

Thurrock: A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish

Standards and Audit Committee

The meeting will be held at **7.00 pm** on **28 February 2017**

Committee Room 1, Civic Offices, New Road, Grays, Essex, RM17 6SL

Membership:

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

Jason Oliver, Co-Opted Member
Rhona Long, Co-Opted Member
Stephen Rosser, Co-Opted Member

Substitutes:

Councillors Terry Piccolo, Tunde Ojetola and Luke Spillman

Agenda

Open to Public and Press

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To approve as a correct record the minutes of the Standards and Audit Committee meeting held on 15 November 2016.	
3 Items of Urgent Business	
To receive additional items that the Chair is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972.	
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Queries regarding this Agenda or notification of apologies:

Please contact Kenna-Victoria Martin, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **20 February 2017**

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DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

What is a Non-Pecuniary interest? – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

Unless you have received dispensation upon previous application from the Monitoring Officer, you must:

- Not participate or participate further in any discussion of the matter at a meeting;
- Not participate in any vote or further vote taken at the meeting; and
- leave the room while the item is being considered/voted upon

If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps

Non- pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

Vision: Thurrock: A place of **opportunity**, **enterprise** and **excellence**, where **individuals**, **communities** and **businesses** flourish.

To achieve our vision, we have identified five strategic priorities:

1. Create a great place for learning and opportunity

- Ensure that every place of learning is rated “Good” or better
- Raise levels of aspiration and attainment so that residents can take advantage of local job opportunities
- Support families to give children the best possible start in life

2. Encourage and promote job creation and economic prosperity

- Promote Thurrock and encourage inward investment to enable and sustain growth
- Support business and develop the local skilled workforce they require
- Work with partners to secure improved infrastructure and built environment

3. Build pride, responsibility and respect

- Create welcoming, safe, and resilient communities which value fairness
- Work in partnership with communities to help them take responsibility for shaping their quality of life
- Empower residents through choice and independence to improve their health and well-being

4. Improve health and well-being

- Ensure people stay healthy longer, adding years to life and life to years
- Reduce inequalities in health and well-being and safeguard the most vulnerable people with timely intervention and care accessed closer to home
- Enhance quality of life through improved housing, employment and opportunity

5. Promote and protect our clean and green environment

- Enhance access to Thurrock's river frontage, cultural assets and leisure opportunities
- Promote Thurrock's natural environment and biodiversity
- Inspire high quality design and standards in our buildings and public space

Minutes of the Meeting of the Standards and Audit Committee held on 15 November 2016 at 7.00 pm

Present: Councillors John Kent (Chair), Graham Hamilton (Vice-Chair), Gary Collins, Ben Maney, Barbara Rice and Luke Spillman (Present as substitute)

Jason Oliver, Co-Opted Member

Apologies: Councillors Jack Duffin, Rhona Long and Stephen Rosser

In attendance: Debbie Hanson, Ernst and Young
Suresh Patel, Ernst and Young
Sean Clark, Director of Finance & IT
Gary Clifford, Client Manager for Audit Services
Daniel Helps, Investigations Manager
David Kleinberg, Group Manager, Counter Fraud and Investigation
Andy Owen, Corporate Risk Officer
Jessica Feeney, Senior Democratic Services Officer

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.

23. Minutes

The minutes of the meeting held on the 26 September 2016 were approved as a correct record.

24. Items of Urgent Business

There were no items of urgent business.

25. Declaration of Interests

There were no declarations of interest.

26. Complaints Update

The Monitoring Officer informed the committee that the report provided an update of complaints against Members of the Council, their current status, outcome and actions taken.

Councillor Collins queried if there were repeated complaints from the same people. The Monitoring Officer explained that there was a good spread of complaints.

Councillor Maney queried if members were cooperative when dealing with complaints. It was confirmed that there had not been any problems with the corporation of members.

RESOLVED:

The Standards & Audit Committee noted the report and commented on any perceived trends and training needs

27. Thurrock Annual Audit Letter 2015/16

Members were informed that the auditors issued an unqualified audit opinion on the 2015/16 financial statements and an unqualified value for money conclusion. The Annual Audit Letter set out findings from the audit in relation to the significant risk areas identified in the audit plan. The Council positively addressed these risks as noted in the Financial Statement Audit section of the report.

Members were made aware that the financial statements produced were to a high standard and supported by relevant supporting records. Officers worked hard to support the audit process and resolved queries quickly and effectively.

In arriving at their value for money conclusion the auditors confirmed the Council has arrangements in place to address the identified risk in relation to ongoing pressures from the economic downturn.

The Council is working to meet the significant financial challenges caused by ongoing reductions in funding and continue to monitor the position through the Medium Term Financial Strategy.

Members were informed that Debbie Hanson was no longer appointed to Thurrock Council. The new Ernest and Young representative Suresh Patel introduced himself to the Committee.

RESOLVED

That the Standards and Audit Committee considered the comments of our external auditors as set out in the attached report and noted their findings.

28. Internal Audit Progress Report 2016/17

The Internal Audit Plan 2016/17 was discussed by the Standards & Audit Committee at their meeting of 15 March 2016. This report was the second progress report for 2016/17. It detailed audit reviews issued as final, are in draft or work in progress that has started since the Committee meeting held on the 14 June 2016.

The Committee praised the internal audit team on their hard work.

Councillor Collins queried if there was any complicit or variation in procedures with the changes within internal audit. The Chief internal audit Manager confirmed that there were no issues.

RESOLVED:

That the Standards & Audit Committee considered reports issued by Internal Audit in relation to the 2016/17 audit plan.

29. Internal Audit Service Update 2016/17

Members were informed that the report was the first service update that had been presented to the Standards & Audit Committee and provided a high level summary of the progress that the service had made since it was brought back in-house from the 1 April 2015.

The Committee were advised that the report would be presented to members of the Committee on an annual basis to provide them with an update on how the service is developing in the long term.

RESOLVED:

That the Standards & Audit Committee Agreed that the new structure would improve the service being provided by internal audit and give additional assurance around the internal control, risk management and governance frameworks to senior management and members.

30. Review of the Strategic/Corporate Risk and Opportunity Register, Mid-Year Review

One of the functions of the Standards and Audit Committee under the Terms of Reference of the Constitution is to provide independent assurance that the Authority's risk management arrangements are adequate and effective.

To enable the Standards and Audit Committee to consider the effectiveness of the Council's risk and opportunity management arrangements reports are presented on a bi annual basis and provide details of how the key risks and opportunities facing the Authority are identified and managed.

The Corporate Risk Officer worked with Services, Department Management Teams, Performance Board and Directors Board during September to update the Strategic/ Corporate Risk and Opportunity Register.

The report provided the Standards and Audit Committee with the key risks and opportunities identified by the review and the revised Strategic/Corporate Risk and Opportunity Register.

Councillor Rice raised a concern regarding the financial risk around Adults' and Children's Social Care it was highlighted to the committee that there had been 25 delayed discharges in Thurrock. It was questioned what emerging plans were in place and the immediate interventions if any. The Corporate Risk Officer advised that the management action plans for the risk outlined the current and planned action to address risks.

The Director of Finance & IT explained that the issues and financial risks were regularly reviewed by Directors Board. It was agreed that the Director of Finance & IT would provide an update the financial risks relating to Adults' and Children's Social Care as part of the budget report to Cabinet. Councillor Spillman requested that the Welfare Reform Act be considered and incorporated in the report to Cabinet as it could potentially affect around 500 residents.

The Committee queried why high (red) target ratings had been applied to a number of the risks. Officers informed members that some of these risks were longer term issues and would not be managed in the short term. However a target date of the 31st March 2017 had been applied to these items, which was when the risks and whole register is refreshed. To clarify the position it was agreed that 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.

RESOLVED

- 1. That Standards and Audit Committee noted the items and details contained in the Dashboard (Appendix 1).**
- 2. That Standards and Audit Committee noted the 'In Focus' report (Appendix 2), which includes the items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.**
- 3. That officers report through the Cabinet budget reports the committee's concerns about the financial risk around Adults' and Children's Social Care and bring an update report back to the next committee on those risks with a target rating of 16.**

31. Counter Fraud & Investigation Update Report

Members were informed that the Counter Fraud & Investigation Directorate (CFID) was formed in 2015 and was now operational with the sole responsibility to prevent, detect and deter all instances of alleged economic crime affecting the authority including: allegations of fraud, theft, corruption, bribery and money laundering.

The CFID developed working arrangements with other agencies to further the Council's anti-fraud culture and share best practice. The CFID success has grown and has been recognised nationally as the leading Local Authority

fraud service and as a model for the approach to tackling fraud and corruption.

Since the last report the department successfully launched the Essex Fraud Partnership, bringing together other local authorities in the County as well as police, Home Office and Housing Providers to unify against fraud, safeguarding our residents.

Councillor Collins queried how much revenue the Essex Fraud Partnership had created. The Group Manager for Counter Fraud explained that there was an income estimate of £480,000 a year, it was explained further that the department were looking to grow in employment.

The Chair of the Committee questioned if one prosecution out of 115 identified frauds was a low number. Members were informed that to prosecute alleged fraud a wide base of evidence must be resourced over a period of time.

RESOLVED:

That Committee noted the performance of CFID

32. Regulation of Investigatory Powers Act (RIPA) 2000 - Six Monthly Activity Report

The report provided an update on the usage and activity of RIPA requests during April 2016 to September 2016.

RESOLVED:

That the Standards and Audit Committee noted the statistical information relating to the use of RIPA from April 2016 to September 2016.

33. Work Programme

Members noted the work programme.

The meeting finished at 8.15 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**

28 February 2017	ITEM: 5
Standards and Audit Committee	
Complaints & Enquiries Report – April 2016 to September 2016	
Wards and communities affected: All	Key Decision: Non-key
Report of: Lee Henley/Tina Martin – Information Management Team	
Accountable Head of Service: Lee Henley, Information Manager	
Accountable Director: Jackie Hinchliffe - Director of HR, OD & Transformation	
This report is: Public	

Executive Summary

- A total of 823 complaints have been received within the reporting period. For the same period last year this figure was 942. However, in view of the removal of the concern stage on 1st August 2016, a further 746 concerns which were received up to this point should also be included. This equates to a combined figure for concerns/complaints totalling 1569. For the same period last year this combined figure was 2295, therefore the reporting period represents a reduction.
- For the reporting period 98% of complaints were responded in timeframe.
- Some services, by virtue of the nature of the type of service provided, receive the highest volume of complaints. For the reporting period the top four expressions of dissatisfaction relate to:
 - Missed Bins
 - Housing Repairs
 - Housing Solutions
 - Estate Management
- Detailed feedback on common complaint trends/themes is attached for each Directorate (as Appendix 1). This includes data on complaint outcomes and the learning which the service has identified, coupled with additional learning from any stage 3 complaints.
- A total of 2534 Enquiries have been received from Elected Members, MEP and MPs’.
- 96% of MP/MEP Enquiries were responded to within timeframe. 98% of Members Enquiries were responded to within timeframe.

