

## **Minutes of the Meeting of the Standards and Audit Committee held on 28 February 2017 at 7.00 pm**

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**Present:** Councillors John Kent (Chair), Graham Hamilton (Vice-Chair), Jack Duffin, Barbara Rice, Ben Maney and Gary Collins

**Apologies:** Councillors Jason Oliver and Stephen Rosser

**In attendance:** Sean Clark, Director of Finance & IT  
Gary Clifford, Chief Internal Auditor  
Lee Henley, Information Manager  
Martina Lee, Ernst and Young  
Andy Owen, Interim Insurance & Risk Manager  
Suresh Pate , Ernst and Young  
Kenna-Victoria Martin, Senior Democratic Services Officer

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Before the start of the Meeting, all present were advised that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council's website.

### **34. Minutes**

The minutes of the meeting held on the 15 November 2016 were approved as a correct record, subject to an amendment to be circulated to the Committee following Councillor Duffin's queries.

### **35. Items of Urgent Business**

There were no items of urgent business.

### **36. Declaration of Interests**

There were no declarations of interest.

### **37. Complaints & Enquiries Report – April 2016 to September 2016**

The Information Manager presented the report to Members highlighting the following key changes to the complaints process:

- The removal of the 'concern' stage from the procedure;
- Feedback from Members, MEP and MPs' were now being recorded as formal complaints, as opposed to enquiries due to the nature of the presenting issue. The Committee were notified that 96% of MP and 98% of Councillor complaints were responded to within timeframe and;
- There were now shorter timeframes for responding to complaints across all stages. Members were advised the timescale for stage 1 complaints was now 7 working days (previously 14 calendar days) and

for stages 2 and 3 the responding time was now 15 working days (previously 28 calendar days).

The Committee were notified that 34% of complaints had been upheld in Quarter 3 and should a Service receive 35% or higher in relation to upheld complaints root cause analysis is undertaken with the service .

Members enquired as to how 823 complaints attributed to one complaint. Officers explained that complaints were only counted once throughout the lifespan of the complaint.

Councillor Rice queried as to why the figures for complaints via the website were so low. The Information Manager clarified that a number of complaints were received through emails and the figure could include complaints via the web. Going forward this is to be categorised differently so it's clear.

It was sought as to the duration of a complaint and why a complaint could be left unresolved. Officers advised the respond times for stage 1 complaints were 7 days and 15 days for either a stage 2 or 3 complaint. It was further stated that follow up plans/actions may still be required.

During discussions Councillor Maney commented that lack of communication and attitude appeared to be present in most if not all of the action points following a complaint. He further commented it appeared to be long running issue, in that weak responses were given and noted. The information manager agreed that more robust learning is needed on this.

It was raised by Councillor Duffin that he had been chasing a response from an enquiry since November 2016. It was explained responses from enquires, were to be sent to Councillors directly from the service. Officers advised they could discuss individual cases after the meeting.

#### **RESOLVED:**

- 1. To note the statistics and performance for the reporting period.**
- 2. To note the changes to the complaints procedure with effect from 1st August 2016;**
- 3. To note that further work is on-going with a number of service areas to establish the root cause for concerns/complaints received, reasons for complaint escalation and reasons why complaints are upheld.**

The Chair raised concern following Councillor Maney's point on lack of communication and attitude. It was suggested that a further recommendation (1.4) be agreed in that the report and appendix 1 be presented to Cabinet for their information and comments. Members unanimously agreed the following:

**4. That the report and appendix 1 be presented to Cabinet to look into for their comments and an action plan to move forward.**

**38. Follow Up Report on the Mid-Year Review of the Strategic/ Corporate Risk & Opportunity Register**

The Interim Insurance & Risk Manager addressed the Committee reminding Members, the mid-year review of the Strategic/Corporate Risk and Opportunity Register was presented at the last meeting of the Standards and Audit Committee. At the November meeting Members enquired why high (red) target ratings had been applied to some of the risks. It was agreed to complete a review of the risks with high (red) target ratings would be undertaken and a follow up report submitted to the Committee on the findings.

It was explained work had been undertaken with the Interim Insurance and Risk Manager and appropriate Lead Officers to review the risks and obtain the rationale for applying the high (red) target ratings. Appendix 1 to the report highlighted the risk and management action plan for items which were identified as high risk.

