint Health and Safety Committee for consideration in July.

**Resolved** that the report be noted.

### **30. External Audit Fees 2013/2014**

Considered report previously circulated, concerning Taunton Deane Borough Council's Annual Audit Fee letter.

The external audit function for Taunton Deane had been transferred from the Audit Commission to Grant Thornton during 2012. This change was part of a national programme of “outsourcing” the external audit work – and had resulted in significant savings for all local authorities.

The letter provided details of the agreed fee for 2013/2014 which would be £84,205. Included within this the Audit Commission had set the Council's

indicative grant certification fee at £17,600. The letter also set out details of the team that would be leading on the Taunton Deane work and the indicative timescales for their reporting.

Noted that any additional audit work – outside of the planned audit and grant fee work – would be billed separately and in addition to the fee quoted.

**Resolved** that the report be noted.

### 31. External Audit (Grant Thornton) Audit Plan 2012/2013

Considered report previously circulated, concerning the External Audit Plan for 2012/2013 which had been prepared by the Council’s external auditors, Grant Thornton.

The Plan, a copy of which had been circulated to Members, set out the challenges and opportunities facing the Council, developments relevant to the Council, the approach to the audit which would be focussed on risks and provided information on the work already undertaken, the work still to be completed and the likely timescales.

**Resolved** that the report be noted.

### 32. Review of the size of Committees

Following one Member of the Conservative Group moving to become an Independent Councillor in May 2013 and the changes to the Standards Committee now being a politically balanced Committee, a review of the size of Committees had been deemed appropriate.

Sections 15 and 16 of the Local Government and Housing Act 1989 provided a duty on authorities to review proportionality to ensure that it reflected the political make up of the Council.

The matter was discussed at the Constitutional Sub-Committee on the 4 June 2013 and the proposed changes supported by the Sub-Committee were as follows:-

#### Political make up

Conservatives	27	48.2%
Liberal Democrats	23	41.1%
Independents	3	5.4%
Labour	3	5.4%
	<b>56</b>	<b>100%</b>

Committee	Conservatives	Liberal Democrat	Independent	Labour
Community Scrutiny	7	6	1	1

<b>Corporate Governance</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>1</b>
<b>Corporate Scrutiny</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>1</b>
<b>Licensing</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>1</b>
<b>Planning</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>1</b>
<b>Standards</b>	<b>2</b>	<b>2</b>	<b>1</b>	
<b>Total</b>	<b>37</b>	<b>32</b>	<b>6</b>	<b>5</b>

**Resolved** that Full Council be recommended to approve the size of the various Committees, as set out above.

### 33. Annual Governance Statement

Considered report previously circulated, which detailed the draft Annual Governance Statement (AGS) for Taunton Deane Borough Council before it was signed by the Leader of the Council and the Chief Executive. A copy of the draft AGS had been circulated for the attention of Members.

The Council was required to prepare, as proper practice, an AGS to sit alongside the Council's accounts. The purpose of this statement was to provide assurance that the Council had a sound governance framework in place to manage risks that could prevent achievement of its statutory obligations and organisational objectives.

The Deputy s151 Officer led the 2012/2013 review of the governance framework, supported by the Monitoring Officer, the Group Auditor and the Performance Lead Officer. The purpose of the review was to highlight any serious governance issues and actions needed to deal with them.

Reported that the conclusions from the review were that the Council's governance framework was reasonable during 2012/2013.

SAP controls were working well although the challenge was for the Council to ensure the agreed procedures were in place and being followed across the entire organisation.

The Council continued to face increased treasury management risks, mainly due to the Eurozone and finding a safe place to invest any surplus cash still remained difficult.

During 2012/2013, the Council had reviewed its 30 year Housing Revenue Account Business Plan. This review was informed by the first year of self-financing and aspirations of the council in respect of building new Council housing amongst other things.

Further reported that a Corporate Project log was maintained and regularly reviewed by the Project Management Group (PMG) and the Corporate Management Team. This document enabled effective prioritisation of key corporate projects and other significant tasks, as well as resource planning, issues and risk management.

