

You are requested to attend a meeting of the Corporate Governance Committee to be held in Brittons Ash Community Centre, Bridgwater Road, Bathpool on 17 September 2018 at 6.15 pm.

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## **Agenda**

- 1 Apologies.
- 2 Minutes of the previous meeting of the Corporate Governance Committee (to follow).
- 3 Public Question Time.
- 4 Declaration of Interests.  
  
To receive declarations of Disclosable Pecuniary Interests or personal or prejudicial interests, in accordance with the Code of Conduct, in relation to items on the agenda. Such interests need to be declared even if they have already been recorded in the Register of Interests. The personal interests of Councillors who are County Councillors or Town or Parish Councillors will automatically be recorded in the minutes.
- 5 Confidential Report - Counter Fraud Partnership - 2017/18 Progress Report. (Pages 5 - 16)  
  
Report of the Assistant Director for Resources (attached).
- 6 Grant Thornton, External Audit - Annual Audit Letter. (Pages 17 - 34)  
  
Report of the Interim Finance Manager (Deputy S151 Officer) (attached).
- 7 Grant Thornton, External Audit - Progress Report and Update. (Pages 35 - 48)  
  
Report of the Assistant Director for Resources (attached).
- 8 SWAP Internal Audit - Internal Audit Plan 2018/19 Progress. (Pages 49 - 72)  
  
Report of the Assistant Director, SWAP (attached).
- 9 Summary of Overdue Level 4/5 Actions.  
  
Report of the Corporate Strategy and Performance Officer (to follow).

10 Corporate Governance Action Plan.

(Pages 73 - 76)

Report of the Corporate Strategy and Performance Officer  
(attached).

Bruce Lang  
Assistant Chief Executive

7 September 2018

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under "Public Question Time" is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

This is more usual at meetings of the Council's Planning Committee and details of the "rules" which apply at these meetings can be found in the leaflet "Having Your Say on Planning Applications". A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

Full Council, Executive, Committees and Task and Finish Review agendas, reports and minutes are available on our website: [www.tauntondeane.gov.uk](http://www.tauntondeane.gov.uk)



The meeting rooms at both Brittons Ash Community Centre and West Monkton Primary School are on the ground floor and are fully accessible. Toilet facilities, with wheelchair access, are available.

Lift access to the Council Chamber on the first floor of Shire Hall, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are available through the door to the right hand side of the dais.



An induction loop operates at Shire Hall to enhance sound for anyone wearing a hearing aid or using a transmitter.

**For further information about the meeting, please contact the Democratic Services on 01823 219736 or email [democraticservices@tauntondeane.gov.uk](mailto:democraticservices@tauntondeane.gov.uk)**

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**Corporate Governance Committee Members:**

Councillor A Sully (Chairman)

Councillor M Adkins

Councillor C Booth

Councillor N Cavill

Councillor E Gaines

Councillor A Govier

Councillor T Hall

Councillor J Horsley

Councillor J Hunt

Councillor S Nicholls

Councillor R Ryan

Councillor F Smith-Roberts

Councillor C Tucker

Councillor D Webber

## **Corporate Governance Committee – 23 July 2018**

Present: Councillor Cavill (Chairman)  
Councillor Adkins, Coles, Gaines, Govier Hall, Hunt, Ryan, Mrs Smith, Ms Smith-Roberts, and Webber.

Officers: Paul Fitzgerald (Assistant Director – Resources) Andrew Stark (Finance Manager),  
Pete Barber (Assistant Director – Grant Thornton) and Andrew Randell  
(Democratic Services Officer).

(The meeting commenced at 6.15 pm)

### **29. Apologies.**

Apologies were received by Councillors Booth, Parrish and Horsley.

### **30. Minutes.**

The Minutes of the meetings of the Corporate Governance Committee held on 19 June 2018 were taken as read and were signed.

### **31. Declaration of Interests.**

Councillor Coles declared a personal interest as a Somerset County Councillor and a member of the Devon and Somerset Fire Authority. Councillor Govier declared a personal interest as a Somerset County Councillor. Councillor Hunt declared a personal interest as a Member of Somerset County Council, Exmoor National Park Authority Member, and Tacchi Morris Management Committee Member. Councillor Mrs Smith-Roberts declared a personal interest as the Chairperson of RAFT.

### **32. External Audit 2017/18 – Audit Findings Report.**

Members considered the report previously circulated, concerning the External Audit 2017/18 – Audit Findings Report.

The report introduced the annual report of the external auditor Grant Thornton outlining the findings from their audit of our Statement of Accounts, and arrangements to secure Value for Money.

Following the detailed review of financial statements and governance and control arrangements, the Auditor indicated his intention to provide an “unqualified” opinion on our accounts for 2017/18, and an “unqualified VFM conclusion” in respect of arrangements to secure economy, efficiency and effectiveness, in our use of resources i.e. providing value for money.

The Unaudited Statement of Accounts 2017/18 was signed off by the Council’s S151 Officer before 31 May 2018 – within the earlier statutory deadline for 2017/18, and before the start of the external audit review.

Most of the external audit review had been completed and subject to work outstanding being completed and queries being resolved the auditor indicated their intention to issue an “unqualified opinion” for the Statement of Accounts, providing a true and fair view of the Council’s financial position and performance.

The auditor has reviewed the arrangements to secure economy, efficiency and effectiveness in our use of resources, and provided an opinion in the form of a value for money conclusion. Their report states that 'the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

During the consideration of this item, the following points were made:-

- The completion of Audit on would be made on 31<sup>st</sup> March when the authority ceases to exist.
- An addendum was included as part of the report highlighting an issue not identified in the report.
- Assets that had not been valued in the last five years would be valued within the next nine months.
- The new Council would assume responsibility with to approve the sets of accounts, this would have to tally with the two extant authorities closing accounts.
- The audit for the 19/20 balance would account for the new council.
- Councillors requested that a revalued asset management strategy could be rearranged as a matter of urgency.
- The continued demands on the services of the new council were recognised with the increasing expectations of the public.
- Building in capacity within the New Council would ensure that funding is spent in certain areas to prudently set aside finance for challenges faced by the new council.
- There would be changes post budget setting around business rates revaluation, it was recognised that costs in between years can occur.
- Councillors were of the view that there was a credible financial plan along with adequate resources, the strength of being one council was evident.
- Staff were commended officers of the work undertaken in the creation of report.

**Resolved** that:- The Corporate Governance Committee:-

1. Noted the external audit report on the Council's Financial Statement of Accounts.
2. Members are requested to note the Auditor's unqualified value for money conclusion.

### **33. Approval of the Statement of Accounts 2017/18.**

Members considered the report previously circulated, concerning the approval of the Statement of Accounts 2017/18.

The Accounts and Audit Regulations 2015 require the Statement of Accounts to be approved by a resolution of a nominated committee. The current constitutional arrangements devolve this responsibility to the Corporate Governance Committee.

The S151 officer is required to sign off the unaudited Draft Accounts as true and fair by 31 May (compared to 30 June for last year). The audited Statement of Accounts must be approved by Committee by 31 July. Once approved the Statement must be signed by the S151 Officer and the Chair of the Corporate Governance Committee, and published on the Council's website.

The Council's Statement of Accounts has been audited this year by Grant Thornton UK LLP and is attached to this report. At the time of writing this report, Grant Thornton intend to issue an unqualified opinion, as reported in the Audit Findings Report earlier on the agenda for this meeting.

The Management Letter of Representation is a formal letter written by the external auditors, Grant Thornton LLP, which is signed by the Council's senior management. The letter attests to the accuracy of the financial statements that the Council has submitted to the auditors for their analysis.

The Management Letter of Representation enables the Council to declare in writing that the statement of accounts and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the best of the management's knowledge. The auditors will use this letter as part of their audit evidence.

During the consideration of this item, the following points were made:-

- The Somerset Rivers Association was not a precepting authority, this was not separately identified as part of billing.
- The authority had a strong debt recovery performance with good arrangements in place to manage income.
- Pooling arrange for business rates had started in April 2017. Work was being undertaken to smooth the path of volatility with respect to business rate appeals.
- It was acknowledged that there would be advantages and disadvantages with business rates pooling arrangements, this was a risk that all local authorities faced.
- The cash position had increased overall along with an increase in short term investments.
- There were large capital programme contracts due to commence in the next financial year. A minimum balance in the smoothing reserve would be held.

**Resolved** that:- The Corporate Governance Committee:-

- 1.1 Noted the Auditor's unqualified opinion on the Statement of Accounts.
- 1.2 Approve the 2017/18 Statement of Accounts as attached to this report; then,
- 1.3 The Chairman of the Committee was requested to sign the Statement of Accounts.
- 1.4 The Committee approved the management letter of representation in respect of the financial statements for the year ended 31 March 2018, as presented at the meeting.

#### **34. 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 7.30pm)





By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted



## Taunton Deane Borough Council

### Corporate Governance Committee – 17 September 2018

#### External Audit – Annual Audit Letter

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

Report Author: Andy Stark, Interim Finance Manager (Deputy S151 Officer)

#### 1 Executive Summary

1.1 To summarise the key findings from the external audit work carried out in respect of the 2017/18 financial year and details the actual audit fees charged.

1.2 The Annual Audit Letter for 2017/18 confirms that:

- The Auditors have issued an unqualified opinion in respect of the accounts for 2017/18
- The Auditors were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2018;
- The fees charged for 2017/18 were £50,629 for the statutory audit.

#### 2 Recommendations

2.1 That Members are requested to note the report.

#### 3 Risk Assessment (if appropriate)

##### Risk Matrix

Description	Likelihood	Impact	Overall
The details of any specific risks are contained in the report			

#### 4 Background and Full details of the Report

4.1 The Council's external audit function is undertaken by Grant Thornton. The external auditors, as part of their work, provide an Annual Update Letter which summarises their findings and updates regarding the actual audit fees. The Annual Audit Letter is attached to this report.

#### 5 Links to Corporate Aims / Priorities

5.1 There is no direct contribution to the Corporate Priorities.

## **6 Finance / Resource Implications**

- 6.1 The Annual Audit Letter confirms that the external auditors have issued an unqualified opinion in respect of the Council's accounts for 2017/18, which means that no material errors were found and the accounts were produced to a good standard.
- 6.2 The auditors have also confirmed that they were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources.

## **7 Legal Implications**

- 7.1 The Council has a statutory duty to produce financial statements.

