

Corporate Governance Committee – 9 December 2013

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

Officers: Shirlene Adam (Strategic Director), Heather Tiso (Head of Revenues and Benefits Service), Catrin Brown (Senior Environmental Health Officer – Health and Safety), Stephen Edmonds (Project Manager), Dan Webb (Performance Lead) and Andrew Randell (Corporate Support Officer).

Also Present: Alistair Woodland (South West Audit Partnership), Peter Lappin (Audit Manager, Grant Thornton) and Peter Barber (Engagement Lead, Grant Thornton)

(The meeting commenced at 6.15 pm)

54. Apologies

Apologies : Councillors A Govier, Horsley, and Mrs Waymouth.

55. Minutes

The minutes of the meeting held on 23 September 2013 were taken as read and were signed.

56. Declaration of Interests

Councillors Coles, A Govier, Hunt and A Wedderkopp declared personal interests as Members of Somerset County Council. Councillor Mrs Hill declared a personal interest as an employee of Somerset County Council. Councillor D Reed declared a personal interest as a Director of the Taunton Town Centre Company.

57. 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 (H&S) matters across the organisation.

These included:-

- Corporate reporting arrangements – Details of the standard items which would be included in future reports to the Committee were submitted;
- Accident and Incident Data for the period 1 January 2013 –1 October 2013 – This was set out in the following table:-

TDBC Totals – 1 April 2013 - 31 October 2013					
Classification	Core Council	DLO	Crematorium	Public	Contractors
Reportable	0	2	0	1	0
Non-reportable	4	14	0	2	0
Near Miss	0	1	0	0	0
Period total	4	17	0	3	0

All RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences) reportable accidents had been investigated and where necessary remedial measures put in place. Analysis carried out had helped to identify the types of accident and incidents occurring and where this had been possible preventative training was carried out.

The inquest into the death of Mr Stewart Jarvis, whose body was found in the Sherford Stream in Vivary Park, Taunton had been held. The cause of death was recorded as accidental. As such, no further action was required by the Council.

A detailed investigation into Asbestos exposure had been produced and a series of recommendations had been made to bring systems up to the required standards. These were being implemented.

- Capturing Accident and Incident data – A draft policy was taken to the Health and Safety Committee for consideration in October 2013. The policy set out proposed arrangements to continue recording accidents in a consistent way across the Council. Accident investigation and monitoring would continue to be a priority for the Corporate H & S Team.
- Monitoring Health and Safety Performance – Key Performance Indicators had been used previously as part of the 2012/2013 H & S Strategy. These had recently been reviewed and the proposed performance monitoring arrangements from April 2014 were reported.
- The South West Audit Partnership (SWAP) Audit on H & S – Details of the SWAP recommendations and the actions proposed in response were submitted.
- The arrangements for the Health and Safety Committee and agreed actions.
- The progress being made on Joint Health and Safety Inspections.
- Provision of Health and Safety Information - The sharepoint site used by staff to access information on H&S matters continued to be updated;
- Policy updates – Details of a review of the policy on the use of Display Screen Equipment was provided.
- Key activities – Brewhouse / Taunton School project.

Resolved that the report be noted.

58. Annual Audit Letter 2012/2013

Mr Peter Lappin of Grant Thornton introduced Taunton Deane Borough Council's Annual Audit Letter which summarised the key findings arising from the following work that had been carried out for the year ended 31 March 2013:-

- Auditing the 2012/2013 accounts and Whole of Government Accounts submission; and
- Assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

The audit conclusions which had been provided were:-

- (a) An unqualified opinion on the accounts which gave a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year;
- (b) An unqualified opinion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- (c) A report on the certification of the Council's grant claims and returns in the Annual Certification Report later in the year.

Resolved that the report be noted.

59. External Audit Update

Considered report previously circulated, on the External Audit Update. This was the first report of its type and would be circulated on a regular basis to the Corporate Governance Committee.

Each year the External Auditor was required to carry out "set" audit work and this report provided and update on progress against each area.

The Council had not had sight of this previously and, as a result, the update report was welcomed.

Additionally, the update report shared headlines on some national issues that would have an impact on the Council. This would help Councillors ensure they were sighted on "big issues" and where appropriate, engage with the officers to progress.

The report was split into two parts:-

(1) Progress as at 26 November 2013 which included:-

- 2012/13 certification work;
- 2013/14 Accounts Audit Plan;
- Interim accounts audit;
- 2013/14 final accounts audit; and
- 2013/14 Value for Money conclusion; and

(2) Emerging issues and developments which included information on:-

- Income from charging;
- Local Government Pension Scheme;
- Local Government claims and returns;
- Business Rate Collection;
- Voluntary Code of Practice on the Housing Revenue Account; and
- Potential for Procurement Fraud

Resolved that the report be noted.

60. Internal Audit Plan Progress 2013-2014

Considered report previously circulated, concerning the 2013-2014 Annual Audit Plan which was on track to provide independent and objective assurance on Taunton Deane's Internal Control Environment. This work would support the Annual Governance Statement.

The Internal Audit function played a central role in corporate governance by providing assurance to the Corporate Governance Committee, looking over financial controls and checking on the probity of the organisation.

The report summarised the work of the Council's Internal Audit Service and provided:-

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the Committee in September;
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

Reported that there were some high priority recommendations (4 or 5) identified since the September 2013 update. These would be followed-up by Internal Audit to provide assurance that risk exposure had been reduced.