Councillor Collins enquired as to the work Officers were undertaking in relation to radicalization. The Chair of the Committee commented he felt that would be the work of the relevant Overview and Scrutiny Committee.

The Director of Finance and IT explained, the role of the Committee was to look at the overall governance function of the Council and to ensure that it was being completed correctly.

Members sought assurances that services with continual red ratings were doing everything they could to rectify the situation. The Director of Finance and IT explained that services such as Adult Social Care were possibly always going to be high risk, due to risks out of the services control. He further stated it was better to be aware of such risks and manage them efficiently.

Councillor Rice remarked it was as if Officers were hiding behind the red rating and the high risks. She further queried if other Local Authorities were in the same situation. Officers mentioned that the situation was not unique to Thurrock and services such as Adult and Children Social Care had national risks to take into account.

The Director continued by stating the report was to be looked at similarly to the corporate performance update reports, in that certain high risks would be presented to the Committee for comments.

Councillor Duffin queried if risks were from National Government spending reductions. Officers explained there were different factors to take into account, one of which was funding.

Members discussed the update on Business Continuity, during which they were advised that a second server had been located offsite at Southend Borough Council. The Committee were further advised the Council were investing into infrastructure as well as software and hardware within the IT Service.

Councillor Collins enquired as to whether Data Protection was on course. The Information Manager confirmed Officers were working on the action plan which was due to complete in May 2018. He stated that good process had been made however, there was still work to complete.

**RESOLVED:**

**That Standards and Audit Committee noted the rationale for applying high (red) target ratings to the risks in question.**

**39. Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework**

The report was presented to the Committee by the Interim Insurance & Risk Manager, who informed Members the Risk and Opportunity Management (ROM) was recognised as good management practice and was an integral part of the Council's Corporate Governance and Performance Management arrangements.

It was explained the results were used to calculate the overall scores for the Enabler and Results sections, of which the Council had attained Level 4, within the Enabler criteria and Level 3 for working for the Results criteria.

Members were notified the review had revealed:

- For 6 of the 7 strands the Council had attained Level 4 – embedded and integrated (70%+).
- For 1 of the 7 strands the Council's scores was near to attaining the score for Level 4 - embedded and integrated (70%+).
- For 7 of the 7 strands the Council's score was the same as the previous year's results. The current ROM activity to maintain the practice resembles those identified for last year. No significant changes were identified by the review and this has led to the same scores as the previous year.

Councillor Collins remarked that appendix 2 mentioned Officers would be allowed to analyse and prioritise risks and opportunities; helping to inform decisions on the management, escalation and communication of risks and opportunities. He queried that the appendix didn't touch on topic of communication and asked if the document would be circulated to other Services within the Council.

The Interim Insurance & Risk Manager commented that communication arrangement reports were presented to the Committee. He continued by

agreeing that more was required in relation communication and making the ROM more available.

**RESOLVED:**

- 1. That Standards and Audit Committee note the results of the review, the current ROM activity and proposals to maintain and improve the practice across the organisation.**
- 2. That Standards and Audit Committee note and approve the updated ROM Policy, Strategy and Framework.**

**40. Internal Audit Progress Report 2016/17**

The Chief Internal Auditor addressed the Committee explaining the Internal Audit Service transferred back into the Council on the 1 April 2015. Following this an Audit Needs Assessment (ANA) was carried out to develop a three year strategy. Members were notified the strategy was refreshed on an annual basis through meetings with senior management and updates the detailed plan for the year.

The Chief Internal Auditor continued by advising that thanks to the addition of 2 Assistant Internal Auditors in January 2017, the Chief Internal Auditor, in consultation with senior management, had developed an ambitious plan which would provide the Committee with a significant increase in outputs, and as a consequence, provide greater assurance than was possible over the last two years, around the Council's control, risk management and governance frameworks.

During discussions the Committee were taken through the Strategy and Audit Plan, where key areas, reviews to be undertaken and issues affecting Thurrock were highlighted.

The Chair enquired if the Internal Audit team had adequate resources to complete the jobs they were scheduled to complete and were they supported by Senior Management.