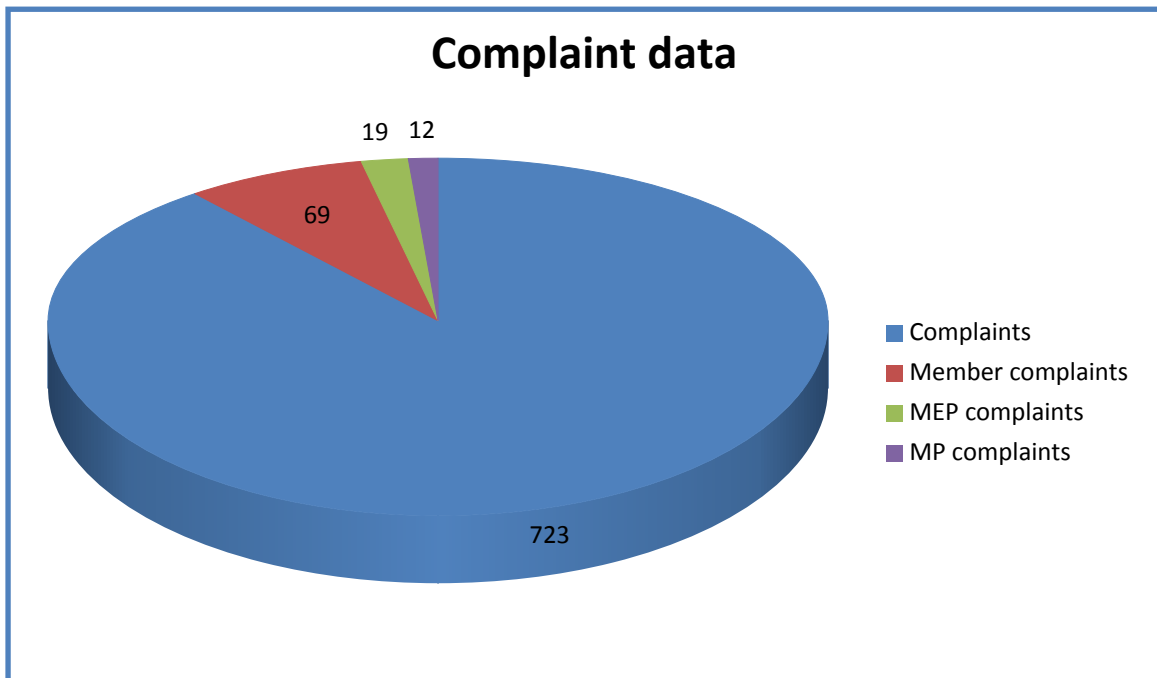
- 44% of closed complaints were upheld. This figure is above the target of 40% and a key focus is to improve this performance going forward. The direction of travel is positive at this stage (with quarter 3 at 34%) and this is subject to monitoring via Learning Action Plans.

1. Recommendations

- 1.1 To note the statistics and performance for the reporting period.**
- 1.2 To note the changes to the complaints procedure with effect from 1st August 2016;**
- 1.3 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.**

2. Introduction and Background

- 2.1 This report sets out the council's complaints statistics for the first six months of 2016/17.
- 2.2 Adults and Children social care services have separate statutory complaints procedures. Statistical data on social care complaints is summarised within 2.16 and 2.17.
- 2.3 Analysis of complaints for each Directorate has been produced and is attached as Appendix 1. This provides a high level summary of the top expressions of dissatisfaction and levels of escalation within the Directorates. Work remains 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.
- 2.4 Directorates are also encouraged to undertake root cause analysis, monitor trends and themes. The Corporate Complaints Team expects that proactive steps are consequently implemented to improve the customer experience.
- 2.5 Changes to the complaints process were implemented during the reporting period and took effect from 1st August 2016. These changes included:
 - The removal of the concern stage from the procedure.
 - Some feedback from Members, MEP and MPs' now being recorded as formal complaints, as opposed to enquiries due to the nature of the presenting issue.
 - Shorter timeframes for responding to complaints across all stages.
- 2.6 Feedback for the reporting period has been received as outlined below. A total of 823 complaints were received. For the same period last year this figure was 942. It is important not to discount the 746 concerns which were also received prior to the cessation of this classification; this has subsequently increased this figure to 1569. For the same period last year the combined figure for concerns and complaints was 2295.



2.7 A significant volume of complaints are received directly from residents and visitors. A breakdown showing how complaints are received is detailed below:

Email	63%
Complaints Form	16%
Telephone	14%
Letter	5%
Website	0.5%
In Person	1%
Social Media	0.5%

2.8 It should be noted that the figure of 823 is attributed to **one** complaint. In line with the complaints procedure **one** complaint exhausts the process after 3 stages. For the purpose of this report a complaint is only counted once, however further analysis on escalated complaints has also been undertaken.

2.9 In order to evaluate the customer experience and to reduce costs (as complaint escalations result in costs to the council so getting it right first time is important), the Corporate Complaints Team has also focused on those complaints which have escalated through the complaint stages.

2.10 On average, a Stage 1 complaint takes 2.2 hours to investigate and a Stage 2 complaint takes 2.6 hours. It is difficult to arrive at an average cost to the council as Officers at all levels are involved in complaints responses. However the cost to investigate a Stage 1/2 complaint is estimated below:

- Stage 1 complaint - £40 (based on a Band 7 employee investigating using a mid-point salary scale).

- Stage 2 Complaint - £70 (based on a Band 9 employee investigating using a mid-point salary scale).
- 2.11 A requirement of the complaints procedure is that complaints which are escalated are assigned to a more senior officer than the officer who investigated the initial Stage 1 complaint. This allows for transparency and a full review of the initial complaint decision to take place.
- 2.12 Complaints which are escalated are initially assessed to ascertain if there is anything further to be gained for a stage 2 investigation and these are either sanctioned or rejected. This is a similar process for those escalating to Stage 3, however in addition Stage 3 complaints are returned to the Directorate if the assessment concludes that the service could undertake further work to negate a formal Stage 3 investigation. The complainant is always advised to refer back to the Complaints Team at any time for further advice.
- 2.13 A total of 116 complaints were escalated from Stage 1 onto Stage 2. Of those that were subject to a further investigation by a senior officer within the same service, a total of 68 were not deemed to be upheld and 23 had the original decision overturned. A total of 41 complaints were escalated from Stage 2 to Stage 3 and all complaints were assessed independently by the Complaints Team: Of the 41:
- 10 were assessed and then referred back to service with a request that the service area undertake additional work to avoid an un-necessary Stage 3 escalation. If this was not undertaken then these 10 would be classified as overturned and upheld complaints.
 - 31 were assessed at Stage 3 resulting in:
 - 21 classified as not upheld.
 - 3 had the stage 2 decision overturned and were upheld.
 - 7 were cancelled as the Investigating Officer on assessing the complaint was happy that no further work was necessary at Stage 3.
- 2.14 There are also occasions when complaints are entered directly to Stage 3 of the complaints procedure, usually at the instruction of the Chief Executive and/or where it is clear that the service have not followed the complaints procedure in the first instance and continued but unsuccessful dialogue has taken place with the customer.
- 2.15 The above statistics demonstrate the need for services to address complaints more robustly at the initial stage of the complaints procedure. This may negate unnecessarily escalation onto the next stage, and ultimately reduce costs for the council if complaints were resolved at first point of contact.
- 2.16 **Children's Social Care** - Children's Social Care operates a statutory complaints procedure. For the reporting period:
- 46 Stage 1 complaints were recorded, 6 complaints were upheld, 4 complaints were partially upheld and 26 complaints were not upheld. 7 complaints were withdrawn, 2 were cancelled and 1 is ongoing.

- 2 complaints progressed to a Stage 2 independent investigation. Both complaints are currently pending investigation.
- Other representations received are shown below:
 - 40 compliments
 - 1 Ombudsman Enquiry
 - 10 MP Enquiries
 - 14 Member Enquiries
 - 1 MEP Enquiry
 - 10 concerns

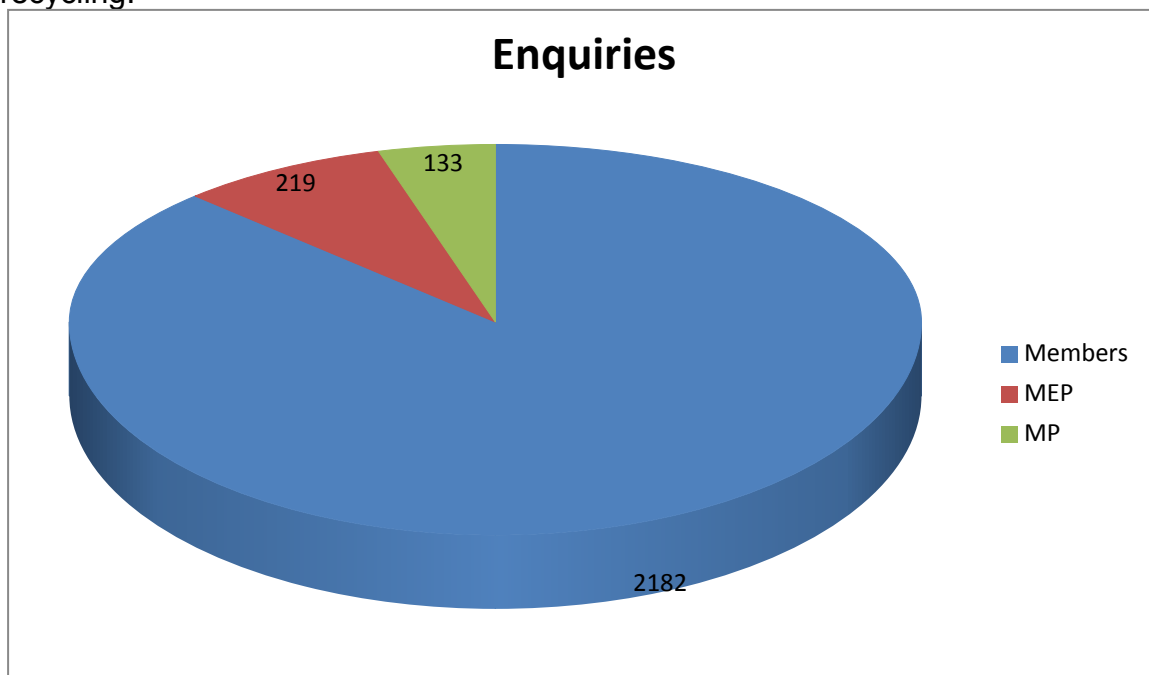
2.17 Adult Social Care – For the reporting period:

- 45 complaints were investigated in accordance with the statutory adult social care complaints procedure. 20 complaints were upheld, 3 were partially upheld, 13 were not upheld, 3 were withdrawn and 6 were in progress during the reporting period.
- Other representations received are shown below:
 - 4 Ombudsman Enquiries
 - 8 concerns
 - 3 MP Enquiries
 - 25 Member Enquiries
 - 3 MEP Enquires
 - 73 compliments

3 Enquiries

- 3.1 A total of 2534 enquiries were received from elected councillors, MEP and MPs' and a breakdown is shown below. The focus of these enquiries relate to Housing Services, including remedial repairs, homelessness and homeless prevention and also anti-social behaviour. Enquiries for the Environment & Place Directorate, focus on fly tipping, public protection and waste and

recycling.