## **8 Environmental Impact Implications**

- 8.1 None

## **9 Safeguarding and/or Community Safety Implications**

- 9.1 None

## **10 Equality and Diversity Implications**

- 10.1 None

## **11 Social Value Implications**

- 11.1 None

## **12 Partnership Implications**

- 12.1 None

## **13 Health and Wellbeing Implications**

- 13.1 None

## **14 Asset Management Implication**

- 14.1 None

## **15 Consultation Implications**

- 15.1 None

### **Democratic Path:**

- **Corporate Governance Committee – Yes**
- **Executive – No**
- **Full Council – No**

## Contact Officers

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# Annual Audit Letter

*Year ending 31 March 2018*

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**Taunton Deane Borough Council**

August 2018

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# Executive Summary

### Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Taunton Deane Borough Council (the Council) for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Corporate Governance Committee as those charged with governance in our Audit Findings Report on 23 July 2018.

### Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

### Our work

<b>Materiality</b>	We determined materiality for the audit of the Council's financial statements to be £1,648,000 which is 2% of the Council's gross revenue expenditure.
<b>Financial Statements opinion</b>	We gave an unqualified opinion on the Council's financial statements on 31 July 2018.
<b>Whole of Government Accounts (WGA)</b>	We completed work on the Council's consolidation return following guidance issued by the NAO.
<b>Use of statutory powers</b>	We did not identify any matters which required us to exercise our additional statutory powers.

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# Executive Summary

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<b>Value for Money arrangements</b>	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 23 July 2018.
<b>Certification of Grants</b>	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2018. We will report the results of this work to the Corporate Governance Committee in our Annual Certification Letter.
<b>Certificate</b>	We certify that we have completed the audit of the accounts of Taunton Deane Borough Council in accordance with the requirements of the Code of Audit Practice.

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## Working with the Council

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you, delivering the accounts by the 31 July deadline, releasing your finance team for other work
- Discussions around future challenges with the management
- Sharing our insight – we provided regular corporate governance committee updates covering best practice. We also shared our thought leadership reports.
- Providing training – we provide your teams with training on financial accounts and annual reporting during the year.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

**Grant Thornton UK LLP**  
**August 2018**

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# Audit of the Accounts

## Our audit approach

### Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's accounts to be £1,648,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We set a lower threshold of £82,000, above which we reported errors to the Corporate Governance Committee in our Audit Findings Report.

### The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts, the narrative report and annual governance statement published alongside the Statement of Accounts to check they are consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

# Audit of the Accounts

## Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Improper revenue recognition for West Somerset Recharges</b></p> <p>Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>For Taunton Deane Borough Council, we rebutted the risk for non-fees and charges income, and focussed on the risk relating to the recharges to West Somerset District Council.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted for non-fees and charges income streams, because:</p> <ul style="list-style-type: none"> <li>• There is little incentive to manipulate revenue recognition</li> <li>• Opportunities to manipulate revenue recognition are very limited</li> <li>• The culture and ethical frameworks of local authorities, including Taunton Deane Borough Council, mean that all forms of fraud are seen as unacceptable</li> </ul> <p>As part of our audit work on recharges we have:</p> <ul style="list-style-type: none"> <li>• Documented our understanding of management's controls over revenue recognition</li> <li>• Reviewed and tested revenue recognition policies; and</li> <li>• Tested a sample of recharges to ensure they are correct.</li> </ul>	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• Gained an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness;</li> <li>• Obtained a full listing of journal entries, identified and tested unusual journal entries for appropriateness;</li> <li>• Evaluate the rationale for any changes in accounting policies or significant unusual transactions</li> <li>• Carried out a review of accounting estimates, judgements and decisions made by management</li> <li>• Reviewed any unusual significant transaction</li> </ul>	<p>Our audit work has not identified any issues in respect of management override of controls.</p>

## Significant Audit Risks continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of Property, Plant and Equipment (PPE)</b></p> <p>The Council revalues its land and buildings on a rolling basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• Reviewed management's processes and assumptions for the calculation of the estimate.</li> <li>• Reviewed the competence, expertise and objectivity of any management experts used.</li> <li>• Reviewed the instructions issued to valuation experts and the scope of their work</li> <li>• Held discussions with the Council's valuer about the basis on which the valuation was carried out, challenging the key assumptions.</li> <li>• Reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.</li> <li>• Tested revaluations made during the year to ensure they were input correctly into the Council's asset register</li> <li>• Evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to the current value.</li> </ul>	<p>Two issues were identified with the PPE revaluations.</p> <ul style="list-style-type: none"> <li>• It was found that a number of assets were not revalued in the last 5 years as required by the CIPFA Code. This affects £1.5m of Council Dwellings (which are indexed each year to ensure a current valuation) and £2.9m of other HRA Assets.</li> <li>• One minor amendment was identified with the Revaluation reserve where the gross figures for upward and downward revaluations were understated by £2.009m. The net figure was correct, and so there was no impact on the figures included in the primary statements.</li> </ul> <p>With the exception of the issues above, our audit work has not identified any issues in respect of the valuation of property, plant and equipment.</p>
<p><b>New General Ledger (E5) implemented from 1 April 2017.</b></p> <p>Introduction of a new Ledger (E5) and migration of data from the old ledger (SAP). We identified a risk that the data had not been migrated correctly as requiring special audit consideration.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• Reviewed the arrangements management have in place to manage the transfer of the SAP ledger into E5.</li> <li>• Reviewed the process to provide additional assurance that the opening balances have been correctly transferred.</li> </ul>	<p>Our audit work has not identified any issues in respect of the migration of data from the old ledger.</p>

## Significant Audit Risks continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of pension fund net liability.</b></p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 32</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>Identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We also assessed whether these controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement.</li> <li>Reviewed the competence, expertise and objectivity of the actuary who carried out your pension fund valuation.</li> <li>Gained an understanding of the basis on which the IAS19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made.</li> <li>Reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul>	<p>Our audit work has not identified any issues in respect of the valuation of pension fund net liability.</p>

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# Audit of the Accounts

## Audit opinion

We gave an unqualified opinion on the Council's financial statements on 31 July 2018, in advance of the earlier national deadline.

## Preparation of the accounts

The Council presented us with draft accounts in accordance with the national deadline of 31 May 2018.

## Issues arising from the audit of the accounts

We reported the key issues from our audit to the Council's Corporate Governance Committee on 23 July 2018 and supplemented this with addendums circulated to members of the committee.

## Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

**Other statutory powers** We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

No powers have been exercised during the course of this audit.

## Certificate of closure of the audit

We are also required to certify that we have completed the audit of the accounts of Taunton Deane Borough Council in accordance with the requirements of the Code of Audit Practice.

We certified that we had completed the audit of the accounts for the Council in accordance with the Code on 31 July 2018.

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# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risk we identified and the work we performed are set out overleaf.

## Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.

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# Value for Money conclusion

## Key Value for Money Risk

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Medium term financial position, including the Transformation Programme and proposal for a new Council</b></p> <p>It was noted the Council had a balanced financial plan for 2018/19 and an indicative surplus for 2019/20. However, there was a forecast budget gap by 2022/23 of £1.70m, which would increase by circa £1.5m if the savings identified via the transformation programme were not achieved over the next five years. The transformation culminated in the creation of the new Council from April 2019.</p>	<p>As part of our work we have:</p> <ul style="list-style-type: none"> <li>• Reviewed the 2017/18 Budget Setting process and outcomes.</li> <li>• Reviewed the in-year Budget Monitoring to the Joint Management Team and to Corporate Scrutiny.</li> <li>• Reviewed the 2017/18 Outturn position</li> <li>• Reviewed the 2018/19 Budget Setting process and outcomes.</li> <li>• Reviewed arrangements for the new 'Somerset West and Taunton Council'.</li> </ul>	<p>Whilst significant pressures remain, we conclude that, overall, the Council has demonstrated it has appropriate arrangements in place for sustainable resource deployment.</p>

# A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

## Reports issued

Report	Date issued
Audit Plan	March 2018
Audit Findings Report	July 2018
Annual Audit Letter	August 2018

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Fees

	Planned £	Actual fees £	2016/17 fees £
Statutory Council audit	50,629	50,629	50,629
Housing Benefit Grant Certification	9,419	TBC	7,793
<b>Total fees</b>	<b>60,048</b>	<b>TBC</b>	<b>58,422</b>

The planned fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

## Fees for non-audit services

Service	Fees £
<b>Audit related services</b> - Audit of Pooled Housing Capital Receipts	TBC
<b>Non-Audit related services</b> - None	Nil

## Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.





## Taunton Deane Borough Council

### Corporate Governance Committee – 17 September 2018

#### External Audit – Progress Report and Update

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

Report Author: Paul Carter, Assistant Director – Resources and Support

#### 1 Purpose of the Report

- 1.1 The attached report provides the Corporate Governance Committee with a progress update regarding the work of the external auditors, Grant Thornton, together with information relating to emerging issues which may be relevant to the Council.

#### 2 Recommendations

- 2.1 Members are requested to note the update report.

#### 3 Risk Assessment (if appropriate)

##### Risk Matrix

Description	Likelihood	Impact	Overall
The details of any specific risks are contained in the report			

#### 4 Background and Full details of the Report

- 4.1 The Council's external audit function is undertaken by Grant Thornton. The external Auditors, as part of their work, provide regular progress updates to Members via the Corporate Governance Committee together with updates in relation to emerging national issues, which may be of relevance to the Council. These are detailed in the attached report.

#### 5 Links to Corporate Aims / Priorities

- 5.1 There is no direct contribution to the Corporate Priorities.

#### 6 Finance / Resource Implications

- 6.1 This is an update report only and there are no specific financial implications.

#### 7 Legal Implications

- 7.1 The Council has a statutory duty to produce financial statements.

**8 Environmental Impact Implications**

8.1 None

**9 Safeguarding and/or Community Safety Implications**

9.1 None

**10 Equality and Diversity Implications**

10.1 None

**11 Social Value Implications**

11.1 None

**12 Partnership Implications**

12.1 None

**13 Health and Wellbeing Implications**

13.1 None

**14 Asset Management Implication**

14.1 None

**15 Consultation Implications**

15.1 None

**Democratic Path:**

- **Corporate Governance Committee – Yes**
- **Executive – No**
- **Full Council – No**

**Reporting Frequency:**    **Once only**    **Ad-hoc**    **Quarterly**

**Twice-yearly**    **Annually**

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# Audit Progress Report and Sector Update

Taunton Deane Borough Council

September 2018

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# Introduction



**Peter Barber**

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This paper provides the Corporate Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

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Members of the Corporate Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the link to be directed to the website [www.grant-thornton.co.uk/en/industries/public-sector/](http://www.grant-thornton.co.uk/en/industries/public-sector/)

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at September 2018

## 2017/18 Audit

We have completed our audit of the Council's 2017/18 financial statements.

