

# Somerset West and Taunton Council

## Shadow Executive – 22 January 2019

### Appointment of SWAP Ltd Director

This matter is the responsibility of Councillor Williams, Leader of the Shadow Council

Report Author: Paul Fitzgerald, Interim S151 Officer

#### 1 Executive Summary / Purpose of the Report

- 1.1 The governance arrangements for South West Audit Partnership Ltd (SWAP) were approved at Full Council meetings of West Somerset Council (WSC) and Taunton Deane Borough Council (TDBC) in February and March 2013 respectively. The approved governance structure includes a Members' Board and a Board of Directors. This report requests a new officer appointment to the Board of Directors representing Somerset West and Taunton Council.

#### 2 Recommendations

- 2.1 The Shadow Executive approves the nomination of the Head of Performance and Governance (Christine Fraser) as a Director of SWAP Ltd representing Somerset West and Taunton Council at the earliest practical date to be appointed by SWAP Ltd, and no later than 1 April 2019.
- 2.2 The Shadow Executive approves the nomination of the Governance Manager post holder as a Director of SWAP Ltd representing Somerset West and Taunton Council, from date to be determined by the Head of Performance and Governance (estimated mid-2019).

#### 3 Risk Assessment

##### Risk Matrix

Description	Likelihood	Impact	Overall
Risk: Failure to appoint a Director will not fulfil the approved governance structure for SWAP Ltd, and leave the Board of Directors without representation and voting powers on behalf of Somerset West and Taunton Council.	Slight 2	Moderate 3	Low 6
<i>Mitigation: The Council appoints a new Officer to the Board of Directors of SWAP</i>	Very Unlikely	Moderate 3	Low 3

<i>Ltd, and the existing TDBC and WSC Director representative maintains the position until the change in Directorship can be made.</i>	1		
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### Risk Scoring Matrix

<b>Likelihood</b>	5	Very Likely	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Feasible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Slight	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Very Unlikely	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			<b>Impact</b>				

<b>Likelihood of risk occurring</b>	<b>Indicator</b>	<b>Description (chance of occurrence)</b>
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

## 4 Background and Full details of the Report

4.1 The governance arrangements for South West Audit Partnership Ltd (SWAP) were approved at Full Council meetings of West Somerset Council (WSC) and Taunton Deane Borough Council (TDBC) in February and March 2013 respectively. The approved governance structure includes a Members' Board and a Board of Directors.

4.2 Appointees to the Members' Board will be Councillors representing their respective authorities. Appointees to the Board of Directors can be anyone each individual authority chooses, either officer or Councillor.

### The Members' Board

4.3 Each partner nominates a Councillor to represent them on this Board. It is the supreme authority of the company and would make all decisions relating to strategy, policy, appointment and dismissal of senior management and the admission of new partners.

## The Board of Directors

- 4.4 The Board oversees the implementation of the strategy and policy, as well as ensuring the operational activities of the partnership are achieving the objectives set by the Members' Board. The Directorship continues to be a 'hands on' role and most Board members, in order to be effective, will need a good working understanding of internal audit and risk management. Provision has been made in the articles for other directors to be appointed, including some SWAP management.
- 4.5 The membership arrangements for the board of directors is:
- Two Councillors who would normally be the Chairman and Vice Chairmen of the Members' Board.
  - An officer representing each of the partners
  - A maximum of three executive officers from SWAP, with at least the Chief Executive being included.
- 4.6 It is proposed that the new Council will be asked to appoint a councillor, as its representative on the Members' Board, following the elections in May 2019. This report proposes an officer appointment – continuing the basis of appointment followed by both TDBC and WSC to date – to the Board of Directors to represent Somerset West and Taunton Council.

## Respective Roles of the Boards

- 4.7 Summarised below is an abbreviated list of the responsibilities and powers of the two governing bodies of the company:

Members' Board	Board of Directors
<ul style="list-style-type: none"> <li>• Admission of new partners</li> <li>• Approval of the Annual Business Plan</li> <li>• Any changes to the approved Annual Business Plan</li> <li>• Setting of the annual budget</li> <li>• Approval of annual accounts</li> <li>• Extending or reducing the scope of operations</li> <li>• Appointment or removal of Directors, in accordance with the Articles and the legal agreement</li> <li>• Setting and approving the form and content of the financial regulations</li> <li>• Appoint or remove the Chief</li> </ul>	<ul style="list-style-type: none"> <li>• Agrees the preliminary budget, for submission to the Member's Board for approval</li> <li>• Approves all changes to the budget, except in relation to any proposals which would lead to an increase in Member contributions</li> <li>• Reviews and approves the annual statement of accounts, prior to submission to the Members' Board</li> <li>• On-going Budget monitoring</li> <li>• Agrees combined audit plan and ensures equity of resource distribution amongst the Members</li> <li>• Agrees any changes to audit plans that impact on the partnership</li> </ul>

<p>Executive or any member of the management team</p> <ul style="list-style-type: none"> <li>• Change the name of the Company or its registered office</li> <li>• Change the bankers of the Company or open or close any bank accounts</li> <li>• License, assign or otherwise dispose of intellectual property rights owned by the Company</li> <li>• Approves and reviews the annual risk register</li> </ul>	<ul style="list-style-type: none"> <li>• Approves and reviews annual themed audits to ensure best practice is shared with relevant service heads at each Member</li> <li>• Monitors overall performance against the combined audit plan</li> <li>• Reviews and monitors the risk register to ensure risks are managed in accordance with the requirements of the Members' Board</li> <li>• Approves and monitors terms and conditions of staff</li> </ul>
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4.8 The SWAP Board of Directors largely consists of Finance Officers, and it is recognised by the Board that a wider mix of skills, knowledge and attributes would provide a better balance to the Directorship of the company.

#### **Director Appointment to represent Somerset West and Taunton Council**

4.9 Following the fundamental reorganisation of the Council's staffing through the transformation programme, and the appointments to the new Leadership Team of the Council, it is proposed that the Head of Performance and Governance postholder (Christine Fraser) be nominated to represent Somerset West and Taunton Council on the SWAP Board of Directors. This will be subject to the formal appointment process to be followed by SWAP, and will take effect no later than 1 April 2019.

4.10 To provide some resilience to absence, it is also proposed that the Governance Manager (currently vacant due to secondment of the post holder) is nominated as an Alternate Director, who would undertake the Director duties in the event of absence of the Director.

### **5 Links to Corporate Aims / Priorities**

5.1 The Council has a direct interest in the effective operation of SWAP Ltd, in delivering its internal audit function. It is imperative that the council has an efficient and effective Internal Audit service both to ensure our controls are sufficient and to ensure that our external auditors can rely upon the testing that the internal auditors have done appointment of an external auditor is a regulatory requirement, providing important independent assurance over the Council's arrangements for financial accounting and securing value for money for public services.

### **6 Finance / Resource Implications**

6.1 There are no direct cost implications arising from this report. The Directorship role is estimated to require between 5-6 days of officer time per year.

## 7 Legal Implications

7.1 There are no new direct legal implications arising from this report. The Director will be required to observe legal responsibilities associated with holding a company director position.

## 8 Social Value, Environmental Impact, Safeguarding and/or Community Safety, Partnership, Health and Wellbeing, Equality and Diversity, Asset Management, Data Protection, Consultation Implications

8.1 No implications.

### Democratic Path:

- Shadow Executive – 22 January 2019

Reporting Frequency: Once only

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