Noted that the content of the AGS would need to be reviewed before the publication of the Council's accounts to ensure that the governance framework and risk had not significantly changed since the review was carried out.

**Resolved** that the draft Annual Governance Statement be approved.

### **34. Risk Management**

Considered report previously circulated, updating Members on progress with the Council's approach to Risk Management (Strategic, Projects, and Operational).

The key tasks for Members in relation to Risk Management were:-

- Approving the Risk Management Strategy and implementation plan;
- Monitoring the effectiveness of the Council's risk management and internal control arrangements; and
- Reviewing Corporate Risks .

A copy of the current Corporate Risk Register was submitted. This had been subject to formal reviews by the Corporate Management Team (CMT) on three occasions over the past year.

The key outcomes of the CMT risk review process were:-

- (1) To review and approve the refreshed Corporate Risk Register and to consider the Council's overall risk exposure;
- (2) To identify any new strategic risks for inclusion on the Corporate Risk Register; and
- (3) To consider any risks that required escalating to the Corporate Risk Register from Theme / Service or Project Risk Registers

The Corporate Risk Register included detailed risk descriptions, the risk owner, existing control measures and planned risk response actions and current and target risk probability and impact assessment 'scores'

Reported that each Theme / Service had an Operational Risk Register in place. These were constantly under review and were updated as part of the 2013/2014 annual service planning process. The highest areas of risk were considered by CMT for escalation to the Corporate Risk Register.

The CMT forward plan now included a monthly Programme and Major Projects review, where key risks and issues were considered. Additionally, the 'Programme Management Group' (PMG) was responsible for identifying and managing cross-Programme issues and risks as well as risks and issues escalated by Project Managers.

A recent PMG meeting had included a discussion to identify the key 'programme' risks – those that were common in most major corporate projects, and impacted on the Council's two key programmes - Growth and Regeneration and Internal Transformation. Although more work needed to be done to complete a

'programme' risk register, details of the key risks identified at this stage were reported.

Current major corporate projects with their own project risk register in place included:-

- West Somerset Council / TDBC joint-working feasibility;
- DLO depot relocation feasibility;
- Swimming Pools;
- Community Infrastructure Levy;
- Taunton Flood Alleviation Solutions; and
- Redevelopment of Creechbarrow Road.

Further reported that the Taunton Deane Risk Management Action Plan included a mix of essential and desirable / developmental activities – each action had been given a priority rating as High, Medium or Low.

The Council's approach to Risk Management in the feedback from the LGA Peer Review (September 2012) had been described as 'robust'. In addition, internal (SWAP) audit reports from 2011 and 2012 provided 'reasonable assurance' audit findings.

**Resolved** that the progress with the Corporate Risk Management, the Corporate Risk Register and the Risk Management Action Plan be noted.

### **35. Internal Audit Plan 2012-2013 Annual Report 2013-2014 Quarter 1 Progress**

Considered report previously circulated, concerning the outturn position of the Internal Audit Plan for 2012-2013 and significant findings and recommendations that had been made since the last meeting of the Committee.

Details of the audits carried out under the following headings were submitted:-

- Operational;
- Information Systems;
- Key Controls;
- Governance and Fraud;
- Special Reviews; and
- Follow Up.

As a result of the work undertaken during 2012/2013, the South West Audit Partnership (SWAP) was able to offer a 'reasonable' level of assurance in relation to the internal control environment at Taunton Deane.

Noted that out of the completed audits, eight had been assessed as partial and 20 assessed as 'reasonable assurance' or 'substantial assurance'. Of the audit opinions returned as Final, none had resulted in any corporate risks being identified.

Noted that there were some high priority recommendations (4 or 5) identified since the previous update. These were to be followed-up by Internal Audit to provide assurance that risk exposure had been reduced.

**Resolved** that the report be noted.

### **36. Internal Audit – Review of the Internal Audit Charter**

Considered report previously circulated, which reviewed the Internal Audit Charter governing the work of the South West Audit Partnership (SWAP) at Taunton Deane Borough Council.