We reported the key issues from our audit to the Council's Corporate Governance Committee on 23 July 2018 and supplemented this with an addendum circulated to members of the committee.

Our audit opinion, including our value for money conclusion and certificate of audit closure was issued on the 31 July 2018.

We issued:

- An unqualified opinion on the Council's financial statements; and
- An unqualified value for money conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We have issued all our deliverables for 2017/18 and have concluded our work on the 2017/18 financial year. Our Annual Audit Letter, summarising the outcomes of our audit is included as a separate agenda item.

## 2018/19 Audit

We have begun our planning processes for the 2018/19 financial year audit.

Our detailed work and audit visits will begin later in the year and we will discuss the timing of these visits with management. In the meantime we will:

- continue to hold regular discussions with management to inform our risk assessment for the 2018/19 financial statements and value for money audits;
- review minutes and papers from key meetings; and
- continue to review relevant sector updates to ensure that we capture any emerging issues and consider these as part of audit plans.

## Other areas

### Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2018/19 claim will be concluded by November 2018.

We are also required to complete the work on the Council's Pooled Housing Capital Receipts return. The 2016/17 return remains outstanding due to problems in receiving complete and accurate data to support the claim's entries. We continue to work with your officers to complete the certification of this claim.

The results of the certification work are reported to you in our certification letter.

### Meetings

We met with Finance Officers in June as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council. Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

# Audit Deliverables

2017/18 Deliverables	Planned Date	Status
<b>Fee Letter</b> Confirming audit fee for 2017/18.	April 2018	Complete
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	January 2019	Not yet due
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Not yet due
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Not yet due
<b>Annual Certification Letter</b> This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2019	Not yet due

# Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

# CIPFA consultation – Financial Resilience Index

The Chartered Institute of Public Finance and Accountancy (CIPFA) has consulted on its plans to provide an authoritative measure of local authority financial resilience via a new index. The index, based on publically available information, will provide an assessment of the relative financial health of each English council.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector's views, CIPFA invited all interested parties to respond to questions it has put forward in the consultation by the 24 August.

The decision to develop an index is driven by CIPFA's desire to support the local government sector as it faces a continued financial challenge. The index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure. The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure. The index will also provide a transparent and independent analysis based on a sound evidence base.

The proposed approach draws on CIPFA's evidence of the factors associated with financial stress, including:

- running down reserves
- failure to plan and deliver savings in service provision
- shortening medium-term financial planning horizons.
- gaps in saving plans
- departments having unplanned overspends and/or undelivered savings.

Conversations with senior practitioners and sector experts have elicited a number of additional potential factors, including:

- the dependency on external central financing
- the proportion of non-discretionary spending – e.g. social care and capital financing - as a proportion of total expenditure
- an adverse (inadequate) judgement by Ofsted on Children's services
- changes in accounting policies (including a change by the council of their minimum revenue provision)
- poor returns on investments
- low level of confidence in financial management.

The consultation document proposes scoring six key indicators:

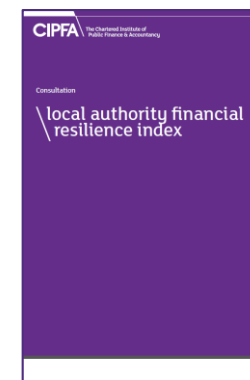
1. The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.
2. The percentage change in reserves, excluding schools and public health, over the past three years.
3. The ratio of government grants to net revenue expenditure.
4. Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.
5. Ofsted overall rating for children's social care.
6. Auditor's VFM judgement.



## CIPFA Consultation

### Challenge question:

Has your Director of Finance briefed members on the Council's response to the Financial Resilience Index consultation?



# MHCLG – Social Housing Green Paper

The Ministry of Housing, Communities and Local Government (MHCLG) published the Social Housing Green Paper, which seeks views on government's new vision for social housing providing safe, secure homes that help people get on with their lives.

With 4 million households living in social housing and projections for this to rise annually, it is crucial that MHCLG tackle the issues facing both residents and landlords in social housing.

The Green Paper aims to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing can be both a stable base that supports people when they need it and also support social mobility. The paper proposes fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it.

To shape this Green Paper, residents across the country were asked for their views on social housing. Almost 1,000 tenants shared their views with ministers at 14 events across the country, and over 7,000 people contributed their opinions, issues and concerns online; sharing their thoughts and ideas about social housing,

The Green Paper outlines five principles which will underpin a new, fairer deal for social housing residents:

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

Consultation on the Green Paper is now underway, which seeks to provide everyone with an opportunity to submit views on proposals for the future of social housing and will run until 6 November 2018.

The Green Paper presents the opportunity to look afresh at the regulatory framework (which was last reviewed nearly eight years ago). Alongside this, MHCLG have published a Call for Evidence which seeks views on how the current regulatory framework is operating and will inform what regulatory changes are required to deliver regulation that is fit for purpose.

The Green Paper acknowledges that to deliver the social homes required, local authorities will need support to build by:

- allowing them to borrow
- exploring new flexibilities over how to spend Right to Buy receipts
- not requiring them to make a payment in respect of their vacant higher value council homes

As a result of concerns raised by residents, MHCLG has decided not to implement at this time the provisions in the Housing and Planning Act to make fixed term tenancies mandatory for local authority tenants.

The Green Paper is available on the MHCLG's website at:

<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>

## Social Housing Green Paper Consultation

### Challenge question:

What does the Social Housing Green Paper mean for your local authority?



# MHCLG – Business rate pilots

The Secretary of State has invited more councils to apply for powers to retain the growth in their business rates under the new pilots. The pilots will see councils rewarded for supporting local firms and local jobs and ensure they benefit directly from the proceeds of economic growth.

From April 2019, selected pilot areas will be able to retain 75% of the growth in income raised through business rates, incentivising councils to encourage growth in business and on the high street in their areas. This will allow money to stay in communities and be spent on local priorities - including more funding to support frontline services.

This follows the success of previous waves of business rates retention pilots, launched in a wide range of areas across country in 2017 and 2018.

The current 50% business rates retention scheme is yielding strong results and in 2018 to 2019 it is estimated that local authorities will keep around £2.4 billion in business rates growth.

Findings from the new round of pilots will help the government understand how local authorities can smoothly transition into the proposed system in 2020.

Proposals will need to show how local authorities would 'pool' their business rates and work collaboratively to promote financial sustainability, growth or a combination of these.

Alongside the pilots, the government will continue to work with local authorities, the Local Government Association, and others on reform options that give local authorities more control over the money they raise and are sustainable in the long term.

The invitation is addressed to all authorities in England, excluding those with ongoing business rates retention pilots in devolution areas and London. Due to affordability constraints, it may be necessary to assess applications against selection criteria, which will include:

- Proposed pooling arrangements operate across a functional economic area
- Proposal demonstrates how pooled income from growth will be used across the pilot area to either boost further growth, promote financial sustainability or a combination of these
- Proposal sets out robust governance arrangements for strategic decision-making around management of risk and reward and outlines how these support the participating authorities' proposed pooling arrangements

Any proposals will need to show that all participating authorities have agreed to become part of the suggested pool and share additional growth as outlined in the bid. The Section 151 officer of each authority will need to sign off the proposal before submission.

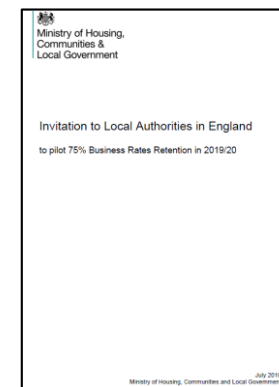
Proposal for new pilots must be received the MHCLG by midnight on Tuesday 25<sup>th</sup> September 2018.

## Business Rates pilots 2019/20



### Challenge question:

Have your authority considered applying to be a Business Rates pilot?





# Institute of Fiscal Studies: Impact of 'Fair Funding Review'

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government's 'Fair Funding Review' is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils' differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

## Accounting for councils' spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG's funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of 'spending needs' and 'needs indicators', and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

## Accounting for councils' revenues

The biggest source of locally-raised revenue for councils is and will continue to be council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

## The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.





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# Links

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Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728722/BRR\\_Pilots\\_19-20\\_Prospectus.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf)

Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>



## Taunton Deane Borough Council

### Corporate Governance Committee – 17 September 2018

#### SWAP Internal Audit – Internal Audit Plan 2018/19 Progress

This matter is the responsibility of Executive Councillor Richard Parrish

Report Author: Alastair Woodland, Assistant Director, SWAP

#### 1 Executive Summary

- 1.1 The Internal Audit function plays 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.
- 1.2 The 2018-19 Annual Audit Plan is to provide independent and objective assurance on TDBC's Internal Control Environment. This work will support the Annual Governance Statement.

#### 2 Recommendations

- 2.1 Members are asked to note progress made in delivery of the 2018/19 internal audit plan and significant findings since the previous update in June 2018.

#### 3 Risk Assessment

- 3.1 Any large organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. TDBC has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement.

#### Risk Matrix

Description	Likelihood	Impact	Overall
Without the delivery of the approved audit plan there is the risk of insufficient audit work being completed to provide a reasonable assurance to stakeholders that there is an effective control framework in place, adequately mitigating risks to the authority's risk appetite.	3	3	9

## Risk Scoring Matrix

<b>Likelihood</b>	5	Almost Certain	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	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	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

4.1 This report summarises the work of the Council's Internal Audit Service and provides:

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in June 2018.
- 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.

4.2 The Internal Audit Progress Report for 2018/19 is contained within the attached SWAP Report.

## 5 Links to Corporate Aims

5.1 Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, South West Audit Partnership.

