

Corporate Governance Committee – 19 September 2016

Present: Councillor Sully (Chairman)
Councillor Cavill, Govier, Hall, Hunt, Nicholls, Mrs Smith, Mrs Tucker and Ms Webber.

Officers: Paul Harding (Corporate Strategy and Performance Manager), Shirlene Adam (Director – Operational Delivery and s151 Officer) and Emma Hill (Democratic Services Officer)

Also Present: Alastair Woodland – Audit Manager, South West Audit Partnership (SWAP)

(The meeting commenced at 6.20 pm)

27. Apologies/Substitutions

Apologies: Councillors Booth, Horsley, Ryan, Miss Smith

Substitution: Councillor R Lees for Councillor Horsley

Councillor Mrs Smith for Councillor Miss Smith

Councillor Hunt, Tucker and Webber submitted their apologies for special meeting of the Corporate Governance Committee due to be held on Wednesday 28 September 2016.

28. Minutes

The Minutes of the Meeting of the Corporate Governance Committee held on 21 June 2016 were taken as read and were signed.

29. Declaration of Interests

Councillor Coles declared a personal interest as a Member of Somerset County Council. Councillor Hall declared a personal interest as a Director of Southwest One.

30. SWAP Internal Audit – Internal Audit Plan 2016/2017 Progress Report

Members considered the report previously circulated concerning the role and function of Internal Audit. The 2016-17 Annual Audit Plan was to provide independent and objective assurance on TDBC's Internal Control Environment. This work would support the Annual Governance Statement.

It was reported that there were one partial assurance, one reasonable assurance and four follow-up audits being reported from quarter one of 2016/17.

The audits within the crematorium, DLO stores and Land Charges had received partial assurances. Following the identification of the weaknesses within the service areas, an action plan had been agreed with the service managers.

To ensure this Committee was provided with assurance on areas of weakness, officers would be following up on these partial assurance reviews and would report back on progress made against each recommendation.

During the discussion of this item the following points were made:-

- Members raised concerns about the weaknesses identified by the Auditors on page 20, concerning the increase in debt at the crematorium to nearly £88,000 as well as the failure to issue overdue payment reminder letters.
- The Committee were informed the crematorium had historically used a separate system for raising orders and raising debt outside of the SAP system and this meant the debt was outside the normal debt recovery process. This had not been identified by the relevant Service Manager. There was a progress update regarding this weakness and connected action plan to resolve it, the Council had moved the raising of invoices process for the crematorium into the Sap system and the previous practice of raising debt outside SAP had been stopped.
- In response to a question asking if the auditors could recommend any additional controls for the 45000 cost code, which was being used for high value purchases, instead of the low value and high volume purchases it was designed for, the Committee was informed that the reason why this cost code had been used was the corporate procurement was onerous and bureaucratic when used through SAP system. SWAP had recommended with forthcoming new financial system from 1 April 2017 that the Council wait to see how this new system would link in before reviewing the controls for this and other cost codes. Although, we were not recommending any additional controls at this stage, there was an approved manual procedure for approving purchases Our only recommendation was that staff should be reminded that they should not be using the code beyond a certain point and ultimately, there was a control in place, which was budget monitoring.
- In response to a question asking what was the cut off point for a 'high value' purchases/orders, the Committee were informed that Officers would have to go away and check this as they did not have this deal to hand.
- The Committee were informed that audit standards only required SWAP to follow up on partial and non-assurance audits. Unless the Council provided SWAP with good reasons not to follow up, SWAP would always complete this. For example, if a service had completely changed and they were no longer completely that function then that would be justification for not following up on the audit.

Resolved that the progress made in delivery of the 2016/17 internal audit plan and significant findings since the previous update in June 2016 to be noted.

31. Summary of the Overdue high priority SWAP Audit Recommendations

Members considered the report previously circulated, concerning a position statement on the SWAP audit recommendations for Taunton Deane Borough Council, which were assessed as high and very high priority, where the agreed remedial action were overdue.

At the start of each financial year, an audit plan was agreed between SWAP and the Council, which identified the areas of highest potential organisational and operational risk within the Council.

All findings would be allocated one of 5 priority ratings. With priority 5 carrying the most significant risk to the service (not necessarily to the wider Council) and priority 1 the least significant risk.

Each finding within the action plan contained a target implementation date, which had been agreed between SWAP and the service manager concerned.

All priority 4 and 5 recommendations were captured in a register to ensure progress against the recommendations could be tracked and progress reported to JMT and the Corporate Governance Committee.