It was confirmed by the Chief Internal Auditor, that since the arrival of the 2 Assistant Internal Auditors the team had the resources required to complete the workload. He further commented that in the past the process had not been as structured, however now Senior Officers were very co-operative.

Members questioned if Officers were concerned over the proposed risk linked to Gloriana. The Director of Finance and IT commented that because there was a potential risk, it did not mean it was going to happen. He continued by advising the Committee the first Gloriana site was near completion.

Councillor Hamilton enquired to the work being carried out in relation to cyber security. Officers informed Members that attacks had been made and were unsuccessful. It was noted that more work was needed in raising and testing staff awareness around cyber security.

**RESOLVED:**

**That the Standards & Audit Committee received and agreed the Draft Strategy for Internal Audit 2017/18 to 2019/20 and the Annual Internal Audit Plan 2017/18.**

- 41. Draft Strategy for Internal Audit 2017/18 to 2019/20 and Annual Internal Audit Plan 2017/18**
- 42. Report from Ernst and Young Certification of Claims and Returns Annual Report 2015/16**

The report was presented to Members by the Council's External Auditors, Ernst and Young, who explained they were required to certify one claim relating to the year 2015/16 which was the Housing Benefit.

Members were informed the claim was audited against a method from the Department of Work and Pensions (DWP), the findings included:

- The total value of the Housing Benefits subsidy claim, which was £58.2million;
- The work undertaken identified amendments and issues which had been reported to the DWP and;
- The Housing Benefit arrangements continued to improve from the previous year with a reduction in the number and type of errors identified.

Ernst and Young advised they had also audited the Teachers Pension claim and the Pooling of Capital Receipts return. The undertaken work did not identify any significant issues and the total fee for the work was £18,575, which was highlighted to be a slight increase on the prior year.

Councillor Collins questioned the impact of the errors found within the Pooling return, where valuations had been inputted incorrectly. The External Auditor explained that there was no impact on the calculations as the errors netted off were not affected.

**RESOLVED:**

**That the report attached at Appendix 1 and the agreed actions are noted.**

- 43. External Audit Plan 2016/2017**

The Committee were addressed by Ernst and Young; the Council's External Auditors and were notified of the risks identified following the assessment of the financial statement and value for money risks.

During discussions the External Auditors highlighted the key risks to the Committee, which included the Council preparing group accounts by

consolidating Gloriana Thurrock Ltd. It was outlined that auditing group accounts required additional procedures and as a result they proposed an increase to the Council's audit fee by £4,000.

Members were assured that the work undertaken by Ernst and Young would be completed in line with the National Audit Office code. Officers continued to advise the Committee it was not uncommon to have test arrangements in place in relation to Value for Money.

Officers outlined the figure that they had determined as their materiality and the figure below which they would not report uncorrected errors to the Committee, £330,000. It was enquired if errors below the figure of £333,000 were to also be reviewed by officers. Officers explained that they would be sighted on all errors identified by Ernst and Young but only errors above £330,000 would be reported to the Committee. The Director also clarified that typically errors related to classification of items within the accounts rather than the Council under or overstating income or expenditure and it was also typical for the Director to take the view that an error will not be corrected if it was not material and impacted several statements and notes within the accounts.

The Committee were advised should Ernst and Young's reporting figure be lowered, this could possibly require further audit work and an increase the audit fee.

Councillor Duffin queried as to whether the £4,000 increase in audit fee due to work related to Gloriana, would be paid from their account or the Council's. The Director of Finance and IT informed Members the fee would be paid by the Council.

Councillor Hamilton commented he felt the figure of £333,000 appeared high.

The Chair of the Committee stated that he had no concerns over the level that which Ernst and Young would report to the Committee, as smaller figures such as £200 had been reported to the Committee. He continued by asking the Director to give Members the assurance that any risk or error highlighted to him by Ernst and Young below £333,000 be reported to the Committee.

The Director of Finance and IT assured the Committee that anything relevant to the Committee would be reported for their information.

**RESOLVED:**

**That the report be noted.**

**The meeting finished at 8.35 pm**

Approved as a true and correct record

**CHAIR**

**DATE**

**Any queries regarding these Minutes, please contact  
Democratic Services at [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)**