## **6 Finance**

6.1 There are no specific finance issues relating to this report.

## **7 Legal Implications**

7.1 There are no specific legal issues relating to this report.

## **8 Environmental Impact Implications**

8.1 There are no direct implications from this report.

## **9 Safeguarding and/or Community Safety Implications**

9.1 There are no direct implications from this report.

## **10 Equality and Diversity Implications**

10.1 There are no direct implications from this report.

## **11 Social Value Implications**

11.1 There are no direct implications from this report.

## **12 Partnership Implications**

12.1 There are no direct implications from this report.

## **13 Health and Wellbeing Implications**

13.1 There are no direct implications from this report.

## **14 Asset Management Implications**

14.1 There are no direct implications from this report.

## **15 Consultation Implications**

15.1 There are no direct implications from this report.

### **Democratic Path:**

- **Corporate Governance Committees – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

Reporting Frequency :  Once only  Ad-hoc  Quarterly

Twice-yearly       Annually

**List of Appendices (delete if not applicable)**

Appendix A	SWAP Internal Audit Progress Report 2018/19
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# Taunton Deane Borough Council

## Report of Internal Audit Activity

Plan Progress 2018/19 September 2018

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# Contents

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	Appendix C – Summary of Key Audit Findings	Page 10 - 17



### Our audit activity is split between:

- **Operational Audit**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Follow Up**
- **Non-Opinion / Advisory Reviews**



### Role of Internal Audit

The Internal Audit service for the Taunton Deane Borough Council is provided by SWAP Internal Audit Services (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Corporate Governance Committee at its in March 2018.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Follow Up
- Non-Opinion / Advisory Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Management Team. This year's Audit Plan was reported to this Committee and approved by this Committee at its meeting in March 2018.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

# Internal Audit Plan Progress 2017/2018

## Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 1 being a fundamental concern to the services/area being reviewed and 3 being a minor concern that requires management attention.



## Internal Audit Work

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2018/19. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed on **Appendix A** of this document.

Since the June 2018 update the following audits have been finalised.

Audit Area	Quarter	Status	Opinion
<b>2018/19</b>			
Use of non-contracted suppliers - DLO	1	Final	Follow Up
Crematorium Service Review	1	Final	Partial
Housing Compliance - Gas Safety	1	Final	Follow Up
DLO External Income	1	Final	Follow Up
GDPR - Members Awareness Training	1	Final	Advisory
Parking Maintenance	1	Final	Follow Up
<b>2017/18</b>			
Disaster Recovery	4	Final	Reasonable
Payroll	4	Final	Partial

## Internal Audit Plan Progress 2017/2018

### Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 1 being a fundamental concern to the services/area being reviewed and 3 being an minor concern that requires management attention.



### Internal Audit Work

Overall good progress has been made on the Audit Plan 2018-19. The current position statement can be seen at [Appendix B](#).

As agreed with this Committee where a review has a status of 'Final' and has been assessed as 'Partial' or 'No Assurance', I will provide further detail to inform Members of the key issues identified. Since the March 2018 update there are two 'Partial Assurance' reviews I need to bring to your attention, these being the Crematorium Service Review and the Payroll Key Control review. I have also provided further details on the follow up audits, so Members will be aware of progress made against previously reported partial and no assurance audits. Further details can be found within [Appendix C](#).

We keep our audit plans under regular review so as to ensure that we audit the right things at the right time.

Approved Changes to the Audit Plan

The audit plan for 2017/18 is detailed in **Appendix B**. Inevitably changes to the plan will be required during the year to reflect changing risks and ensure the audit plan remains relevant to Taunton Deane Borough Council. Members will note that where necessary any changes to the plan throughout the year will have been subject to agreement with the appropriate Service Manager and the Audit Client Officer.

Since the June 2018 update there are a couple of plan changes that I need to bring to your attention.

- Due to the phase one recruitment it has been necessary to push the Homelessness Reduction Act Audit back from quarter 2 to quarter 4. To accommodate this the Growth Agenda - Project and Programme Development audit focusing on the Coal Orchard development has been brought forward from quarter 4.
- Payroll Contracted Service Review – This audit was in the plan to review the delivery of the new payroll contract arrangements. Although there were some concerns in this area the service has improved and now the time for this audit is being moved towards the transformation programme.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;



Audit Framework Definitions

Control Assurance Definitions

- Substantial
- Reasonable
- Partial
- No Assurance
- Non-Opinion/Advisory

<b>Substantial</b>	▲ ★ ★ ★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
<b>Reasonable</b>	▲ ★ ★ ★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	▲ ★ ★ ★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>No Assurance</b>	▲ ★ ★ ★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Non-Opinion/Advisory – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time. Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.



Audit Framework Definitions

**Categorisation of Recommendations**

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

- Priority 1: Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
- Priority 2: Important findings that need to be resolved by management.
- Priority 3: Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

**Definitions of Risk**

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of Senior Management & the Audit Committee.

# Summary of Key Audit Findings

# APPENDIX C

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ← → 3 = Minor			Comments
						Recommendation			
						1	2	3	
<b>FINAL</b>									
Follow-up	Use of non-contracted suppliers - DLO	1	Final	Non-Opinion	2	-	2	-	
Operational	Crematorium Service Review	1	Final	Partial	6	2	4	0	
Follow-up	Housing Compliance - Gas Safety	1	Final	Non-Opinion	-	-	-	2	
Follow-up	DLO External Income	1	Final	Non-Opinion	6	-	1	5	
Governance, Fraud & Corruption	GDPR - Members Awareness Training	1	Final	Non-Opinion	-	-	-	-	
Follow-up	Parking Maintenance	1	Final	Non-Opinion	3	0	0	3	
<b>DRAFT</b>									
Operational	Housing Compliance (Fire Safety Management)	1	Draft						
Key Control Audit	Housing Rents	2	Review						
Governance, Fraud & Corruption	Insurance Arrangements	2	Review						
Governance, Fraud & Corruption	GDPR - Action Plan Progress	2	Review						

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# Summary of Key Audit Findings

# APPENDIX C

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ← → 3 = Minor			Comments
						Recommendation			
						1	2	3	
<b>IN PROGRESS</b>									
Transformation	Business Process Re-engineering	1 to 4	In Progress						
Transformation	Benefits Realisation Management	1 to 4	In Progress						
Transformation	New Council Governance	1 to 4	In Progress						
Information & Communication Technology	Universal Transaction Portal	1 to 3	In Progress						
Governance, Fraud & Corruption	Growth Agenda - Project and Programme Development	2	In Progress						
<b>NOT STARTED</b>									
Transformation	Strategic Framework	1 to 4							
Information & Communication Technology	Refresh of Network Security Infrastructure	2 to 3							
Information & Communication Technology	Programme of Consolidation	2 to 4							
Key Control Audit	Creditors	3							
Key Control Audit	Debtors	3							

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# Summary of Key Audit Findings

# APPENDIX C

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Minor			Comments
						Recommendation			
						1	2	3	
Key Control Audit	Treasury Management	3							
Key Control Audit	Main Accounting	3							
Operational	Homelessness Reduction	4							
Key Control Audit	System parameter Testing	4							
<b>DROPPED</b>									
Key Control Audit	Payroll System (Contract Arrangement)	2							Time to transformation.

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## Outstanding 2017/18

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
ICT	Disaster Recovery	Q3	Final	Reasonable	3	0	0	3	0	0	
Key Control	Payroll	Q4	Final	Partial	11	0	0	9	2	0	

**Audit Assignments completed since the June 2018 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Corporate Governance Committee.**



**Summary of Audit Findings and High Priority Service Findings**

The following information provides a brief summary of each audit review finalised since the last Committee update in June 2018. Each audit review is displayed under the relevant audit type, i.e. Operational; Key Control; Governance; Fraud & Corruption; ICT and Special Review.

Since the June 2018 update there are two Partial Assurance audit opinions that I need to bring to your attention and four follow up audits updated on previously reported areas of weakness.

**Operational Audits**

Operational audits are a detailed evaluation of a Service’s control environment. A risk matrix is devised and controls are tested that mitigate those risks. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

**Crematorium – Partial Assurance**

The Taunton Deane Bereavement Service carries out over 2000 cremations and 300 burials per annum. It operates five cemeteries covering 56 acres which are open to the bereaved every day of the year. Total income per year is circa £1.7 million.

The last full audit review was carried out in August 2016 and awarded partial assurance and was followed up in July 2017, although six of the 15 recommendations had been implemented, nine were still in progress. Since the original Audit a new Bereavement Service Manager and Registrar has been appointed. He has made changes to the way the service is being run including the introduction of new memorial options and increasing the number of available graves within the cemeteries owned by the Council.

**Audit Assignments completed since the June 2018 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Corporate Governance Committee.**

**Operational Audits Continued**

We recognise the hard work of the Bereavement Service Manager and Registrar since his arrival in December 2016 and his staff following the publication of our previous follow-up report in July 2017. We note that numerous procedures have been drafted to guide staff on the use of the Crematory, E5, grounds and office. We also note improvements around the monitoring and reporting of the service’s financial position. The Bereavement Service principally delivers an essential and valued service to members of the public however, it also provides an essential revenue stream for the Council as recent budget monitoring reports have proven.

The common theme with our findings of this review is that the Cemetery/Crematorium System Administration System (CAS) is not fit for purpose. This has been pointed out in our previous reviews and has been acknowledged by Management. We do realise that Management have been making efforts to move the procurement of a new Administration System forward but have been delayed by other higher priorities related to the wider transformation of the Council. The need for a replacement CAS system is the principal, priority 4, finding in this report and heavily influences the partial opinion offered, along with the need for a baseline Plan of Graves, recorded and reconciled to the replacement CAS system and the subsequent monthly reconciliation of internal paperwork to the new CAS system.

As previously mentioned the Bereavement Service is a key income stream for the Council. The Bereavement Service Manager and Registrar has identified areas of growth which could result in the commercial development of the Bereavement Service; we note that Senior Management have recognised this too, which may lead to the service being organised and positioned differently in order to achieve that goal. This will no doubt ensure specialist skills and knowledge is retained within the Bereavement Service. However, these areas of growth are yet to be documented in a Business Case/Service Plan. This has also been identified as a key finding and has been scored priority 4 accordingly. To bring about valued change such areas of growth need to be documented and presented to Senior Management and Members for further consideration and acceptance.

**Audit Assignments completed since the June 2018 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Corporate Governance Committee.**

**Key Control**

Key Control Audits are completed as an assessment of the Council's financial control environment. It is essential that all key controls are operating effectively to provide management with the necessary assurance that there is a satisfactory framework on internal control. Financial controls underpin the statement of accounts.

**Payroll 2017-18 – Partial Assurance**

Since the previous audit significant work has been carried out with the roll out of iTrent and the employee self-service. The HR Project Officer, who was initially involved in the implementation of the new system has taken on a greater role of overseeing the payroll function, including reviewing all exception reports prior to sign-off. The controls overseeing the Payroll function are still at a formative stage, and we found a lack of audit trail at various stages within our testing and a need to develop some of the authorisation processes. Although involved in the set-up of the HRIS the HR Project Officer is new to Payroll processing and has recently completed a Payroll Technician’s course to build her knowledge in this area as well as networking with colleagues in South Somerset and Banes who use the same HRIS.