3.2 MP/MEP Enquiries – 96% were responded to within timeframe.

3.3 Members Enquiries – 98% were responded to within timeframe.

4. Performance against indicators

4.1 The Complaints Team has a series of KPI's for monitoring complaint performance which incorporate both corporate performance and that of Directorates. Key measures are the timeliness of our response, the volume of complaints which are upheld at each stage and ensuring that learning from upheld complaints is embedded so that the customer experience is improved.

4.2 Quarter performance is outlined below for the key corporate indicators.

KPI'S	2015/16 OUTTURN	2016/17 TARGET	QTR 1	QTR 2	APRIL TO SEPT
% timeliness of responses to all complaints	98%	98%	99%	97%	98%
% of complaints upheld closed in month	50%	40%	46%	42%	44%

- 4.3 The KPI for upheld complaints is 40%, lower is better. At quarter 1 the volume of upheld complaints was 46%, at quarter 2 the figure was 42%. The direction of travel is therefore positive (quarter 3 is 34%), and the Learning Action Plan (LAP) process detailed in 6.5 below commenced during August 2016. The LAP process work should hopefully reduce the % of complaints upheld.
- 4.4 98% of complaints were responded in timeframe (on target).

5. Ombudsman Enquiries

- 5.1 Detailed below is a snapshot of formal enquiries received from Ombudsman Services within the reporting period. Outcomes of all enquiries are shared with the Heads of Service and respective Director. Learning and recommendations are tracked by the Corporate Complaints Team.

Ombudsman	Directorate / Service	Outcome	Compensation
Housing	Leaseholder Services	Active	-
LGO	Env & Place – Assisted waste collection	Active	-
LGO	Env & Place – Planning breach	No maladministration	-
LGO	School Admissions	No maladministration	-
LGO	School Admissions	Maladministration but no injustice	-
LGO	Housing Allocations	Active	-
HO	Caretaking Services	Active	-
HO	ASB	Active	-
LGO	Social Care Finance	Withdrawn	
LGO	Homelessness	No maladministration	-
LGO	Housing Benefit	Maladministration but no injustice	
LGO	Social Care	Active	-
LGO	Social Care	Active	-
LGO	School Admissions	Closed after initial enquiries	-
LGO	Council Tax	Maladministration and injustice	£100
LGO	School Admissions	Active	
LGO	Housing (various issues)	Discontinued	

6. Learning lessons from complaints

- 6.1 The most important aspect of any complaints management framework is the ability to demonstrate that the council can show evidence that it is learning from complaints received. Appendix 1 includes a high level summary of learning from upheld complaints which has been identified by the Directorates. Case studies showing learning from complaints are also uploaded onto the council's website.

- 6.2 Cumulative Management Information (MI) is submitted to senior performance officers to enable more detailed analysis to take place on the types of feedback received and address any common themes and trends. However the Corporate Complaints Team will continue to analyse data and lead to address any performance issues with Directorates.
- 6.3 The purpose of the Customer Service & Demand Board is to provide the strategic direction and oversight for the development and delivery of customer services across the council. It ensures that the importance of customer service is promoted to achieve high and consistent standards of delivery and customer satisfaction. The Board oversees initiatives to help manage and reduce demand on services by reducing avoidable contact and through prevention and early intervention to support achieving financial self-sustainability.
- 6.4 To this effect, the Complaints Team undertake further analysis on the volume of complaints that are upheld for services within each Directorate and has implemented a Learning Action Plan (LAP) process that commenced in August 2016, as a mechanism to reduce complaint demand and upheld complaints.
- 6.5 The LAP process is summarised below and is monitored by the Complaints Team as part of overall complaints analysis and service specific workshops are introduced if necessary.
- Each month, a report is produced by the Complaints Team detailing those service areas who have in excess of 35% of complaints upheld.
 - Upheld complaints will then be sent to service areas to ensure root cause analysis of the complaints is undertaken with a view to then producing a LAP. The LAP must:
 - Confirm what went wrong in the service and identify the cause of the problem.
 - Explain what action, targeted to address the cause of the problem, will be taken to stop it happening again and who will be responsible for ensuring this happens.
 - Provide a timescale for when that action took place or will take place.
 - Provide objective evidence of those actions.
 - Explain how the service will check that these actions have been taken, and are working – and when this will be done, and by whom.
 - LAP's are shared with respective Heads of Services and progress has been reported via the Customer Service and Demand Board.

7. Issues, Options and Analysis of Options

- 7.1 There are no options associated with this paper.

8. Reasons for recommendations

8.1 This report is for noting purposes. There are no recommendations requiring approval.

9. Consultation (including Overview and Scrutiny, if applicable)

9.1 This report was presented at Performance Board and Director's Board.

10. Impact on corporate policies, priorities, performance and community impact

10.1.1 Complaints impact on the council's priority of delivering excellence and achieving value for money.

10.1.2 The complaints process seeks to create a culture of corporate learning from best practice from listening to our customers and by acting on complaints. All complaints received must have learning applied if the complaint outcome is upheld.

10.2 The complaints process aims to improve customers' and users' experience of accessing council services. This will support our customer services strategy.

11. Implications

11.1 Financial

Implications verified by: **Laura Last**
Management Accountant

There are no direct financial implications arising from this report.

11.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal & Deputy Monitoring Officer

Both the Courts and the Local Government Ombudsman expect complainants to show that they have exhausted local complaints / appeal procedures before commencing external action.

The implementation of our learning from complaints and listening to our residents should lead to a reduction of complaints received and a reduction in those going to the Ombudsman or the Courts.

Social Care for Adult and Children are required to follow a separate procedure stipulated by the Department of Health (DOH) and Department for Education & Skills (DFES).

11.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development and Equalities Manager

The Information Management Team will ensure that the Community Development and Equalities Manager are aware of all complaints that have an equality related expression of dissatisfaction.

11.4 Other implications

- None

12. Background papers used in preparing the report

- Information has been obtained from the council's complaints system.

13. Appendices to the report

- Appendix 1 – Directorate performance data analysis and learning outcomes.

Report Authors:

Lee Henley
Information Manager

Tina Martin
Senior Corporate Complaints & Information Governance Officer

Appendix 1

DIRECTORATE SIX MONTH COMPLAINTS SUMMARY: 2016/2017

DIRECTORATE: **ADULTS, HOUSING & HEALTH**

Summary:

Top expressions of dissatisfaction relate to Housing remedial repairs, Transforming Homes programme, delays by contractors and service provision for homeless applications. These include:

- Transforming Homes - Quality of works, attitude of contractors and lack of communication from contractors.
- Repairs - Lack of communication regarding repairs appointments, damp and mould, issues with boiler, delays by the contractor and quality of work.
- Homeless - Lack of updates, staff attitude, time taken to process application
- ASB - Lack of contact from staff.

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	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Transforming Homes	33 (38)	2 (7)	34 (48)	62% (79%)	8 (13)	10 (15)	80% (67%)	1 (3)	1 (6)	0 (33%)
Repairs	158 (660)	23 (79)	162 (447)	54% (77%)	32 (106)	41 (149)	61% (69%)	3 (40)	3 (46)	0% (13%)
Housing Solutions	30 (108)	1 (9)	44 (77)	25% (18%)	7 (19)	31 (31)	29% (29%)	4 (7)	7 (8)	0% (25%)
Estate Management	54 (157)	7 (13)	49 (79)	14% (49%)	8 (19)	26 (53)	15% (32%)	2 (14)	5 (18)	40% (22%)

*Last year's full figures are shown in brackets

Please note: The Complaints Team will investigate a complaint direct at stage 3 when an assessment of the case is deemed appropriate

Points to Note:

- Repairs - The reporting six month period has seen a significant reduction in repairs concerns/complaints received compared with 2015/16 full year figures.
- Housing Solutions – Stage 2 volumes for the mid-year period are the same as 2015/16 full year figures.

Learning from upheld complaints as identified by the service includes:

- **Transforming Homes** - Introduced work in progress inspections along with final sign off inspection to ensure works are completed to the required standards by contractors.
- **Repairs:**
 - The contractor has been reminded of the importance of ensuring that where appointments are changed, this is communicated to the resident.
 - A process is now in place where all exclusion orders that do not have appointments are to be chased weekly.
 - Contractors to attend tool box talk so they are aware of the appropriate behaviour to adhere to whilst working in a resident's property.
- **Housing Solutions** - Staff reminded with regards to completing tasks in a timely manner. A new process has been set up regarding the handover of documents between the teams.
- **Estate Management** – Staff reminded of the importance of keeping residents up to date and returning calls within timeframe.

DIRECTORATE SIX MONTH COMPLAINTS SUMMARY: 2016/2017

DIRECTORATE: Children's Services

Summary:

Top expressions of dissatisfaction relate to Special Educational Needs and School Admissions and include:

- The handling of SEN cases.
- Lack of communication from Admissions Team.
- Conduct of staff members.

	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
SEN	1 (4)	0 (0)	5 (7)	60% (71%)	0 (1)	2 (1)	50% (0%)	0 (0)	0 (0)	0 (0%)
Admissions	1 (3)	0 (1)	4 (6)	0% (0%)	0 (1)	4 (1)	75% (0%)	0 (0)	0 (0)	0 (0%)

*Last year's full year's figures are shown in brackets

Please note: The Complaints Team will investigate a complaint direct at stage 3 when an assessment of the case is deemed appropriate

Learning from upheld complaints as identified by the service includes:

- SEN - Action plan has been drafted to avoid further delays.
- Admissions – A review of the service to consider how it can improve the quality and effectiveness of the appeals process.

DIRECTORATE SIX MONTH COMPLAINTS SUMMARY: 2016/2017

DIRECTORATE:

Environment & Place

Summary:

Top expressions of dissatisfaction include:

- Bins not being collected on dedicated collection day.
- Bins not being put back in the correct place.
- Issues with fly tipping and upkeep of area.
- Potholes - Conditions of paths and delays with updates.
- Delays in streetlights being fixed, and not being notified of the new LED lights being installed.
- Lack of maintenance of recreation grounds.