Resolved that the progress made in the delivery of the 2013/2014 Internal Audit Plan and the significant findings since the last update be noted.

61. Corporate Governance Action Plan

Considered report previously circulated, which provided details of the progress made against the Corporate Governance Action Plan as at the end of November 2013.

At the previous review point (May 2013) the Corporate Governance Action Plan included eight 'open' actions. Since then six further actions had been 'closed', and five new recommendations had been added from external audits, specifically, recommendations from the Annual Governance Reports from the last three years - 2010/2011, 2011/2012 and 2012/2013.

The two (medium priority) recommendations that remained open were:-

- (a) Reviewing the method for calculating the bad debt provision for housing debts; and
- (b) Developing benchmarking to support allocating resources.

The following five recommendations resulted from the 2012/13 Audit Findings, and Financial Resilience Reports (Grant Thornton Sept 2013). These had been added to the Corporate Governance Action Plan and would be tracked for progress on a quarterly basis:-

- Working with Somerset County Council, Avon and Somerset Police and Southwest One to address the recommendations from the review of IT controls;
- Reviewing the method for calculating the bad debt provision for housing debts;
- Ensuring that expense claims and supporting receipts were kept in accordance with the Council record retention policy;
- The Council to consider what further measures needed to be undertaken to reduce the high level of sickness absence; and
- The Council to address the weaknesses identified by Internal Audit in the financial systems for creditors and for debtors.

Noted that these recommendations were either medium or low priorities.

Resolved that the progress of the Corporate Governance Action Plan be noted.

62. Corporate Anti-Fraud Approach

Considered report previously circulated, concerning the proposed introduction of a Corporate approach to Anti-Fraud.

Fraud against Local Government was committed against all types of local authority expenditure.

According to CIPFA's Fraud Loss Profile Tool, the indicative estimate of potential fraud losses for Taunton Deane was between £1.3m-£2.3m, as detailed below:-

Type of Fraud	Lower Estimate	Upper Estimate
Council Tax Fraud	£240k	£410k
Housing Tenancy Fraud	£800k	£1.4m
Procurement Fraud	£290k	£480k
Payroll Fraud	£10k	£20k

TOTAL	£1.34m	£2.31m
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Although the Council had very effective anti-fraud and investigation policies and measures within Revenues and Benefits, the approach to anti-fraud measures in other areas was less formalised.

The design of a Corporate Anti-Fraud Team would give weight to the assertion that Taunton Deane had a zero tolerance approach to fraud in all of its forms, and could be used as a basis for a media campaign to highlight this.

In order to develop a Corporate Anti-Fraud Policy, CIPFA's Better Governance Forum had recommended undertaking the following four stages. If the development of such a policy was approved it was likely that this methodology would be followed:-

- (1) Identifying and understanding the fraud risks and potential exposure to fraud loss;
- (2) Assessing the current resilience to fraud;
- (3) Evaluating the ability to respond to potential or identified fraud; and
- (4) Developing a Corporate Anti-Fraud Strategy.

Reported that the main areas of fraud of which the Council could be at risk were as follows:-

- Revenues and Benefits – failure to advise of true circumstances, such as living together as partners, undeclared capital or undeclared income;
- Housing – sub-letting, key selling, no entitlement, false declarations, Right to Buy illegal succession;
- Payroll – timesheet fraud, absenteeism, 'presenteeism' (i.e. being in the office but not working), expense claim fraud;
- Procurement – over-billing/invoicing, under-delivery, payments to individuals/ businesses where no goods/services have been provided;
- Grants to individuals – false declarations of health issues and circumstances; and
- Income – not billing for goods/services provided, inappropriate and/or unapproved debt write-offs

Details of the current Anti-Fraud team in Revenues and Benefits were submitted. A new Corporate Anti-Fraud function would require additional capacity and this would be designed during the upcoming organisational changes involving West Somerset Council, with funding plans prepared accordingly.

Initial planning on this suggested that the function could cost an additional £60,000 above existing resource levels, plus a non-staffing budget of around £10,000. The ambition would be for this function to be effectively self-financing within the first year of operation due to the additional income gathered as a result of the function's anti-fraud activities and measures.

Further reported that the next steps would be:-

- To design and recruit to a new Corporate Anti-Fraud function considering existing expertise in this field.
- To prepare and agree a Corporate Anti-Fraud Policy and Corporate Anti-Fraud Strategy.
- To roll-out a similar verification framework as used within Revenues and Benefits to Housing and Grants. This would include retaining proof of ID and residence in all cases.

Resolved that:-

- (a) The formation of a Corporate Anti-Fraud function to cover all elements of potential fraud risks already identified and any others that might arise in the future be supported. This function would lead or advise on any investigations into fraudulent activity within Taunton Deane Borough Council, and would be responsible for producing and updating the Corporate Anti-Fraud Policy and Strategy, and for owning and leading on the corporate approach to anti-fraud;
- (b) It be requested that this function be designed into the restructure plans for the Council over the coming months. If one-off funding was required to fund the function in Year 1, the options be reviewed with a request being made to fund from Reserves, if this became necessary; and
- (c) An update on the progress of the above recommendations be submitted to the Committee in six months' time.

63. Corporate Governance Committee Forward Plan.

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

Resolved that the Corporate Governance Committee Forward plan be noted.

(The meeting ended at 7.59 pm).