There is currently an opportunity for the HR Project Officer to be involved in all elements of the Payroll process; creating posts, adding new starters, reviewing payroll reports. However, the final authorisation for release of payments from the bank has to come from one of four senior managers within TDBC. The HR Project Officer is the only officer with system administration access to the database. Whilst this may have been required in initially setting up the system, there is now a requirement to look at whether these processes are satisfactory as currently there is no separation of duties on some payroll changes exposing the Council to potential financial loss through error or fraud.

Weaknesses within this audit are higher risk, to some extent, due to the implementation of e5 and the delays in carrying out full budget monitoring. Although this is acknowledged to be outside of the control of the payroll team, detailed budget monitoring would act as a mitigating control.

**Audit Assignments completed since the June 2018 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Corporate Governance Committee.**

**Key Control Continued**

It is evident from our testing that the new payroll system processes are not fully embedded and the system is not being utilised to its full extent. For example, temporary changes such as fixed term contracts and honorariums are being monitored using a spreadsheet as opposed to iTrent which is an accepted risk whilst delivering the Transformation project where there is a high volume of temporary adjustments to monitor.

Other key findings include the continued use of paper-based files and the inaccessibility of these. During testing it was found key forms were not filed properly, resulting in difficulties and delays with obtaining the information. It was also found that the authorised signatory list has not been updated following a recommendation on the previous audit, and is still in paper format, despite most of the forms being sent to payroll via email.

**Follow Up Audits**

Follow up reviews are undertaken where a previous audit has returned a ‘Partial Assurance’ or ‘No Assurance’. This is to provide assurance to the Corporate Governance Committee that areas of weakness have been addressed. Follow up reviews will only focus on the areas of weakness identified in the original review and are usually undertaken 6 months after the original review to allow time for recommendations to be implemented.

**Use of non-contracted suppliers – Follow Up**

In the Use of non-contracted suppliers at the DLO audit report issued in July 2017 we offered partial assurance in relation to the areas reviewed. Some key risks were not well managed, and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

**Audit Assignments completed since the June 2018 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Corporate Governance Committee.**

**Follow Up Audits Continued**

Eight recommendations were raised under the single risk, two were given a priority score 4 and six were assigned a priority score 3. Whilst carrying out this follow-up audit management were asked to feedback what progress they had made against the recommendations raised under the risk. The table below summarises the progress made:

	Complete	In Progress	Not Started	Not Due
<b>Priority 4</b>	-	Two	-	-
<b>Priority 3</b>	Six	-	-	-
<b>Total</b>	<b>Six</b>	<b>Two</b>	-	-

With regards to the priority 4 recommendations showing as ‘in progress’ it should be noted that the first recommendation relates to a finding about the Council’s Contract Procedure Rules and how it was found there was excessive flexibility within paragraph 17 that could be exploited by the DLO to avoid applying standard procurement practices. It was recommended that this paragraph was removed. Management has explained that due to Transformation the Council is working on developing a new constitution for the new Council to be up and running by April 2019 and therefore it made more sense for changes to be fed into this process rather than changing the existing constitution for just a few months. Taking into consideration the transformation taking place at the Council this is reasonable.

The second recommendation related to the absence of standard procurement practices being applied for non-contracted suppliers and two non-contracted suppliers being used for considerable lengths of time. It should be noted that one of these non-contracted suppliers is now employed by the Council. Staff have an awareness that smaller sub £15k thresholds are now being tendered. For work above approximately £5k, formal quotes are now sought generally under competition.

**Audit Assignments completed since the June 2018 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Corporate Governance Committee.**

**Follow Up Audits Continued**

For works below £1k reference is generally made to the agreed hourly rate. Management has confirmed that areas of spend have been investigated and priorities agreed going forward. The Council has also signed up to the Devon and Somerset list of approved contractors (SLOAC). No formal training plan has been delivered to date, but Management will review staff training requirements upon completion of phase 1 recruitment to the new roles identified within transformation. Taking into consideration the transformation taking place at the Council this appears to be reasonable.

**Gas Servicing – Follow up**

The following table summarise progress made against the eight recommendations raised in the original audit report.

	Complete	In Progress	Not Started	Not Due
<b>Priority 4</b>	One	-	-	-
<b>Priority 3</b>	Five	Two	-	-
<b>Total</b>	Six	Two	-	-

Out of the eight recommendations raised in the November 2017 report six have been completed. The implementation of Gastag means that Landlord Gas Safety Records (LGSRs) are now generated centrally on the system and where contractors have undertaken installations they can also be swiftly validated. Our review of twenty-five LGSRs found they were received on the day of the gas safety service.

Presently there are two priority 3 recommendations that have not been fully completed, but both are in progress. One recommendation relates to the need for a reconciliation between the housing database and Gastag and the other the completion of a Property Service Business Continuity Plan (BCP). With regards to the former recommendation a reconciliation between both systems was completed for the installation of Gastag, but the yearly reconciliation has not, as yet, been completed. Focusing on the latter recommendation processes have been created to improve resilience, but a BCP has not, as yet, been drafted.

**Audit Assignments completed since the June 2018 update:**

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Corporate Governance Committee.

**Follow Up Audits Continued**

**DLO External Income – Follow Up**

The following table summarise progress made against the seven recommendations raised in the original audit Report.

	Complete	In Progress	Not Started	Not Due
<b>Priority 4</b>		One	-	-
<b>Priority 3</b>	One	Five	-	-
<b>Total</b>	<b>One</b>	<b>Six</b>	-	-

Progress has been made against most of the recommendations since the audit was undertaken. However, progress has been delayed, most notably by the implementation of the e5 system. Therefore, actions on developing the process for monitoring outstanding debts, and keeping a sufficient record is outstanding. The service not having access to this data has prevented them from being involved at an early stage to allow for successful recovery, although it is noted that the e5 system was completing dunning automatically from November 2017.

Work on commercialising the external works team has started, separating teams out based on the activity undertaken and ensuring works are recorded against individual contract codes on the financial management system as well as taking some account of overheads. This will allow the Open Spaces Manager to determine the profitability of that team and can also help inform future pricing and income targets for the service. There are also more opportunities to increase the commercial awareness internally, as quotes for works and actual costs are contained within the Open Contractor system there is an opportunity to monitor this periodically by reviewing the return rate on certain jobs and investigating jobs with lower returns for explanation as well as pursuing the more lucrative business once identified.



**Audit Assignments completed since the June 2018 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Corporate Governance Committee.**

**Follow Up Audits Continued**

Recommendations regarding setting costs and financial targets have revised target, however, it's not yet known how budgets will be set following the formation of a new Council, Transformation and what involvement the Open Spaces Manager will have as these targets may be subject to change.

**Parking Maintenance – Follow Up**

In the Parking Maintenance audit report issued in October 2017 we offered partial assurance. Six recommendations were raised, three were given a priority score 4 and the remainder allocated a priority score 3. Whilst carrying out this follow-up audit, management were asked to feedback what progress they had made against the recommendations raised. Table 1 summarises the progress made:

	<b>Complete</b>	<b>In Progress</b>	<b>Not Started</b>	<b>Not Due</b>
<b>Priority 4</b>	Three	-	-	-
<b>Priority 3</b>	-	Three	-	-
<b>Total</b>	<b>Three</b>	<b>Three</b>	-	-

It is pleasing to note that the three priority 4 recommendations have been addressed. This has reduced the overall assessment of risk in relation to this area to Low. It is recognised that the three priority 3 recommendations involving the developing of the Car Parking Strategy across Taunton Deane and West Somerset, the Parking Maintenance Plans including that of the Orchard Multi-Storey Car Park are more detailed tasks and understandably their status is still work in progress.



## Taunton Deane Borough Council

### Corporate Governance Committee – 17<sup>th</sup> September 2018

#### Overdue high priority SWAP Audit Recommendations

Report Author: Richard Doyle, Corporate Strategy & Performance Officer

#### 1 Purpose of the Report

- 1.1 This report provides Members with 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 is overdue.

#### 2 Recommendations

- 2.1 It is recommended that:-

- The committee review the overdue actions.

#### 3 Risk Assessment

##### Risk Matrix

Description	Likelihood	Impact	Overall
The Council is exposed to risk through inadequate systems and processes identified through SWAP audits.	Likely (4)	Major (4)	High (16)
The mitigation for this is the timely completion of agreed remedial actions,	Unlikely (2)	Major (4)	Medium (8)

#### 4 Background and Full details of the Report

- 4.1 Taunton Deane BC engage the South West Audit Partnership (SWAP) to carry out internal audit functions; checking the adequacy of controls and procedures across the whole range of Council services.
- 4.2 At the start of each financial year an audit plan is agreed between SWAP and the Council which identifies the areas of highest potential organisational and operational risk within the Council.

- 4.3 When an audit takes place a report is provided to the service manager concerned which gives an audit conclusion and opinion.
- 4.4 Any control or procedural weaknesses are identified within an action plan appended to the audit report.
- 4.5 All findings will 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.

The definitions used are provided below:

**Priority 5:** Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.

**Priority 4:** Important findings that need to be resolved by management.

**Priority 3:** The accuracy of records is at risk and requires attention.

**Priority 2:** Minor control issues have been identified which nevertheless need to be addressed.

**Priority 1:** Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

- 4.6 Each finding within the action plan contains a target implementation date which has been agreed between SWAP and the service manager concerned.
- 4.7 All priority 4 and 5 recommendations are captured in a register to ensure progress against the recommendations can be tracked and progress reported to JMT and the Audit/Corporate Governance Committees at Taunton Deane and West Somerset Councils.
- 4.8 This report highlights the Priority 4 and 5 audit actions affecting Taunton Deane Borough Council, where the agreed remedial action is overdue. On this occasion there are **17 priority 4** priority actions which are overdue but **zero overdue priority 5** recommendations for Taunton Deane Borough Council.
- 4.9 A summary of the overdue actions is provided in Appendix A.

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

- 5.1 There are no direct links to corporate aims/priorities although good governance and robust controls and processes underpin good performance.

## **6 Finance / Resource Implications**

- 6.1 Unmitigated risks identified by SWAP could expose the Council to unanticipated claims, expenditure or exposure to fraud.

## **7 Legal Implications**

- 7.1 There are no direct legal implications within this report although unmitigated risks could expose the Council to unanticipated claims.

## **8 Environmental Impact Implications**

- 8.1 There are no direct environmental impact implications associated with this report.

## **9 Safeguarding and/or Community Safety Implications**

- 9.1 There are no safeguarding implications associated with this report. There are Community safety implications in relation to public safety risks associated with tree surveys.