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	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Missed bin collection	94 (388)	12 (37)	93 (89)	72% (76%)	12 (22)	15 (28)	80% (68%)	2 (3)	2 (3)	100% (66%)
Non return of bins	17 (90)	1 (10)	12 (19)	67% (79%)	3 (4)	3 (5)	33% (60%)	0 (3)	0 (3)	0% (66%)
Street Services	23 (65)	5 (5)	16 (20)	19% (40%)	4 (5)	8 (6)	100% (50%)	1 (0)	1 (0)	0% (0)
Potholes	21 (40)	1 (2)	9 (16)	22% (44%)	3 (5)	4 (6)	25% (33%)	1 (2)	1 (2)	0% (50%)
Streetlights	2 (10)	0 (1)	12 (5)	67% (80%)	4 (2)	4 (2)	75% (50%)	0 (0)	0 (0)	0% (0)
Parks & Open spaces	45 (61)	3 (3)	19 (14)	16% (36%)	3 (2)	3 (3)	67% (33%)	0 (0)	0 (0)	0% (0)

*Last year's full year's figures are shown in brackets

Please note: The Complaints Team will investigate a complaint direct at stage 3 when an assessment of the case is deemed appropriate

Points to Note:

- Missed Bins - The reporting six month period has seen a significant reduction in concerns/complaints received compared with 2015/16 full year figures.
- Non Return of Bins - The reporting six month period has seen a significant reduction in concerns/complaints received compared with 2015/16 full year figures.
- Parks and Open Spaces - Volumes for the mid-year period show an increase in complaints when compared to 2015/16 full year figures.

Learning from upheld complaints as identified by the service includes:

- Potholes - Staff have been reminded to communicate with residents in a timely manner.
- Streetlights – Department are actively looking to improve their internal processes to mitigate further delays.
- Parks & Open spaces – No learning has been provided at this stage. This will be monitored.
- Street services – More focus will be given to monitoring the standards of the street cleansing across the borough for a couple of months.
- Non return of bins - The crew have been spoken to regarding this matter and told that they must adhere to the service standards that have been set for them.
- Missed bin collections - A summary of upheld complaints has identified common themes and trends with particular regard to missed collections and also staff conduct. A systemic review of the waste and recycling service is being undertaken to ensure service improvements take place and the customer experience is improved.

DIRECTORATE SIX MONTH COMPLAINTS SUMMARY: 2016/2017

DIRECTORATE:

Finance & IT

Summary:

Top expressions of dissatisfaction relate to Council Tax, Housing Benefit, Sundry Debtors and include:

- Complaints regarding Council Tax Demand letters.
- Delays with changes being made to Council Tax account.
- Delays and errors in the processing of benefit claims.
- Overpayment letters are not clear.
- Attitude of staff within Sundry Debtors service.
- Recovery action taken is unjustified.

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	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Council Tax	43 (137)	1 (8)	37 (77)	16% (17%)	6 (17)	7 (37)	14% (13%)	2 (6)	2 (6)	0% (17%)
Housing Benefit	23 (119)	2 (11)	32 (50)	34% (46%)	4 (9)	8 (16)	50% (21%)	0 (5)	0 (5)	0 (20%)
Sundry Debtors	13 (25)	0 (4)	15 (28)	0% (12%)	1 (6)	27 (61)	7% (23%)	1 (7)	1 (7)	0% (14%)

*Last year's full year's figures are shown in brackets

Please note: The Complaints Team will investigate a complaint direct at stage 3 when an assessment of the case is deemed appropriate

Points to Note:

- Council Tax - The reporting six month period has seen a significant reduction in concerns/complaints received compared with 2015/16 full year figures.

- Housing Benefit - The reporting six month period has seen a significant reduction in concerns/complaints received compared with 2015/16 full year figures.

Learning from upheld complaints as identified by the service includes:

- Council Tax - Staff members will be reminded the importance of ensuring records are changed in a timely manner.
- Housing Benefit - Assessors to be more vigilant when dealing with information provided to ensure errors are not made.
- Sundry Debtors – Staff reminded of the service standards expected of them.

DIRECTORATE SIX MONTH COMPLAINTS SUMMARY: 2016/2017

DIRECTORATE: HR, OD & Transformation

Summary:

Top expressions of dissatisfaction relate to Corporate Complaints, Organisational Development and the Web Team and include:

- Unhappy with recruitment process.
- A delay regarding the handling of a complaint.
- Removal of name from website.

	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Web Team	2 (5)	0 (1)	1 (1)	0% (100%)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Corporate Complaints	0 (2)	0 (0)	1 (1)	100% (100%)	0 (0)	0 (0)	0 (0%)	0 (0)	0 (0)	0 (0%)
Organisational Development	0 (0)	0 (0)	1 (0)	0% (0%)	0 (0)	0 (1)	0 (0%)	0 (0)	0 (0)	0 (0%)

*Last year's full year's figures are shown in brackets

Please note: The Complaints Team will investigate a complaint direct at stage 3 when an assessment of the case is deemed appropriate

Learning from upheld complaints as identified by the service includes:

- Web Team – No learning as there we no upheld complaints.
- Corporate Complaints – Staff reminded of service standards expected.
- Organisational Development – No learning as there we no upheld complaints.

DIRECTORATE SIX MONTH COMPLAINTS SUMMARY: 2016/2017

DIRECTORATE: Legal

Summary:

Top expressions of dissatisfaction relate to Democratic & Electoral Services and Legal Services and include:

- Issues with arrangements made to be able to view Electoral Role.
- Issues with School Admission appeal hearing.
- Unhappy with the service from staff in Legal Services.

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	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Democratic & Electoral Services	1 (4)	0 (0)	1 (1)	0% (0%)	1 (1)	2 (2)	50% (50%)	0 (0)	0 (0)	0 (0)
Legal Services	1 (0)	0 (0)	2 (1)	50% (0%)	1 (1)	2 (4)	0% (25%)	1 (2)	1 (2)	100% (50%)

*Last year's full year's figures are shown in brackets

Please note: The Complaints Team will investigate a complaint direct at stage 3 when an assessment of the case is deemed appropriate

Learning from upheld complaints as identified by the service includes:

- Electoral Services – Staff reminded of the procedure they should be following to provide refresher training.
- Legal services – To ensure updates are provided at all times.

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28 February 2017	ITEM: 6
Standards and Audit Committee	
Follow Up Report on the Mid-Year Review of the Strategic/ Corporate Risk & Opportunity Register	
Wards and communities affected: All	Key Decision: Non key
Report of: Andy Owen, Interim Insurance & Risk Manager	
Accountable Head of Service: Sean Clark, Director of Finance & IT	
Accountable Director: Sean Clark, Director of Finance & IT	
This report is a public report	

Executive Summary

The Mid-Year review of the Strategic/Corporate Risk and Opportunity Register was presented to Standards and Audit Committee 15th November 2016.

At the meeting members enquired why high (red) target ratings had been applied to some of the risks. To clarify the position it was agreed that 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.

The Interim Insurance and Risk Manager has worked with the appropriate Lead Officers to review the risks and obtain the rationale for applying the high (red) target ratings.

This report provides Standards and Audit Committee with the rationale for applying high (red) target ratings.

1. Recommendation(s)

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

2. Introduction and Background

2.1 Risk and Opportunity Management (ROM) describes the planned and systematic approach used to identify, evaluate and manage the risks to and the opportunities for the achievement of the Council's objectives.

2.2 ROM makes a significant contribution to the sound Corporate Governance arrangements to meet the requirements set out in the Account and Audit

Regulations and is an important part of the Council's overall Performance Management Framework.

- 2.3 The annual review of the Council's ROM arrangements was undertaken in the last quarter of 2015/16. As part of the review the ROM Policy, Strategy and Framework were updated and reported to Standards and Audit Committee 18th March 2016, via Directors Board 23rd February 2016.
- 2.4 In accordance with the ROM Policy, Strategy and Framework regular reviews of the Strategic/Corporate Risk and Opportunity register are undertaken and updates reported to Standards and Audit Committee, via Directors Board and Performance Board.
- 2.5 The refresh of the Strategic/Corporate Risk and Opportunity Register was completed in May 2016 and reported to Standards and Audit Committee 14th June 2016, via Directors Board 17th May 2016 and Performance Board 2nd May 2016.
- 2.6 The mid-year review of the Strategic/Corporate Risk and Opportunity register was undertaken during September and reported to Standards & Audit Committee 15th November 2016, via Directors Board 25th October 2016 and Performance Board 3rd October 2016.
- 2.7 At the 15th November 2016 meeting of the Standards and Audit Committee members enquired why high (red) target ratings had been applied to some of the risks. To clarify the position it was agreed that a review of the risks with high (red) target ratings be undertaken and a follow up report submitted to the Committee on the findings.
- 2.8 The Interim Insurance and Risk Manager has worked with the appropriate Lead Officers to review the risks and the target ratings. The Lead Officers have provided the rationale for applying the target ratings and this is covered in Appendix 1 of this report.

3. Issues, Options and Analysis of Options

- 3.1 The outcome of the review is shown in Appendix 1, Risks With High (Red) Target Ratings
- 3.2 Appendix 1 - Risks With High (Red) Target Ratings
This includes the risk and management action plan documentation for the items in question as at the mid-year review. The rationale for applying the target ratings are incorporated at the bottom of each risk document (see yellow highlighted text).

4. Reasons for Recommendation

- 4.1 At the 15th November 2016 meeting of the Standards and Audit Committee members enquired why high (red) target ratings had been applied to some of the risks. To clarify the position it was agreed that 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.

4.2 The Interim Insurance and Risk Manager has worked with the appropriate Lead Officers to review the risks and obtain the rationale for applying the high (red) target ratings.

4.3 This report provides Standards and Audit Committee with the rationale for applying the high (red) target ratings.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 The Interim Insurance and Risk Manager has engaged with the Lead Officers for the items in question to review the risks and obtain the rationale for applying the high (red) target ratings.

5.2 The outcome of this review was presented to Directors Board 24th January 2016 and Performance board 5th January 2017.

6. Impact on corporate policies, priorities, performance and community impact

6.1 ROM is recognised as a good management practice and how successful the Council is in managing the risks and opportunities it faces will have a major impact on the achievement of the Council's priorities and objectives.