The report highlighted the Priority 4 and 5 audit actions affecting the Council, where the agreed remedial action was overdue. On this occasion there were 13 priority 4 priority actions which were overdue but zero overdue priority 5 recommendations for the Council.

A summary of the overdue actions was provided as Appendix with the covering report.

During the discussion of this item the following points were made:-

- Discussion took place about what the difference would be on the spreadsheet if the items that were completed and dropped off were not removed. This would help Members to understand the progress and churn of items by keeping these items on the spreadsheet and not removing. Members stated it was difficult to remember what had been on the spreadsheet.
- Members agreed and requested the inclusion of a summary of those actions/items which had been agreed, completed and closed to allow them to monitor the movement on this spreadsheet. The Committee were informed that this request could be accommodated.
- Members raised concerns about the actions and risk relating to the Council; Asset Management service and that these appeared to have been around for some time.
- In response to a question asking if the Asset Management Plan mentioned in the risk register was the existing new plan or a revised plan. This revised plan would contain directions and guidance on how best to utilise our assets, the Committee were informed that the Officer was not able to confirm this at this time and would come back to the Committee after speaking to the relevant Assistant Director.
- Members raised concerns that if there had been changes to the Asset Management Plan and model, then the document would need to come before elected Members for scrutiny and comments as this contained information on parameters for action concerning asset management.

Resolved that the summary of overdue high priority actions to be noted.

32. Corporate Risk Management Update

Members considered the report previously circulated, concerning an update on the corporate risks, which were being managed by the Joint Management Team (JMT).

The Council also had a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts & Audit Regulations 2003. Risk management was a key element of the Council's overarching Governance arrangements.

The Corporate Risk Register was a 'live' document, which highlighted the key corporate risks facing the Council. The register was a joint one between Taunton Deane and West Somerset Council and was formally reviewed by JMT on a quarterly basis as part of the corporate performance review day. The last JMT review took place on 19 May 2016. The next review was scheduled for 30th September 2016.

These regular reviews ensure that new strategic-level risks can be recognised; continuing risks can be re-assessed in the light of management actions to date; and risks, which were no longer considered important could be removed.

Risks which were managed at a corporate level, those which had a significant risk to the delivery of a corporate priority or which were cross-cutting risks that did not naturally sit with a single department or team were included in the Corporate Risk Register. These risks had been identified and escalated from other risk registers within the Councils, officer concerns or from external sources.

There were currently 17 strategic risks identified and approved by JMT (13 joint risks, 1 WSC risk and 3 TDBC specific risks).

Mitigating actions had continued to be delivered in respect of the various risks. These were set out in the risk register and would continue in order to manage down the risks to an acceptable level.

An extract of the corporate risk register was provided as appendix with the covering report.

During the discussion of this item the following points were made:-

- In response to a question asking how relevant was the risk score on each risk and did this affect their importance members were informed that the risk score or RAG status was the way for Members to judge and measure how serious and important the issue was.. Members requested the inclusion of RAG Status and arrows denoting the direction of movement for the risk as the scoring system used, did not give much indication of this. The Committee were informed that this could be accommodated for the next report.
- Officer stated that they had brought this report before Members in case there were risks that Members felt should be on the register that we not currently.

Resolved that the current position in relation to the identification and tracking of corporate risk to be noted.

33. Corporate Governance Action Plan Update

Members considered the report previously circulated, concerning an update of progress against the Annual Governance Statement Action Plan.

The Annual Governance Statement (AGS) was a statutory document, which provided assurance on the governance arrangements in place within the Council. The

statement was produced following a review of the council's governance arrangements.

The AGS included an action plan to address any new governance issues identified by the Corporate Governance Officers Group; relying on reports from internal and external audit as well as their own understanding of the organisation.

The Action Plan was included as an appendix with the covering report.

During the discussion of this item the following points were made:-

- In response to a question asking if the training stated in the report could be opened up to all Councillors at Taunton Deane, this would cover those Councillors who had an interest in the subject, the Committee were informed that the training could be attended by any elected Member of the Council and was not limited to the Members of the Committee. The Officer would ensure that the training session information was emailed to all Members if it had not been already.
- Members requested that the Democratic Services Officers ensured this action was followed through.

Resolved that the current progress in relation to completing the actions identified within the Annual Governance Statement to be noted.

34. Corporate Governance Committee Forward Plan

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

Resolved that the changes to the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 7.05pm).