## **10 Equality and Diversity Implications**

- 10.1 There are no equality and diversity implications associated with this report.

## **11 Social Value Implications**

- 11.1 There are no Social Value implications associated with this report.

## **12 Partnership Implications**

- 12.1 The majority of Council services are delivered through shared services arrangements with West Somerset District Council.

## **13 Health and Wellbeing Implications**

- 13.1 There are no direct health and wellbeing implications associated with this report.

## **14 Asset Management Implications**

- 14.1 There are asset management implications associated with this report.

## **15 Consultation Implications**

- 15.1 There are no Consultation implications associated with this report.

**Democratic Path:**

- **Corporate Governance Committee - Yes**
- **Corporate Scrutiny – No**
- **Executive – No**
- **Full Council – No**

**Reporting Frequency: Twice yearly**

**List of Appendices (delete if not applicable)**

Appendix A	Summary of overdue priority 4 and 5 SWAP audit recommendations
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APPENDIX A

Audit Report	Finding	Priority	Recommendation	Management Response	Original Implementation Date	Progress Update	AD Responsible	Org
TDBC - Asset Management - Final Report - 09.12.2015	1.1a Asset Management Plan does not reflect the current role and responsibilities of the new integrated Property and Development function.	4 - High	I recommend that the Asset Manager refreshes the current Asset Management Plan to embrace the current role and responsibilities of the new integrated Property and Development function and reviews proposed actions for individual property to ensure they are still appropriate drivers of asset management.	The current Asset Management Plan, whilst needs refreshing, is still live until end of 15/16. In line with work plan, this is to be refreshed during early 2016 and will reflect subsequent Asset Strategy and new structure and responsibilities.	June 2016	<b>August 2018</b> - contract due to be signed with Capita for provision of consolidated assets system (Open Assets) with an aim to implement in early 2019, this will then be a single repository for asset data - in the meantime spreadsheets continue to be maintained and updated	Paul Carter	TDBC
TDBC - Asset Management - Final Report - 09.12.2015	2.1a The make-up of asset records for property has a number of components, none of which are integrated. Those that are computer based have some 'searchability'.	4 - High	I recommend that the Asset Manager in his review of property records ensures that property data is rationalised and collated into a readily accessible and searchable form and one which provides for appropriate document attachment.	Already committed to delivering as part of Commercial Rents SWAP Audit Management Action. Permanent solution will be the implementation and subsequent use of a new Asset Management System. As interim measure (if required) will collate core data currently from multiple sources into one spreadsheet but this will not enable document attachment.	December 2016 (for interim measure if becomes necessary)	<b>August 2018</b> - this is being dealt with via the new coding structure which will be implemented by the new council	Paul Carter	TDBC
TDBC - Crematorium and Burials - Final Report - 23.10.2015	1.3a CAS Replacement Software.	4 - High	I recommend that the Cemeteries and Crematorium Manager liaises with the procurement team to ensure that when tendering for replacement software the following issues are considered; Validation of plot references; I would recommend that the use of spaces is avoided, and consider populating the system with all available plots prior to roll out so that plot references can be checked and then selected when inputting new ownership details, Exception reporting functionality, Fields required by the LACO are made mandatory, Automatic daily back up to avoid loss of data, Document management and scanning of paperwork, Availability of burial details to be published on the internet to enable interested parties to search themselves.	Currently in process and all issues will be considered and discussed.	Current	<b>September 2018</b> - As of Thursday 31st August The service has identified the company we wish to supply the new system and now in conversations with them for clarity around some points of business, we hope to award the contract by the end of September 2018 with an implementation of 4-6 months	Hall, Chris;	TDBC

TDBC - Software Asset Management - 18.09.2015	2.4a Renewal of the Microsoft ESA: We are unable to confirm that the Council is a named affiliate and can benefit in its own right from the renewal or buy out options.	4 - High	I recommend that the ICT and Information Manager confirm with Southwest One that the Council is a named affiliate to the Microsoft ESA and can maintain its Microsoft licensing beyond the end of the Southwest One contract. If necessary the Council should be added as an affiliate to the ESA.	Agreed. We will work with SWOne to ensure that TDBC is a named affiliate on the Microsoft ESA	October 2015	<b>June 2018</b> - The transfer agreement has been signed and is being periodically chased by the Procurement Manager. Microsoft currently not being very responsive.	Richard Sealy	TDBC
TDBC Collection Fund 1718 Final Report	There has been no reconciliation carried out between Civica and E5 during the financial year. A reconciliation is being worked on to balance the two systems at year end. The process used to complete this is being created as they work through it. There is no reconciliation procedure in place for this because it is a new finance system and this has not yet been fully defined. The officers responsible for completing the reconciliations are primarily based at West Somerset Council and therefore the knowledge and experience of the E5 system is limited. This has caused additional difficulties in identifying a suitable reconciliation process as they were not clear on the codes used in E5 to reconcile against. Without a reconciliation there is a risk that there will be a delay in signing off the accounts at year end and the financial reporting could be incorrect.	4 - High	We recommend that the Principal Accountant ensures that monthly reconciliations are completed for cash and refunds between E5 and Civica from April 2018.	Agreed	30/4/18	<b>August 2018</b> - Good progress had been made in introducing a monthly reconciliation process for both council tax and NNDR cash and refunds at TDBC. All the necessary reports are now in place and work is currently underway to bring the reconciliations up to date. The reconciliations are being undertaken by a member of the corporate finance team at TDBC so knowledge of the reconciliation process is now shared by both councils.	Carter Paul	TDBC
TDBC Commercial Rents and Properties 1617 Follow Up Final Report		4 - High	I recommend the Asset Manager ensures a complete and up-to-date central record is maintained in relation to all commercial properties and leases.	The permanent solution is an integrated Asset Management System. A project is already advancing to identify requirements, identify suitable systems and then to procure and implement such a system. This has been and continues to be a complex and lengthy project. The interim solution (if necessary) is to bring together all datasets into Excel and migrate all key data into one spreadsheet.	April 2017	<b>August 2018</b> - contract due to be signed with Capita for provision of consolidated assets system (Open Assets) with an aim to implement in early 2019, this will then be a single repository for asset data - in the meantime spreadsheets continue to be maintained and updated	Paul Carter	TDBC
TDBC Crematorium and Burial Services Final Report 10.08.16	As stated in finding 3.1, changes can be made to records on the CAS system after invoices have been generated. To make these changes a password has to be entered. Currently the password is known by all officers with access to the CAS system. As a control, the password does not work as all officers can still make changes once an invoice has been generated. The system does not record additional entries as outstanding and if entered for a previous period they will not be picked up and included in the next invoice run. There is a risk that not all income is being collected.	4 - High	In combination with recommendation 3.1a. I recommend that the Cemetery and Crematorium Manager ensures a new system is procured and controls are implemented either through this system or the council's financial management system that allow the following: Interface with the TDBC finance system so that manual input is minimise or no longer required · Record all invoice numbers and dates Provide clear audit trails allowing simple searches to find required information Allow cash receipting against the relevant invoice numbers so over and under payments can clearly be seen. Allow reports to be run from the system showing various financial information. This should include aged debt reports. Produce clear invoices which include VAT breakdowns, VAT registration number, business address, and payment terms. Ensure no changes can be made to records after an invoice has been raised.	CAS audit trail, this is noted and CAS will be replaced during the current financial year and this will be the responsibility of the new Cemeteries and crematorium manager.	31st December 2016	<b>September 2018</b> - all financials are carried out through E5 to ensure none of the CAS issues continue. The new administration systems identified will work with E5.	Hall, Chris;#121	TDBC
TDBC Crematorium and Burial Services Final Report 10.08.16	During testing, the previous audit recommendations were discussed with the Cemetery and Crematorium Manager to identify what progress had been made. There were two priority three recommendations previously and one priority four recommendation regarding replacing the CAS software. None of the recommendations had been completed at point of testing, the Cemetery and Crematorium Manager stated that the procurement of new software had been put back until his replacement was appointed.	4 - High	I recommend that the Assistant Director – Operational Delivery ensures that audit recommendations are completed by the responsible officers.	During the current financial year the system is due for replacement, there has been a demonstration on site of the ClearSkies software and the service is waiting for a demonstration of the Gower software. The new manager will have the opportunity to obtain a new software package appropriate to Taunton Deane requirements and compatibility.	31st December 2016	<b>September 2018</b> - As of Thursday 31st August The service has identified the company we wish to supply the new system and now in conversations with them for clarity around some points of business, we hope to award the contract by the end of September 2018 with an implementation of 4-6 months	Hall, Chris;#121	TDBC
TDBC Debtors Final Report 1718	Key Control: Reconciliation of the General Ledger to all material debtors codes Through discussion with the Senior Corporate Accountant, it was established that with the implementation of the e5 financial system, the Finance Team are only just getting to a position to commence various balance sheet reconciliations and an initial meeting to discuss this took place in December 2017. There is a target date of the end of February 2018 to complete all the reconciliations. Therefore, the Finance Team were not in a position to take part in testing at this stage as no reconciliations have been performed to date. If reconciliations are not performed there is a risk that discrepancies/items that do not balance would not be identified and acted upon.	4 - High	We recommend that the Principal Accountant ensures that the monthly balance sheet reconciliations are progressed and completed prior to the financial year-end.	Agreed	31/3/18	<b>August 2018</b> - All balance sheet reconciliations were completed by 31 March 2018 as part of the Final Accounts process.	Paul Carter	TDBC