7. Implications

7.1 Financial

Implications verified by: **Laura Last**
Management Accountant

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of financial claims and/or loss faced by the Council.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Law & Governance

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of legal claims or regulatory challenges against the Council

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development & Equalities Manager

The management of risk and opportunities provides an effective mechanism for monitoring key equality and human right risks associated with a range of service and business activities undertaken by the Council. It also provides a method for reducing the likelihood of breaching our statutory equality duties.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Risk and opportunity management contributes towards the Council meeting the requirements of Corporate Governance and the Account & Audit Regulations.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register. The document can be accessed via the Committee Management Information System on the Council's website. See Standards and Audit Committee, Tuesday 15th November 2016 for details. Link as follows: [Mid-Year Review of the Strategic/Corporate Risk & Opportunity Register](#)

9. Appendices to the report

- Appendix 1 – Risks With High (Red) Target Ratings

Report Author:

Name: Andy Owen, Interim Insurance and Risk Manager

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**Follow Up Report on the Mid-Year Review of the
Strategic/Corporate Risk & Opportunity Register
- Risks With High (Red) Target Ratings**

Risks in Reference Number (Numeric) Order

UNMANAGED / INHERENT RISK

Risk Description		Risk Owner						
<p>Balancing the cost of care and maintaining minimum quality standards – the risk is that a combination of the following on-going pressures – financial pressures on local authorities (e.g. reduced teams for critical processes such as contract management and monitoring, inability to uplift prices to counter competition for workers and inflationary increases etc.), a significant failing of a current provider, significant and continued pressures on hospital A&E and periods of ‘black alert’, market-wide decrease in the number of care workers due to ongoing poor employment conditions, ongoing issues in providing temporary care staff through local framework agreement and continued economic pressure on care providers leads to a drop in care quality/standards and failure of providers to maintain basis or minimum standards for service users. Ultimately results in risk to service users’ health, reputational damage to the Council and increased costs in managing escalated care and health needs and council intervention as a result. Neighbouring boroughs where contract monitoring was reduced have experienced care home failures, and in one home alone it was estimated that over 4,500 hours have been spent addressing this. Estimates indicate that the cost of this professional involvement were approximately £140k. Reductions in the number of contract officers from 4 to 2 and the senior contract officers from 2 to 1 means that monitoring cannot take place as frequently as it used to. Also the introduction of new team responsibilities means that the senior and team manager are covering both areas. The implementation of the National Living Wage from April 2016 has added a further pressure to already stretched resources.</p>		Les Billingham						
Link to Corporate Priority								
Improve health and wellbeing								
Inherent Risk Rating	Date:	01/04/2016	Impact:	Critical (4)	Likelihood:	Very likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 21/04/2016	Residual Risk Rating as at: 14/09/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>

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Comments
<p>The risk evaluates the impact of a combination of issues on the maintenance of care quality standards and the ability to meet the needs of service users who meet Adult Social Care eligibility criteria. The risk is rated at the higher level due to the financial pressures on local authorities and the impact this has in turn on providers – e.g. reduced teams for critical processes such as contract management, inability to uplift prices to counter competition for workers, inflationary pressures etc.). In 2015-16, the Council agreed to provide residential providers for older people with an uplift of 1% and the possibility of a further 1% linked to performance. Whilst contingencies are and continue to be considered, the current Council financial situation makes finding a workable solution increasingly difficult – particularly with the added pressure of the National Living Wage. 2015/16 also saw two domiciliary care providers unable remain viable, and the Council having to take a considerable number of hours back in-house. The service and the market place is extremely stretched, and this risk remains a significant threat to the Council's ability to provide continuity and high quality care packages.</p> <p>Update as of September 2016 - The market continues to show signs of being extremely stretched. This includes a waiting list for people requiring care packages which is the first time this situation has occurred. This in turn is placing strain on the wider system, with a greater reliance on informal carers (friends and relatives) and a delay to people ready to leave hospital. For the first time the delay in providing social care packages has led to more than 25 delayed discharges. The impact of the Council having to take care packages back in-house due to external provider failure has led to a squeeze on our own capacity and the need for improvement. A plan is in place and being implemented which responds to a recent CQC report and also an independent review of our in-house domiciliary care provider – Thurrock Care at Home. Regardless of improvements made and on-going work to control demand, the risk of continued system failure remains extremely high.</p>

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place	Date Implemented
<ol style="list-style-type: none"> 1. Comprehensive compliance monitoring and audit process in place. 2. Quarterly information sharing meetings with Care Quality commission (CQC) to identify and share concerns/risks. Quarterly Quality Surveillance Group (QMSG) meetings with health colleagues and CQC to identify and manage risks across the whole system. 3. Develop a comprehensive accommodation-based programme to deliver choice and quality in the local market. 4. Compliance with the Care Act regarding market failure and service interruption 5. Provision of increase (1% plus 1% for performance) for OP residential providers 6. Bring back in-house domiciliary care packages of failed providers 	<p>2013/14 2013/14</p> <p>From 2013 From Apr 2015 From Apr 2015 From 2015</p>
Residual Risk Rating	<p>Date: 21/04/2016 Impact: Critical (4) Likelihood: Likely (3) Rating: 12</p>

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
7. Development of specification and tender for domiciliary care contract – 'Living Well at Home'	Throughout 2016/17	The pilot for Living Well at Home is due to start within the next month. A report detailing arrangements for procuring domiciliary care from April 2017 will go to HOSC in November 16 and Cabinet in December 16 after which the tender process will commence.
8. Implementation of 2% increase on fees paid to care home providers for older people with a 1% performance enhancement for any of these providers obtaining an excellent rating following their contract compliance visit	April 2016	Commenced
9. Development and implementation of Enhanced Care Homes pilot	July 2016	A report detailing proposals for the Enhanced Care Homes pilot is to go to the Integrated Commissioning Executive before the end of October. The pilot will commence once the ICE has agreed the proposals. Funding to support the pilot has already been allocated via the Better Care Fund.

10. Continued work to manage demand via the ASC Transformation Programme and Better Care Fund Plan		Throughout 2016/17		Work is continuing on the development and implementation of the ASC Transformation Programme (Living Well in Thurrock) and Better Care Fund Plan. Both are aimed at utilising resources across the system in a way that better manages demand. Both the Living Well in Thurrock Programme and Better Care Fund Plan are overseen by the Integrated Commissioning Executive and also via the Health and Wellbeing Board. Recent progress includes the development of the Living Well at Home pilot, Social Prescribing, Single Point of Access (due to launch in February), and the establishment of Micro Enterprises. A number of projects and initiatives sit as part of the LWiT programme and BCF Plan.			
11. Deliver improvement action plan which responds to CQC inspection of Thurrock Care at Home (in-house domiciliary care service) and independent review.		On-going – actions prioritised					
Target Risk Rating	Target Date:	Refresh 31/03/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating: 12
Revised Residual Risk Rating	Date:	14/09/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating: 16

Rationale for applying High (Red) Target Ratings to the Risk

The health and social care market across the country is under extreme pressure and this shows little sign of abating. We have had to take back one dom care provider in the past 12 months and another has given us back the work because of financial pressures. High demand, increasing costs and tightening finances all contribute to this. Nationally a number of big providers have either issued profit warning or decided to pull out of the care market all together. It has become increasingly difficult to recruit quality care staff and all local authorities rely very heavily on agency staff.

The pressures remain and will not be alleviated in the short term. A target date of 31/03/2017 has been applied to the risks, which is the time when the risk and management response arrangements will be fully refreshed and updated to reflect any changes to the situation

UNMANAGED / INHERENT RISK

Risk Description		Risk Owner	
<p>Adult Social Care and the NHS are finding it increasingly difficult to meet demand for services, particularly when resource continues to decrease. With the expected ageing and growth of the population, we can expect age-related disease to continue to rise. Dementia for example is predicted to rise steeply in Thurrock, and by 2033 the population aged 85+ is projected to double. Two thirds of the resource spent on social care nationally is already spent on individuals with at least one-term condition. Lifestyle factors too will continue to compound the problem with Thurrock levels for smoking and obesity being significantly higher than the national average. Alongside a system that was designed in the 1940s and is no longer fit for purpose and a change in the way that local government is funded in the future, major transformation is required.</p> <p>The Council, working in partnership with NHS Thurrock Clinical Commissioning Group (CCG) has developed a joint transformation programme which is overseen via an Integrated Commissioning Executive (Better Care Fund Plan). Integration though continues to be a significant challenge. As such, the Directorate has also established its own Adults Transformation Programme (Living Well in Thurrock). Failure of the programmes to achieve their objectives will lead to the inability of social care and health to be able to meet demand within existing resources. For adult social care, this would mean either not providing services to those people who were eligible to receive them – which would leave the Council open to challenge and also result in a failure to meet statutory duties – or continue to provide services to those who qualify but exceeding the available budget.</p>		Roger Harris	
Link to Corporate Priority			
Improve Health and Wellbeing			
Inherent Risk Rating	Date:	01/04/2016	Impact: Critical (4)
	Likelihood:	Very Likely (4)	Rating: 16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 22/04/2016	Residual Risk Rating as at: 14/09/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>

Comments
<p>Significant programme management capacity and expertise is required to deliver both the Adult Social Care Transformation Programme and the Health and Social Care Integration Programme. There are also challenges to overcome to progress integration with health. This includes current pressures on the Essex-wide health economy, a 'local' health agenda which is geographically broader than Thurrock, and how decisions made by non-Thurrock parts of the Essex-wide system will impact upon what Thurrock wants and needs to achieve. Thurrock is a very low spending authority per capita on adult social care and also faces significant on-going reductions to funding. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Migration in the form of securing resources in the short-term to provide adequate programme management, delivery and specialist expertise where required is necessary.</p> <p>Update September 2016 Whilst initiatives designed to manage, reduce, and meet demand are on-going, the results are in most cases not immediate. As a result, the risk rating as at March 2017 is still likely to be high. The management of demand in social care has links across the whole system, and therefore the speed at which the NHS can also transform will have a bearing on the success of our own programme. As detailed in our other Corporate Risk, we are currently seeing the impact of domiciliary provider failure on our own in-house provision and on our ability to provide care to people in their own home.</p>

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place	Date Implemented
1. Programme Management arrangements in place	2014/15
2. Programme Initiation Document established and agreed	"
3. Close partnership working with Thurrock CCG established	"
4. Separate risk register developed as part of the Programme Management arrangements	"
5. Integrated Commissioning Executive established to oversee the development of work between health and social care	"
Residual Risk Rating	Date: 22/04/2016 Impact: Critical (4) Likelihood: Likely (3) Rating: 12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
6. Continue programme arrangements	April 2016	Programme arrangements established
7. Complete refresh of Better Care Fund 2016-17	May 2016	Better Care Fund 2016/17 has been approved
8. Delivery of 2016-17 work programme for ASC Transformation Programme	June 2016	The work programme for LWiT continues to be developed and is being overseen by the Integrated Commissioning Executive
9. Development of action plans to support the implementation of the Health and Wellbeing Strategy	July 2016	Action plans have been developed, but further work is taking place to ensure that the action plans reflect local engagement and also include any interdependencies

Target Risk Rating	Target Date:	Refresh 31/03/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
Revised Residual Risk Rating	Date:	14/09/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

Rationale for applying High (Red) Target Ratings to the Risk

We are part of the Essex Success regime. This is a national initiative launched in June 2015 and reflects the difficult position the NHS and Adult Social care find themselves in. In effect as a system we have been put in special measures. The NHS across Essex is facing a deficit approaching £ 300m. We are working closely with our local CCG and NHS providers to develop a local model that is based on building stronger communities, integrated health and social care, developing a stronger primary care offer and improving the housing offer.

The pressures remain and will not be alleviated in the short term. A target date of 31/03/2017 has been applied to the risks, which is the time when the risk and management response arrangements will be fully refreshed and updated to reflect any changes to the situation.