The Charter was last reviewed by the Committee during March 2012. An update should have been presented to Members earlier in the year however it had been agreed that this should be deferred until:-

- 1) SWAP became a Local Authority Controlled Company Limited by Guarantee; and
- 2) The Public Sector Internal Audit Standards (PSIAS) became mandatory from 1 April 2013.

Having a Charter to set out responsibilities between the Council's officers and senior management and the responsibilities of SWAP was not a new arrangement, and the first Charter had been agreed in 2006.

The latest review had found that many of the expectations of the PSIAS were already in place.

The Charter had been updated to reflect the changes in roles and responsibilities, mainly job titles, and to address some of the minor requirements of the PSIAS. A copy had been circulated to Members of the Committee.

**Resolved** that the Internal Audit Charter be approved.

### **37. Review of the effectiveness of Internal Audit**

Considered report previously circulated, regarding a recent review that had been undertaken into the effectiveness of Internal Audit.

Internal Audit formed a part of the corporate governance and internal control framework that provided accountability to stakeholders on all areas of the Council Plan. Their opinion on the adequacy and effectiveness of the Council's internal control framework formed a part of the evidence used in preparing the corporate Annual Governance Statement (AGS) for 2012-2013, which would be published as part of the Council's Statement of Accounts in September 2013.

Reported that the 2006 CIPFA Code of Practice for Internal Audit had been superseded by the Public Sector Internal Audit Standards (PSIAS) and a Local

Government Application Note on the 1 April 2013 that set out how an internal audit function should be fulfilled. The new Standards covered:-

- Purpose, authority, and responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality Assurance and Improvement Programme;
- Managing the Internal Audit Activity;
- Nature of Work;
- Engagement Planning;
- Performing the Engagement;
- Communicating Results; and
- Monitoring Progress.

All aspects of the Standards would be covered by the South West Audit Partnership (SWAP), through the previously approved Audit Charter, and reviewed and approved by the Audit Committee on an annual basis.

Details of the review which had been undertaken by the Council's Section 151 Officer, Shirlene Adam, were submitted.

The review had found that overall the team performed well and that this view was supported by the comments of external auditors and client satisfaction. Details were provided which showed some of the overall performance of the service during the year compared to the previous three years.

The number of audit projects undertaken within the days available had increased slightly from the previous year to 39 from 38. Given the 50 day reduction (£14,000 saving) in the plan this suggested less days per audit assignment.

The average number of high priority recommendations was showing a slight reduction, although there were three additional 'Priority 5' recommendations currently at draft.

The outturn position showed that each year the partnership continued to make a net profit from operations. The net income was returned to a reserve specifically set up for SWAP.

As SWAP was now a company limited by guarantee the Directors of the company would be required to act in the interests of the company. The SWAP "customers" had therefore agreed to meet twice per year to discuss performance, risk, the review of Internal Audit, and audit plans separately to the business of managing the company.

In assessing SWAP's performance it was seen as important to review the standards of service and that each authority was afforded the same standards and also senior officer time. The report outlined the minimum standards to be introduced and whether they would have been delivered for Taunton Deane had they been in place.

Further reported details of progress that had been made in respect of the 2012/2013 Action Plan. The following comprised the Action Plan for 2013/2014:-

- South Somerset District Council had requested the Devon Audit Partnership to review the annual return and control environment as part of the assurance framework for the Statement of Accounts. This would be completed over the next few weeks;
- The Audit Charter to be updated to reflect the new PSIA Standards that had been approved by the Committee; and
- To update and maintain the Quality Assurance and Improvement Programme and report conformance with the PSIAS in October 2013.

It was the opinion of the Section 151 Officer that the system of internal audit was effective.

**Resolved** that the findings of the review of the effectiveness of Internal Audit for 2012/2013 be noted.

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

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

The review and approval of the Statement of Accounts for 2012/2013 was discussed. Training for this would be provided by Paul Fitzgerald for Members of the Committee prior to this going to Scrutiny.

**Resolved** that the Corporate Governance Committee Forward plan be noted.

(The meeting ended at 8.03pm).