<p>TDBC Debtors Final Report 1718</p>	<p>Key Control: Periodic production and independent review of sundry debtors arrears reports  The TDBC Corporate Debt Policy sets out the mission to collect all monies owed to the Council and that action to recover debts will be in a quick manner. It also highlights the requirement for prompt recovery action as essential for effective debt management and that failure to achieve this will have financial consequences for the Council. As it is not possible to obtain a report that demonstrates the timeliness of debts being paid this was completed on a sample basis through Auditor access to the system. A total of 26 invoices were randomly selected (a subset has been used in a later test for testing services timeliness and accuracy in raising debts). Of these 26 the following results were determined: 14 had been paid later than the due date, (three of these took over 100 days to pay) 1 had only been partially paid and therefore a balance was still overdue  Within the sample, three debts had been subject to dunning. Dunning was not live in the system until December when the first reminder invoices were sent out, it is of note that two of the outstanding debts were paid in November following the dunning process.  Excluding the partially paid debt, the average time to pay an invoice was 25.04 days. However, without sufficient system reports to measure the timescales of paying debts it is not possible to place assurance on the effectiveness of recovery processes across the 12k debts in our data; however, it is noted that all debts sampled had either been fully paid or, in one instance, partially paid at the point of testing.  The only report that is currently produced that demonstrates debtors arrears is the Top 20 Sundry Debts by value which is reported to JMT (Joint Management Team) quarterly with a progress report from the Senior Debt Recovery Officer if a debt remains outstanding from the previous quarter. A sample of ten aged debts were sampled from this report to verify that recovery procedures and timescales were followed in accordance with the TDBC Debt Management Policy. Five of the debts had been settled at point of testing, however none of these were settled within the timescales set out by the TDBC Corporate Debt Policy. It is noted that this testing of compliance on aged debts is limited, and the debts sampled have the highest profile within the Council and it is likely they have been subject to more recovery processes than other, lower value, outstanding debts.  There remains a risk that without effective reporting, the Council is unable to identify outstanding debts for action which will have an impact on the effectiveness of recovery processes and could result in a loss of income to the Council, additionally difficulties in obtaining data and delays been subject to more recovery processes than other, lower value, outstanding debts.  There remains a risk that without effective reporting, the Council is unable to identify outstanding debts for action which will have an impact on the effectiveness of recovery processes and could result in a loss of income to the Council, additionally difficulties in obtaining data and delays will result in further demands on resources and outstanding debts may become batched reducing the likelihood of being recovered in a timely manner. In addition, complete data reports will also offer assurance that all data has been successfully transferred to the e5 system.  Whilst it is understood from the Senior Debt Recovery Officer that system reports are underdevelopment the delay between the implementation of the system and this current development is of concern as without it, the council does not have the full resources available to deliver an effective debt recovery process.</p>	<p>4 - High</p>	<p>We recommend that the Senior Debt Recovery Officer ensures there are sufficient reports on debts contained within the e5 system that include the following: • date debt was raised• the due date• the date paid• most recent dunning action• suppression dates  This information should be reviewed internally on a periodic basis to ensure that the volume of outstanding debts remains under control and system reports should be accessible by internal audit to support the annual assurance work.</p>	<p>Agreed – A full reporting suite is essential for the AR team and service areas to work in an efficient manner. We are already working with Finance and detailed spreadsheets have already been created and evidenced that provide both a management summary and more importantly an efficient tool for the team to pursue non-payment. Subsequently the arrears are now being attacked from both ends of the spectrum 1. Old debts (prior to 31 March - which is also our new Performance Indicator – run monthly) and 2. New debts (created to pick up unpaid cases from going live in May onwards – run weekly). The old debt summary page is a very useful management tool and is now reported to JMT along with the Top 20 every quarter. Timeliness of debts being paid is another work in progress as is suppression dates, however we require a system update before a report on suppression dates is addressed. The date of this update is not currently known and therefore the target date can only be provisional.</p>	<p>1/7/18</p>	<p><b>August 2018</b> - Some work has now been completed to view Suppressions on the front screen in e5 to aid users. Jasper reporting still requires a further upgrade to pick up the required fields to build the necessary report. Once built this will be reported and checked monthly. To cover ourselves hold/suppressions have been built into the essential reporting requirements in our new Design Principles so Advanced have to deliver. Timeliness will be useful future reporting tool although this has been put on the back burner with efforts now focussed on the task to e5 and e5 to new Council conversions.</p>	<p>Paul Carter</p>	<p>TDBC</p>
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TDBC Housing Compliance (Gas Safety) Final Report		4 - High	We also recommend that the Property Manager (M&E) ensures that if an LGSR is not received with a defined timeframe a second service is arranged to ensure this is completed.	Agreed. This will become even more dynamic and efficient as we increasingly utilise Gastag job allocation function. Out of the 26 properties identified without a valid LGSR certificate during the audit timespan, allowing more time, there were subsequently 7 properties that we could not identify a valid LGSR certificate for. Of those remaining 7, 5 were completed but paperwork was irretrievable and these properties required re-scheduling. A further 2 also required re-scheduling due to a combination of no access and data quality issues.	31/10/17	No recent update provided – to be chased	Paul Carter	TDBC
TDBC Housing Rents 2016-17 Final Report	We have not been able to test that these steps are being followed and are unable to place assurance as to the effectiveness of these stages. As can be seen from the current tenant arrears figures shown below, the debt position has increased. This could suggest that recovery processes and monitoring of debts need to be reviewed. However, there could also be an impact as a result of universal credit however without testing we are unable to verify this. Current Tenant Arrears • As at 3 April 2016 - £420,371.94 • As at 26 March 2017 - £538,716.21 We were able to see evidence of recovery records outlining current progress on each tenant's arrears for one Estate Officer – however these records have not been assessed for accuracy. A previous audit finding identified that debt recovery processes did not have full up to date system notes despite ongoing recovery actions, as we have not been able to complete testing in this area we have not been able to give assurance that the recommendation to remind staff has been implemented effectively. A recommendation has been made under 2.2a to reflect record keeping.	4 - High	I recommend that the Housing Services Lead ensures there is a clear line of responsibility for the management of current tenant arrears. Responsible officers should be responsible for the recovery processes and management of arrears across all Housing stock.	Agreed	September 2017	No recent update provided – to be chased	Simon Lewis	TDBC