INHERENT RISK

Risk Description							Risk Owner	
Failure to manage the increases in demand and budget/ resource pressures for Children's Social Care could lead to a breakdown in the quality or performance of the service provided to vulnerable children and results in less favourable outcomes from inspection and damage to reputation of the service does meet the required standards							Andrew Carter	
Link to Corporate Priority								
- Create a great place for learning and opportunity - Improve health and wellbeing								
Inherent Risk Rating	Date:	01/04/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 29/04/2016	Residual Risk Rating as at: 27/09/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017

Comments
<p>This risk evaluates the impact of increased demand and resource pressures on children's social care quality of service and provision. The pressures outlined throughout previous years remain acute. They include increased volumes, increased complexity and ongoing activity to review high cost placements. The implementation of the early help service model and the Thurrock multi-agency safeguarding hub (MASH) has been successful although as anticipated it has led to an increase in the volume of work to children's social care, this is ongoing. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH. Ongoing savings to be made across Children's Services including from the Children's Social care budget will be risk assessed to mitigate the impact on front line services.</p> <p>The service has to be demand and needs lead and cannot fail to respond to the needs of a child due to budget or resource constraints. Changes on a local, regional and national level can have a significant impact on the demand for services. War and international factors can result in an unplanned increase in the number of unaccompanied asylum seeking children or families with no recourse to public funds. Geographical movement of families across the Eastern Region and London can see a rise in families needing services, including large sibling groups. An incident of civil disorder could result in more young people being placed in custody and a resulting increase in remand costs to the local authority.</p> <p>Caseloads are too high in some teams and this represents a pressing safeguarding concern. Areas for improvement have been identified within the recent Ofsted (SIF). The level and complexity of some children and young people's needs and the lack of available national resources (specialist placements) to meet those needs is driving up cost pressures. As the Council continues to improve practice regarding the identification and tackling of Child Sexual Exploitation there is an increase in demand for service provision</p>

in terms of intervention; prevention and victim support. Current and new duties in terms of radicalization also place pressures on the service in terms of workforce capacity. Trends can be predicted based on previous levels of demand but these are subject to variance. The pressures outlined above will not be alleviated in the short term and the risk rating will remain at the higher (red) level for the period covered. A target date of 31/03/17 has been applied to the risk, which is the time when the documentation will be fully reviewed, refreshed and updated.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. Quality Assurance and Safeguarding functions are in place and robustly applied. Functions extended to include the establishment of an Improvements Board.								Ongoing
2. Trix Policies and Procedures have been introduced across Children's Social care. All procedures to be subject to review and updating.								Completed / ongoing
4. Joint delivery of the 'Early Offer of Help Strategy' and associated services are now embedded to meet the new the duty placed on Council's to coordinate an early offer of help to families who do not meet the criteria for social care services and ensure that the 'step down and step up' processes are robustly managed. Further improvements in these services have been identified within the Ofsted SIF. A service redesign is planned based on the SIF findings and work by iMPOWER.								Ongoing
5. Internal quality assurance audits to evidence appropriate application of thresholds.								Ongoing
6. Ongoing data analysis to enable us to benchmark and target areas for improvement; complete redesign of PKI and trends analysis.								From Apr 2016
7. Placement Review – an external reviews of high cost placements.								Ongoing
Residual Risk Rating	Date:	29/04/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
8. Ongoing implementation and/or application of actions 1 - 7 above.			From Apr 2016	Ongoing				
Target Risk Rating	Target Date:	Refresh 31/03/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
Revised Residual Risk Rating	Date:	27/09/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

Rationale for applying High (Red) Target Ratings to the Risk

This risk evaluates the impact of increased demand and resource pressures on children's social care quality of service and provision. Pressures include increased volumes, increased complexity and ongoing activity to review high cost placements. The service is demand and needs lead and cannot fail to respond to the needs of a child due to budget or resource constraints. Changes on a local, regional and national level can have an impact on the demand for services (e.g. war and migration factors can result in an unplanned increase in the number of unaccompanied asylum seeking children and geographical movement of families across the Eastern Region and London can see a rise in families needing services, including large sibling groups).

The implementation of the early help service model and the Thurrock Multi-Agency Safeguarding Hub (MASH) has been successful although as anticipated it has led to an increase in the volume of work to children's social care, this is ongoing. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH. However caseloads remain high in some teams and this represents a pressing safeguarding concern. As the Council continues to improve practice regarding the identification and tackling of Child Sexual Exploitation there is an increase in demand for service provision in terms of intervention; prevention and victim support. New duties in terms of radicalization also place pressures on the service in terms of workforce capacity.

The pressures outlined above will not be alleviated in the short term and the risk rating will remain at the higher (red) level for the period to the 31st March 2017, which is the time when the risk documentation will be fully reviewed, refreshed and updated.

INHERENT RISK

Risk Description							Risk Owner	
Failure to ensure that all children and young people in need of help or protection are safeguarded and supported could result in them not achieving their full potential and increasing the risk of a child death or serious injury.							Andrew Carter	
Link to Corporate Priority								
- Build pride, responsibility and respect , - Create a great place for learning and opportunity, - Improve health and wellbeing								
Inherent Risk Rating	Date:	01/04/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 29/04/2016	Residual Risk Rating as at: 27/09/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017

Comments

The nature of the work in terms of safeguarding and supporting children at risk of harm means that this will always be a high risk area although through the application of the S.E.T (Southend, Essex & Thurrock) Child Protection procedures the department actively works to mitigate this risk and reduce the likelihood. The risk of children and young people coming to harm cannot be completely eliminated and the risk level needs to remain high and ensure clear vigilance across the council and partner agencies. New and emerging risk factors will arise and there is always a potential for agencies 'not knowing, what they don't know' that needs to be guarded against. Embedding the Multi Agency Safeguarding Hub and Early Offer of Help has supported earlier identification of risk through a multi-agency approach enabling the department to work to intervene at an earlier stage and reduce the risk of harm in some cases. The impact for individual children and families, particularly in cases of child death is significant and whilst actions to reduce the likelihood are implemented the impact will remain as critical. There is also a critical impact score in terms of reputational damage should a child death or serious injury occur.

The ongoing nature of risk in child protection and safeguarding is such that despite effective mitigation the acknowledgement of the risk needs to remain high and will not reduce. This is not to say that the risks are unmanageable but for effective management the gravity and complexity of the risk needs to be acknowledged. Within the context of this work we have a high level and critical risk that is being proactively managed. The management of the risk across partner agencies is reducing the likelihood of such risk, where the potential for such risks are known but cannot reduce the potential magnitude for the child in incidents such as child death or permanent disability. The unknown element of risk for families not known to the service means that overall the likelihood remains high. Families are also not static and risk is a constant changing variable within known families. Managing this risk places inherent pressures on the Children's Social Care budget as a demand led budget. The current trend has seen increasing numbers of children requiring child protection plans, children in need plans and children who the council is required to look after (children in care). Effective demand and resource management remain a priority for the service within an overriding context of keeping children safe.

The risk rating will remain as a constant throughout the period covered.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place							Date Implemented
1. Application of the Southend, Essex & Thurrock Child Protection procedures 2. Local Safeguarding Children's Board established, progress reported annually and guidance reviewed 3. Quality assurance and safeguarding function of Children's Social Care. 4. Legal framework and court action 5. Continue to strengthen the Thurrock Multi Agency Safeguarding Hub introduced Sept 2014 and services commissioned as part of the Early Offer of Help Strategy 6. Case Audits 7. Quality assurance framework							Ongoing. Ongoing. Ongoing. Ongoing. Ongoing. Ongoing.
Residual Risk Rating	Date:	29/04/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating: 12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action		Implementation Date	Progress				
8. Ongoing implementation and/or application of actions 4 - 7 above. 9. Improvement plan in-line with Ofsted SIF inspection and iMPower consultation.		From Apr 2016	Ongoing				
Target Risk Rating	Target Date:	Refresh 31/03/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating: 12
Revised Residual Risk Rating	Date:	27/09/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating: 12

Rationale for applying High (Red) Target Ratings to the Risk

The nature of the work in terms of safeguarding and supporting children at risk of harm means that this will always be a high risk area although through the application of the S.E.T (Southend, Essex & Thurrock) Child Protection procedures the department actively works to mitigate this risk. The risk of children and young people coming to harm cannot be completely eliminated and the risk level needs to remain high and ensure clear vigilance across the council and partner agencies. New and emerging risk factors will arise and there is always a potential for agencies 'not knowing, what they don't know' that needs to be guarded against. The Multi Agency Safeguarding Hub and Early Offer of Help arrangements have supported earlier identification of risk through a multi-agency approach enabling the department to work to intervene at an earlier stage and reduce the risk of harm in some cases.

The gravity, complexity and ongoing nature of risk in child protection and safeguarding is such that despite appropriate management arrangements the acknowledgement of the risk needs to remain high. The management of risk across partner agencies is helping to mitigate the position, where the potential for such risks are known or identified. However families are not static and risk is a constant changing variable within known families. The unknown element of risk for families not familiar to the service means that overall the likelihood remains high. Managing this risk places significant pressure on the Children's Social Care resource as demand led budget. The current trend has seen increasing numbers of children requiring child protection plans, children in need plans and children who the council is required to look after (children in care). Effective demand and resource management remain a priority for the service within an overriding context of keeping children safe.

The risk rating will remain as a constant (at the higher level) throughout the period covered. The risk documentation will be fully reviewed, refreshed and updated 31st March 2017.

UNMANAGED / INHERENT RISK

Risk Description							Risk Owner	
From the 1 st April 2015 the responsibility for Business Continuity Planning transferred from the Public Protection Team to Service Managers. Failure of the Council and/or service managers to coordinate and maintain Business Continuity Planning would lead to the business continuity management arrangements across the Council becoming inconsistent, outdated and ineffective in times of a disruption affecting Thurrock.							Directors Board Performance Board	
Link to Corporate Priority								
A well-run organisation.								
Inherent Risk Rating	Date:	01/04/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 18/04/2016	Residual Risk Rating as at: 25/08/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017

Comments
<p>The risk evaluates the position if business continuity plans are not coordinated and maintained, which would lead to business continuity planning arrangements across the Council becoming inconsistent, outdated and ineffective in times of a disruption affecting the authority.</p> <p>Review to identify priority functions/ICT systems and to update service business continuity plans undertaken by Service Managers during 2015/16. Analysis of information undertaken and an interim solution for ICT Disaster Recover arrangements identified and agreed March 2016. The interim solution for ICT DR when implemented along with the updated service BCPs put the Council in a fair position to deal with a significant disruption, if an event was to occur.</p> <p>The risk is expected to remain at the higher level until assurance is obtained that the business continuity plans for the Council and the critical functions are adequate and effective. Oversight of Business Continuity Management provided by Performance Board from July 2016 and a quality assurance programme of the Business Continuity Plans for the critical functions commenced August 2016.</p>

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place							Date Implemented	
1. Review of Business Continuity Plans – Exercise undertaken between April and October 2014. 75% of BCPs reviewed and returned to Public Protection							Apr - Oct 2014	
2. Programme for the development and implementation of critical incident plans for schools commenced March 2014. BC team working with Education Department the development and implementation of critical incident plans for schools to ensure that Thurrock Schools are resilient in their operation.							Ongoing from March	
3. Programme of BC Exercises commenced of critical functions and services. Five reviews of service BCPs undertaken between April to October 2014, with consideration given to Third Party suppliers and their BC arrangements. Further BC exercise of Highways & Transportation function undertaken in December 2014.							Apr - Dec 2014	
4. Further review of Business Continuity Plans commissioned Feb 2015 to update plans to take into account office moves, restructures, closure of the Culver Centre, etc. As at 20/03/2015 only four updated plans submitted to the Emergency Planning Team.							From Feb 2015	
5. BC Review of Team function – Review of BC team undertaken. Decision taken to transfer the BC function from the Emergency Planning Team to Service Managers with effect from 1 st April, 2015.							Dec 2014 - March 2015	
6. Approach for the 2015/16 review of Business Continuity Plans (and ICT Disaster Recovery arrangements) developed and agreed by the Director of Planning and Transportation.							June 2015	
7. BCP & DR Group established to oversee the 2015/16 review of BCP and ICT Disaster Recovery arrangements. Group made up of Directorate Representatives and supported by Corporate Risk Officer and ICT Commercial Manager. Ongoing monthly review meetings from Sept 2015.							From Sept 2015	
8. Report on the approach for the 2015/16 review of BCP and ICT Disaster Recovery arrangements presented to Standards & Audit committee via Directors Board and Digital Board							Sept 2015	
9. Business Impact Analysis undertaken by Service Areas to identify (i) Priority functions and the time frames for reinstatement (ii) Priority IT applications and order/speed of restoration and Service Business Continuity Plans updated.							Oct 2015 - Feb 2016	
10. Analysis of priority functions/IT applications undertaken by ICT Service and report on the interim solution for ICT DR arrangements presented to Directors Board, via Digital Board							Feb – March 2016	
Residual Risk Rating	Date:	18/04/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
11. Outcome of review to update BCPs (and ICT DR arrangements) to be reported to Directors Board along with the potential way forward for the ongoing management of business continuity across the Council.	April 2016	Outcome of review along with proposals to strengthen BCM arrangements across the Council submitted to Directors Board in April 2016. Performance Board to provide oversight role for Business Continuity Planning from July 2016
12. Develop and implement plan for the ongoing management of business continuity following agreement of the preferred approach by Directors Board	Post Apr 2016 From July 2016	Responsibility for Business Continuity Planning to remain with Service Managers and oversight role to be provided by Performance Board. Quality assurance programme of Business Continuity Plans for critical functions

13. Council to implement interim solution for ICT Disaster Recovery arrangements		Post Apr 2016.		commenced by Performance Board Aug 2016.			
14. Services to review and update BCPs to reflect the ICT DR arrangements (interim solution).		Post Apr 2016		Proposal to implement an interim DR solution based at Southend Council's data centre in progress. Approach will allow access to key Council systems (within 24 hours of an incident) for a minimum of 100 concurrent users.			
Target Risk Rating	Target Date:	Refresh 31/03/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating: 12
Revised Residual Risk Rating	Date:	25/08/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating: 12

Rationale for applying High (Red) Target Ratings to the Risk

With effect from the 1st April 2015 the responsibility for Business Continuity transferred from the Emergency Planning Team to service managers and the risk evaluates the position if business continuity plans are not coordinated and maintained, which would lead to business continuity planning arrangements across the Council becoming inconsistent, outdated and ineffective in times of a disruption affecting the authority.

A review to identify priority functions/ICT systems and to update service business continuity plans was undertaken by Service Managers during 2015/16. Following analysis of the review information an interim solution for ICT Disaster Recovery arrangements was identified and agreed March 2016 and when fully implemented will put the Council in a fair position to deal with a significant disruption, if an event was to occur. From July 2016 Performance Board are providing an oversight role for Business Continuity Management. A quality assurance programme of Business Continuity Plans has been developed and Performance Board are to undertake some work with Directorates to check that the critical functions have been identified and the plans in place are adequate to respond to a significant disruption.

The risk is expected to remain at the higher level until assurance is obtained that the business continuity plans for the critical functions identified are adequate and effective. A target date of 31/03/2017 has been applied to the risk which is when the risk and the management action plan will be refreshed and updated to reflect any changes to the situation.

28 February 2017	ITEM 7
Standards and Audit Committee	
Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework	
Wards and communities affected: All.	Key Decision: Non-key.
Report of: Andy Owen, Interim Insurance & Risk Manager	
Accountable Head of Service: Sean Clark, Director of Finance & IT	
Accountable Director: Sean Clark, Director of Finance & IT	
This report is a public report.	

Executive Summary

Risk and Opportunity Management (ROM) is recognised as good management practice and is an integral part of the Council’s Corporate Governance and Performance Management arrangements.

To enable Standards and Audit Committee to consider the effectiveness of the Council’s ROM arrangements the report is presented on an annual basis.

The report provides details of how the Council’s ROM arrangements compare against good practice, outlines the current ROM activity, the proposals to maintain/improve the practice across the organisation and includes the updated ROM Policy, Strategy and Framework.

1. Recommendations

- 1.1 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.**
- 1.2 That Standards and Audit Committee note and approve the updated ROM Policy, Strategy and Framework.**

2. Introductions and Background

- 2.1 Risk and Opportunity Management is an integral part of the Council’s Corporate Governance and Performance Management arrangements and the Council has a statutory responsibility under the Account and Audit Regulations to put in place arrangements for the management of risks.
- 2.2 The Council has for a number of years used the ALARM/CIPFA Risk Management framework to test the Council’s performance against best

practice and for some of those years employed the model to compare scores with other public service organisation results.

- 2.3 For the 2016 ROM review the Council decided that it was not cost effective to sign up to the ALARM/CIPFA model. However the framework has been used to structure the exercise but means there is no benchmarking data available as a result of this approach.
- 2.4 The ALARM/CIPFA framework resembles the European Foundation for Quality Management model (EFQM) and breaks down risk management activity into seven strands with five focussed on enablers and two focussed on results:

Enablers criteria for Risk Management

- A. Leadership & Management
- B. Policy & Strategy
- C. People
- D. Partnerships & Resources
- E. Processes

Results criteria for Risk Management

- F. Risk Handling & Assurance
- G. Outcomes & Delivery

- 2.5 The Enabler section covers what an organisation does and the Results section covers what an organisation achieves. Each strand is covered by a series of questions that are designed to explore where the organisation scores against best practice. The answers to the questions are weighted to reflect their relative impact on performance and collated into a final score for each strand.
- 2.6 These results are then used to calculate the overall scores for the Enabler and Results sections. A summary of Thurrock's scores against the model is outlined below:

ENABLERS		Score	ENABLERS		Score	
A	4/4 LEADERSHIP & MANAGEMENT	75/100	E	6/6 PROCESSES	74/100	
1	✓ Information and decision making	24/32	1	✓ Links to business/service processes overview	25/35	
2	✓ Escalation and reporting systems	10/12	2	✓ Risk Identification and Analysis	25/30	
3	✓ Accountability and management responsibility	24/32	3	✓ Risk response	10/15	
4	✓ Leading risk management implementation	17/24	4	✓ Risk reporting and review	4/5	
			5	✓ Information Risk	4/5	
			6	✓ Service Continuity	6/10	
B	2/2 POLICY & STRATEGY	75/100	RESULTS			
1	✓ Risk management policy	50/60	F	2/2 RISK HANDLING & ASSURANCE	66/100	
2	✓ Strategy	25/40	1	✓ Risk handling	38/60	
			2	✓ Assurance	28/40	
C	4/4 PEOPLE	71/100	G	2/2 OUTCOMES & DELIVERY	70/100	
1	✓ Culture	20/25	1	✓ Risk management contribution to overall performance	40/60	
2	✓ Responsibility	14/20	2	✓ Contribution to specific outcomes	30/40	
3	✓ Skills and guidance - capability	21/35	Additional Questions			
4	✓ Communication	16/20	• Go to additional questions			
D	3/3 PARTNERSHIPS & SHARED RESOURCES	70/100	Comparison to Alarm's National Performance Model for Risk Management			
1	✓ Partnerships and shared services	35/50	ENABLERS LEVEL KEY		RESULTS LEVEL KEY	
2	✓ Finance	20/30	Level 5 - Driving	85%+	Level 5 - Driving	85%+
3	✓ Tools	15/20	Your Score--> Level 4 - Embedded and integrated	70%+	Your Score--> Level 4 - Embedded and integrated	70%+
			Level 3 - Working	45%+	Level 3 - Working	45%+
			Level 2 - Happening	20%+	Level 2 - Happening	20%+
			Level 1 - Awareness	0+	Level 1 - Awareness	0+

2.7 The Council has attained Level 4 – Embedded and integrated for the Enabler criteria and Level 3 - Working for the Results criteria.

3. Analysis and Evaluation of Results

3.1 The table below shows Thurrock's scores against the model for the years 2011 to 2016:

Strand	Year					
	2011	2012	2013	2014	2015	2016
A - Leadership & Management	62	62	72	73	75	75
B - Policy & Strategy	34	63	73	75	75	75
C – People	59	68	69	71	71	71
D - Partnership, Shared Services & Resources	56	56	65	70	70	70
E – Processes	67	70	72	74	74	74
F - Risk Handling & Assurance	53	64	66	66	66	66
G - Outcome & Delivery	60	65	68	68	70	70

3.2 The review has revealed that:

- For 6 of the 7 strands the Council has attained Level 4 – embedded and integrated (70%+).

- For 1 of the 7 strands the Council's scores is near to attaining the score for Level 4 - embedded and integrated (70%+).
 - For 7 of the 7 strands the Council's score is 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.
- 3.3 A summary of the current ROM activity and proposals to maintain and further embed the practice across the organisation are included in **Appendix 1**.
- 3.4 The challenge facing the Council is to ensure that adequate ROM arrangements remain in place and form part of the decision making process both at operational and strategic levels.
- 3.5 As part of the review the ROM Policy, Strategy and Framework has been refreshed and some minor changes made to update the document. The updated ROM Policy, Strategy and Framework are included in **Appendix 2**.

4. Reasons for Recommendation

- 4.1 To enable Standards and Audit Committee to consider the effectiveness of the Council's ROM arrangements the report is presented on an annual basis.
- 4.2 The report provides details of how the Council's ROM arrangements compare against good practice and outlines the current ROM activity and proposals to maintain and improve the practice across the organisation.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The results of the benchmarking exercise, outline of the current ROM activity and proposals to maintain and improve the practice across the organisation were be reported to Directors Board 24th January 2017, via Performance Board 5th January 2017.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 ROM is recognised as a good management practice and how successful the Council is in managing the risks and opportunities it faces will have a major impact on the achievement of the Council's priorities and objectives.

7. Implications

7.1 Financial

Implications verified by: **Laura Last**
Management Accountant

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduced the likelihood of financial claims and/or loss faced by the Council.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Law & Governance

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduced the likelihood of legal claims or regulatory challenges against the Council

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development & Equalities Manager

The management of risk and opportunities provides an effective mechanism for monitoring key equality and human right risks associated with a range of service and business activities undertaken by the Council. It also provides a method for reducing the likelihood of breaching our statutory equality duties.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder

Risk and opportunity management contributes towards the Council meeting the requirements of Corporate Governance and the Account & Audit Regulations.