<p>TDBC Open Spaces External Clients Final Report 16 17</p>	<p>Debt Management Process  The level of aged debt is very high, the grounds maintenance debt is the second highest in the council following S106 debt. As at 29 March 2017, the amount of debt over 30 days was £108,021 (£25,000 of this is over a year overdue). This is a slight increase from a previous report provided as at 31 October 2015 which showed overdue debt was at £97,075.  Since the return of services from South West One in December 2016, debt management has been assigned to the Assistant Technician to complete. The process to be followed should be the Council's Debt Management Policy, however this is not currently being followed. The Assistant Technician did not appear sure of the actual process to be followed and indicated that debts were not passed to legal if non-payment continued beyond a set point. Guidance and training for staff involved in the debt management process now services have returned from South West One would be essential to ensuring that processes are well managed and may prevent the debt position from increasing.  The Open Spaces debts are currently not being chased until they are 60 days overdue for payment. The Open Spaces Manager informed us that this is a deliberate process in order to manage a known backlog of aged debts. When chasing debts there will be delays while queries raised are investigated and resolved. Depending on the query type this can take time to resolve and push the age of the debt up. There is also a risk that evidence needed to resolve queries has been lost or misplaced in the time between causing further delays.  Debts should be chased much earlier, the Debt Management Policy states that the first chase would be no more than two weeks after the due date at the latest. The earlier queries can be identified and resolved, the greater likelihood that payments will be received and the aged debt position improved. The debt recovery processes currently being followed are not backed up with any centralised record although the Assistant Technician keeps a copy of the aged debt report with comments of the progress made and status of the invoices, this is not available to all staff. This record kept in her network folder and only shows information for the debts she has chased. Without a centralised record of action taken there is a risk that not all debts are being chased. There is also no detail available to inform staff of those debts needing a chase if an officer is off sick or on annual leave. There is a risk that without following a set policy and keeping a record of all action taken that the level of debt could keep increasing and the service becomes unsustainable as income is not being received.</p>	<p>4 - High</p>	<p>I recommend that the Open Spaces Manager ensures the following:  • The Corporate Debt Policy is adhered to with outstanding debts being pursued from two weeks after the due date  • Training on debt management and recovery is offered to those officers undertaking this role – ensuring that staff are aware of the importance of record keeping should a legal process need to be followed.</p>	<p>Agreed – however there is currently backlog that is being prioritised and efforts will be made to reduce the number of days going forward and target 14 days from October. Other points can be undertaken from May.</p>	<p>31/10/17</p>	<p><b>No recent update provided – to be chased</b></p>	<p>Chris Hall</p>	<p>TDBC</p>
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TDBC Payroll Final Report 2017-18	<p>Key control: Separation of duties between officers responsible for preparation of the payroll and payment of employees.</p> <p>Through interviews carried out with the HR Project Officer (Payroll) it was explained that the task of preparing payroll currently sits with her, however the HR Assistant (Payroll) is starting to take on some of the responsibilities. It was explained that there is currently no audit trail to demonstrate which Officer prepared and checked payroll, therefore the separation of duties could not be verified within this process.</p> <p>Once the Payroll has been prepared by the HR Project Officer (Payroll) and validated a report is sent from Midland HR to the authorised signatories to authorise the release of BACS, the BACS authorisation report does not contain the officers listed above and therefore forces a separation of duties however no evidence has been kept of this authorisation process.</p> <p>In addition, to support the managers in approving the payroll, an exception report should be made available that summarises any material changes from the previous month to ensure that the segregation of duties is effective in mitigating against the risk of fraud or error.</p> <p>There is a risk that without a separation of duties between the Officer responsible for preparing and approving payroll and without a record to confirm that this separation has been adhered to, the Council will suffer a financial loss through inappropriate payments being made.</p>	4 - High	<p>We recommend the HR and OD Manager ensures there is a separation of duties between the Officer responsible for the preparation and approval of payroll and satisfactory evidence is retained. Options could include limiting the edit access to the system for officers with responsibility for authorising the thereby forcing a segregation of duties.</p>	<p>Partially agreed – the system administration access has to sit with one officer within the team, and due to the limited staff within the team it is not possible to accept that the system administrator will not be involved in processing as this will create a risk elsewhere. It is currently being explored whether the system admin access could be reduced as internally the staff are not involved in the end to end process due to the managed Payroll service.</p> <p>The development of exception reports will be undertaken which can provide a summary overview of payroll changes within the month for independent review (e.g. new starters, changes to salary etc.) a Senior member of staff within HR will be able to review and countersign.</p> <p>From May 2018 the HR Payroll Officer has started annotating exception reports and will retain a copy as part of the audit trail which can be reviewed by the authorising officer where there are queries.</p> <p>The Temporary HR Manager will also review the iTrent information for the two members of staff involved in Payroll processing.</p>	In Progress	<p><b>August 2018</b> - Exception reports are now annotated on a monthly basis and a monthly payroll checklist has been created detailing all the checks that are undertaken. This is checked and signed off by the temporary HR Manager. Day to day input is now carried out by the HR Assistant (Payroll) with the HR Project Officer assisting if the HR Assistant is unable to input items within the required timeframe.</p>	Paul Carter	TDBC
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<p>TDBC Payroll Final Report 2017-18</p>	<p>Key control: Only authorised staff are able to amend the system parameter files. Adequate password controls are in place and kept under review.</p> <p>Testing was carried out to determine whether System Administrator access to iTrent is sufficiently limited and to confirm that there is a separation of duties between the Officers responsible for processing payroll and temporary changes and the Officers responsible for creating new posts. A report of the system access levels for each Officer in the HR and Payroll team was compiled by the HR Project Officer (Payroll).</p> <p>A review of the data provided confirmed that Administrator level access to iTrent has been limited to only the HR Project Officer (Payroll). Through interviews with the HR Project Officer (Payroll), it was determined that there is currently no separation of duty in relation to the creating of job roles on iTrent and the approval of payroll. The HR Project Officer (Payroll) has the ability to, and is responsible for, creating new roles on the system as well as instructing Midland on the temporary changes to be made and approving payroll. As part of the partially managed service given by Midland, the attaching to payroll and processing of temporary changes via data load is carried out by Midland, though on the instruction of the HR Project Officer (Payroll).</p> <p>Without sufficient separation of duties, there is a risk that Officers with access to all areas of the payroll system may be able to create ghost employees or temporary changes that may result in a financial loss for the Council. This risk is heightened as the budget monitoring of salaries only took place as of quarter three and is not being backdated. There is also a risk that due to such high access being granted to only one Officer, should that Officer leave the Council or go on long term absence, the Council may be unable to adequately use the payroll system.</p> <p>During testing carried out with the HR Project Officer (Payroll), it was explained that iTrent does not currently force change passwords. There have, previously, been attempts to place a time limit on passwords to ensure they periodically expired, however, it was found that staff were unable to change their passwords and were forced to contact Payroll to request their password be reset. It was also explained that the current password requirements are not in line with Council policy with regards to complexity and difference from previous passwords.</p> <p>Without complex passwords that are force changed periodically, there is a risk that the Council will suffer a loss through employees inappropriately accessing the Payroll system</p>	<p>4 - High</p>	<p>We recommend the HR and OD Manager ensures a separation of duty is enforced between Officers able to create job roles, approve payroll and process temporary changes.</p>	<p>This risk will be mitigated with the development of the controls listed in 1.6a</p>	<p>In Progress</p>	<p><b>August 2018</b> - As mentioned above, further controls have been put in place and the HR Payroll Officer is only involved in input when the HR Assistant is unable to process all the payroll items due to volume or absence from the office.</p>	<p>Paul Carter</p>	<p>TDBC</p>
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<p>TDBC WSC Discretionary Housing Payments Final_2017-18</p>	<p>All TDBC and WSC applications for DHP are processed by the Discretionary Payments and Welfare Reform Officer. Cover is not provided by another officer when the Discretionary Payments and Welfare Reform Officer is on leave. The Council aims to process applications for Discretionary Housing Payments and notify applicants in writing of the decision made within fourteen days of receipt of the application being received. This is not an official target and is therefore not monitored. If the unofficial target of processing, deciding upon and notifying the applicant of a Discretionary Housing Payment within fourteen days is not made official and monitored there will be no measure of success. It will also be more difficult to identify peaks, troughs and anomalies related to processing. Out of the sample of twenty applications reviewed (ten each for TDBC and WSC) nine applications (45%) took longer than fourteen days to decide upon. When analysed further by each Council out of the ten applications tested for TDBC, six (60%) took longer than fourteen days to decide upon, the shortest of these took 25 days and the longest 54 days. At WSC three applications (30%) took longer than fourteen days to decide upon, the shortest of these took 24 days and the longest 47 days. The reason for the delays in deciding upon these applications were looked into and it was established that these include but are not restricted to in April 2017 the Discretionary Payments and Welfare Reform Officer took two weeks annual leave. With the addition of bank holidays this extended her absence from work. It took three months to catch-up with all outstanding applications. While it is acknowledged that having one officer deal with Discretionary Housing Payments can ensure a consistent approach is applied it creates backlogs during times of absence. It is also appreciated that all awards are 'discretionary', however if the Council takes, what could potentially be viewed as an unreasonable length of time to decide upon an application, this could place the applicant in financial hardship to the extent that they cannot meet their rent payments, which in turn may affect their emotional and physical wellbeing. As a consequence, customer expectations are not met which impacts on the Council's reputation.</p>	4 - High	<p>We recommend that the Principal Benefits Officer ensures that: The 14 days notification period includes a statement, 'or as soon as reasonably practicable thereafter'.</p>	<p>On review of future policy we may need to look at what is a reasonable timescale for dealing with a DHP. I recognise the balance between a timely award and the vulnerability of the customer. However the nature of our customer has changed. All universal credit customers making their initial claim will have a wait of more than 1 month. For these claims where we receive a discretionary application we are not legally bound to make a decision even if it meant overrunning the 14 day timescales. For renewals of a DHP again many of these are submitted well ahead of time – the DHP and Welfare Reform Officer will monitor and manage the prioritisation of these. One recommendation I will make to the Discretionary Payments and Welfare Reform Officer is to consider the award period and to ensure the review period is spread throughout the year – this will minimise peaks and troughs. Each case is treated individually and as far as I am aware we have received no complaints from our customers due to delays in making an award. I recognise we have only 1 officer responsible for the administration of DHP's and this will have an impact when she is taking leave – this is not ideal but the structure determines she is the responsible officer. I may discuss if there are opportunities outside of the structure to support an officer to carry out these duties. This may be more pertinent as we look to maximise our spending through proactive review activity.</p>	31/3/18	<p><b>August 2018</b> - Following the audit recommendation we established the 14 day response was unachievable and not warranted. We changed our policy that went to members to give us more flexibility in our response times aligned to benefits processing performance targets. Due to the demands of the DHP scheme we are still faced with peaks through the year which we are trying to manage. The new policies with the new performance times are included in the new DHP policies for TDBC/WSC. We are conscious we will need to align both policies for the NEW Council setting realistic targets. The new policy will be in place by 1/4/19.</p>	Paul Carter	BOTH
<p>TDBCWSC User and Access Management Final Report</p>	<p>Removal of Audit Trail WSC AD users are removed from the directory after a varying length of time, usually 6 months. Other sub-systems such as Acolaid and Northgate also follow the same pattern. This means that their audit trail is also removed. In the event of a dispute or investigation in the future, absence of audit trail would mean resolution is difficult. There is also a requirement to keep audit trail for some transactions under Data Protection legislation. This risk will be made greater in the future when potentially a single point of access will become the norm.</p>	4 - High	<p>The Assistant Director ensures accounts are suspended, not delete until necessary audit trail is no longer required. Guidelines should be created which reflects these requirements and system administrators instructed to follow it.</p>	<p>On the assumption that this finding applies to individual business systems access rather than AD accounts, a 6 monthly review will be carried out of all system accounts, with the individual system owners being required to authorise on going access.</p>	30/04/17	<p><b>No recent update provided – to be chased</b></p>	Sealy, Richard;#108	TDBC

## Taunton Deane Borough Council

### Corporate Governance Committee – 17<sup>th</sup> September 2018

#### Corporate Governance Action Plan Update

This matter is the responsibility of Cllr Andrew Sully, Lead Member for Resources

Report Author: Richard Doyle, Corporate Strategy & Performance Officer

#### 1 Purpose of the Report

1.1 This report provides an update of progress against the Annual Governance Statement Action Plan for 2018/19.

#### 2 Recommendations

2.1 It is recommended that:-

- The committee Members are asked to note current progress in relation to completing the actions identified within the Annual Governance Statement.

#### 3 Risk Assessment

##### Risk Matrix

Description	Likelihood	Impact	Overall
There is the general risk that if the Council fails to keep its controls and governance arrangements under review they could cease to be appropriate and lead to uncontrolled exposure to high level strategic and operational risks.	Feasible (3)	Major (4)	Medium (12)
<i>The mitigation for this will be for the Council to formally review the internal controls for governance of its affairs, identify opportunities for improvement and implement these.</i>	Unlikely (2)	Significant (3)	Low (6)

#### 4 Background and Full details of the Report

4.1 The Annual Governance Statement (AGS) is a statutory document which provides assurance on the governance arrangements in place within the Council. The statement is produced following a review of the council's governance arrangements.

4.2 The AGS includes 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.

## **5 The Action Plan**

5.1 The action plan is set out in Appendix A.

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

6.1 There are no direct links to corporate aims/priorities although good governance (of which risk management is a part) underpins good performance.

## **6 Finance / Resource Implications**

6.1 None – this is a governance matter.

## **7 Legal Implications**

7.1 Regulation 4 of The Accounts and Audit (England) Regulations 2011 requires that the Council must conduct a review at least once a year of the effectiveness of its systems of internal control and committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

## **8 Environmental Impact Implications**

8.1 There are no direct environmental risks within this report.

## **9 Safeguarding and/or Community Safety Implications**

9.1 There are no safeguarding and /or community safety implications associated with this report.

## **10 Equality and Diversity Implications**

10.1 There are no equality and diversity implications associated with this report.

## **11 Social Value Implications**

11.1 There are no Social Value risks associated with this report.

## **12 Partnership Implications**

12.1 There are no direct partnership implications associated with this report.

## **13 Health and Wellbeing Implications**

13.1 There are no direct health and wellbeing risk associated with this report.

## **14 Asset Management Implications**

14.1 Risk 5 identifies a risk in relation to asset management.



## 15 Consultation Implications

15.1 There are no Consultation implications associated with this report.

### Democratic Path:

- Corporate Governance Committee - Yes
- Corporate Scrutiny – No
- Executive – No
- Full Council – No

Reporting Frequency: Twice yearly

### List of Appendices

Appendix A	AGS Action Plan 2018/19
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### Contact Officers

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## Appendix A

### Annual Governance Statement - Action Plan for 2018/19

	Action now planned for 2018/19	Timescale for Completion	Responsible Officer	Monitoring Body	Progress
1	To implement and develop our new Risk management culture.	March 2019	Head of Performance and Governance	Corporate Governance Officer Group	This has not yet started formally but will be taken forward when the new Head of Performance and Governance is appointed in October.
2	To implement the Corporate Governance process for the Shadow Council and the new transformed Council.	March 2019	S151 Officer & Assistant Chief Executive	Corporate Governance Officer Group	This is in progress and on track. At the inaugural meeting of the Shadow Council held on 7 June 2018 an Interim Constitution was adopted to provide a Corporate Governance Framework for the Shadow Council. Further elements to this framework will need to be added in relation to Finance, Contract and Employment issues. A Constitution and Governance Sub-group of the Shadow Council's New Council Working Group has been established to lead on work developing draft Corporate Governance and Constitutional arrangements for the new Council which are to be considered formally by the Shadow Council in late 2018 or early 2019.