Background papers used in preparing the report:

- ALARM/CIPFA Risk Management Benchmarking Model – Review papers.

Appendices to the report:

- Appendix 1 - Summary of Current Activity and Proposals to Maintain and Embed the Practice
- Appendix 2 - Risk & Opportunity Management Policy, Strategy & Framework

Report Author:

Andy Owen,
Interim Insurance & Risk Manager

Summary of Current ROM Activity and Proposals to Maintain/Embed the Practice

ROM Priorities	Summary of Current ROM Activity
<ul style="list-style-type: none"> • Review and Update the ROM Policy, Strategy and Framework • Maintain Strategic/Corporate level ROM • Maintain and further develop Service level ROM, including project and partnership ROM. • Continue to embed ROM and build skill/capacity for ROM across the Council. 	<ul style="list-style-type: none"> • ROM Policy, Strategy & Framework updated and reported to Standards & Audit Committee 15th March 2016, via Directors Board 23rd February 2015 and Performance Board representatives February 2016. • The revised ROM Policy, Strategy & Framework presented to Department Management Teams March 2016 to maintain ROM awareness across the Council. • Review and reporting arrangements for the Strategic/Corporate Risk and Opportunity Register appraised and Performance Board and Department Management Teams made aware of the 2016/17 arrangements March 2016. • In Quarter 1 Refresh of the Strategic/Corporate Risk and Opportunity Register undertaken during March to May 2016 and reported to Standards & Audit Committee 14th June 2016 (via Directors Board 17th May 2016 and Performance Board 3rd May 2016 May) and report papers shared with Cabinet Members. • Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register undertaken during October 2016 and reported to Standards & Audit Committee 15th November 2016 (via Directors Board 25th October 2016 and Performance Board 3rd October 2016) and report papers shared with Cabinet Members. • In Quarter 4 Review of the Strategic/Corporate Risk and Opportunity Register commenced December 2016 and scheduled to be reported to Directors Board via Performance Board representatives February 2017. • ROM section of Service Plan template/guidance for 2016/17 updated and Service Plans (including risk and opportunity registers) developed March 2016. • Risk management support for key projects provided. Guidance and templates for project level ROM reviewed and updated. • Partnership ROM reviewed. Principles that should be applied by services when working with Partners or Third Parties incorporated in the Finance Procedure Rules of the Constitution. • Provide support to Performance Board for the review of Service/Team Planning arrangements for 2017/18 (including service level ROM). Work to commence with Performance Board from January 2017 • Department Management Teams made aware of the ROM arrangements/guidance available March 2016. • ROM information regularly updated and made available on the shared file on Objective (central filing system). • ROM Awareness Training material updated. • ROM awareness training provision reviewed, e-learning modules researched and e-learning solution identified. • Risk management arrangements reviewed against the ALARM/CIPFA RM Model (including review of the ROM Policy & Strategy). Report to be presented to Standards and Audit Committee February 2017 (via Directors Board Feb 2017 and Performance Board Jan 2017).

ROM Priorities	Summary of Proposals to Maintain/Embed the Practice
<ul style="list-style-type: none"> • Review and Update the ROM Policy, Strategy and Framework • Maintain Strategic/Corporate level ROM Maintain and further develop Service level ROM, including project and partnership ROM. • Continue to embed ROM and build skill/capacity for ROM across the Council. 	<ul style="list-style-type: none"> • Update ROM guidance in line with revised ROM Policy, Strategy & Framework. • Update Department Management Teams of the revised ROM Policy, Strategy and Framework to maintain awareness of the ROM arrangements across the Council. • Review the reporting timeframe/arrangements for Strategic/Corporate Risk and Opportunity Register. • Update Department Management Teams of the review and reporting arrangements for the Strategic/Corporate Risk and Opportunity Register. • Undertake In Quarter 1 Refresh of the Strategic/Corporate Risk and Opportunity Register and report to Standards & Audit Committee via Directors Board and Performance Board representatives. • Undertake In Quarter 2 Review of the Strategic/Corporate Risk and Opportunity Register and report to Directors Board and Performance Board representatives. • Undertake In Quarter 3 Review of the Strategic/Corporate Risk and Opportunity Register and report to Standards & Audit Committee via Directors Board and Performance Board representatives. • Undertake In Quarter 4 Review of the Strategic/Corporate Risk and Opportunity Register and report to Directors Board and Performance Board representatives. • Provide ROM support to Services for the development of Service/Team Plans for 2017/18 (including service risk and opportunity registers). • Maintain and further embed project level risk management arrangements. • Maintain and further embed partnership ROM. • Continue to work with services to identify key projects/partnerships and embed risk management arrangements. • Continue to raise ROM awareness with Department Management Teams. • Maintain regular updates of ROM Information on the shared file on Objective (central filing system). • Review ROM awareness training provision and consider the development of an e-learning module. • Annual review of ROM arrangements against good practice (e.g. ALARM/CIPFA RM Model).

Risk and Opportunity Management Policy and Strategy

December 2016

Title:	Risk and Opportunity Management Policy and Strategy.
Purpose:	Outlines the overarching ROM framework for Thurrock Council.
Owner:	Andy Owen, Interim Insurance & Risk Manager
Approved by:	N/A
Date:	December 2016
Version:	1.5
Status:	Draft
Review Frequency:	Annual
Next Review Date:	December 2017
Consultation:	N/A

Purpose

The Risk and Opportunity Management Policy & Strategy outlines the overarching risk and opportunity management framework in Thurrock detailing where a formal approach to risk and opportunity management must be adopted by officers.

The document details the priorities of Corporate Risk and Opportunity Management over the next year, how risk and opportunity is monitored, reported and escalated across the Council and what duties are placed on officers across the council to ensure compliance.

Related Documents

- Risk and Opportunity Management Guide

Who is Governed by this Policy and Strategy?

The Risk Management Policy and Strategy applies to all staff including and not limited to temporary staff, seasonal staff and contractors. A failure to comply could be damaging to the finances and reputation of the Council.

Executive Summary

This combined risk and opportunity management policy and strategy details the Council's framework for managing business risk and opportunity. The risk and opportunity management framework is the culture, processes and structures that are directed towards effective management of potential risks and opportunities that the council faces in delivering its objectives.

Thurrock Council takes risks and recognises that risk is involved in everything it does and that it has a duty to manage these risks. This duty is to staff, residents and people working in the borough, service users, partners and funding agencies. Proactive risk and opportunity management makes sound business sense; effective risk and opportunity management is good management practice.

The Risk and Opportunity Management Guide expands upon the principles laid out in this document; and provides more support on how to undertake a risk and opportunity assessment.

<u>Title</u>	<u>Page No.</u>
Risk and Opportunity Management Policy	4
Risk Management Strategy	
• Overview	5
– Risk and Opportunity Management Framework	5
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• Defining Risk and Opportunity Management	6
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• Risk and Opportunity Management in Thurrock Council	6
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Risk & Opportunity Management Policy

Risk needs to be managed rather than avoided, and consideration of risk should not stifle innovation. The Council delivers services in an increasingly litigious and risk averse society and believes that risk management is a tool for exploiting opportunities as well as safeguarding against potential threats. Thurrock Council uses the discipline of risk and opportunity management to promote innovation in support of the Council's strategic priorities and objectives.

The risk and opportunity management framework is the all-encompassing approach that the Council takes towards risk and opportunity management; including the adoption of this Policy & Strategy, the resourcing of Corporate Risk and Opportunity Management and the consideration of risk and opportunity management in other corporate policies and procedures.

The risk and opportunity management discipline involves the identification, evaluation, management, review and escalation of risk and opportunity. Whenever an officer is involved in an activity which has significant levels of risk, it is important that the risk management process is formalised by, for example, undertaking a risk assessment or detailing risks in a report. The Council recognises that the approach to risk management should be proportionate to the level of risk present.

The management of risk and opportunity is woven throughout the Council's key governance frameworks and as such there are specific requirements for all officers to adopt a formal approach to risk and opportunity management in the following areas;

- Key decision making reports
- Corporate and Service planning processes
- Programme and Project management
- Procurement and commissioning processes
- Partnership working arrangements
- Change management processes.

Corporate Risk Management is responsible for developing and embedding the risk and opportunity management framework within which risks and opportunities are to be managed across the Council. This includes developing risk and opportunity management capacity within the Council's workforce through the offer of guidance, support and training.

All Council officers are responsible for the management of the risks and opportunities that surround their role and adherence to the risk and opportunity management framework.

The Risk and Opportunity Management Policy and Strategy are reviewed on an annual basis by Corporate Risk Management. Standards and Audit Committee Members are consulted as part of this process. This policy is approved by Cabinet and any major changes will be taken back to Cabinet for re approval.

Adherence to the requirements set out in the Risk and Opportunity Management Policy and Strategy is monitored by Corporate Risk Management and reported to Directors Board and Standards and Audit Committee as appropriate.

Risk & Opportunity Management Strategy

Thurrock Council believes that through the proactive management of its significant business risks and opportunities it will be in a stronger position to deliver the strategic priorities and objectives

To this end, Corporate Risk Management has been issued the remit of developing and embedding an enterprise-wide risk and opportunity management framework.

There is strong senior management support for risk and opportunity management. The Council has a developing risk culture and a positive attitude to risk – recognising that well managed risk brings opportunity and innovation.

The Risk & Opportunity Management Framework

Having a robust and systematic risk and opportunity management framework which is embedded throughout the organisation will;

- Help officers to fully understand the event, cause and effects of the risks and opportunities that they face, and in turn make more informed decisions on how best to manage risks and opportunities.
- Allow officers to analyse and prioritise risks and opportunities; helping inform decisions on the management, escalation and communication of risks and opportunities.
- Reinforce officers' understanding of risks/opportunities and how they will be managed; as well as encouraging the assignation of roles and responsibilities for the management of risks/opportunities.
- Provides senior managers and members with the assurance that risks and opportunities are being considered and managed across the organisation, and where necessary the risks and opportunities are escalated for their input and guidance.

Key Risk and Opportunity Management Objectives

In order to realise the organisational benefits of managing risk/opportunity and deliver upon their remit of developing and embedding a risk and opportunity management framework, Corporate Risk Management has identified the following objectives;

1. To maintain and review the risk and opportunity management framework which takes into account new and emerging risk and opportunity management practices in accordance with the principles of British Standard 31100.
2. To ensure the Council actively manages risks and opportunities in the delivery of Service Plans and strategic priorities and objectives.
3. To ensure risks and opportunities are considered and discussed as part of the councils key decision making processes.
4. To ensure all programmes and projects in the council have a robust approach to risk and opportunity management.
5. To ensure officers consider the risks and opportunities associated with partner organisations, delivery agents and the voluntary sector.

6. To ensure officers consider the management of risk and opportunity within the procurement and commissioning process.
7. To integrate and embed risk and opportunity management throughout the working culture of the Council by providing support, guidance and training to officers.
8. To monitor adherence to the Risk and Opportunity Management Framework and report on performance to Standards & Audit Committee, via Directors Board and Performance Board.

Defining Risk and Opportunity Management

Thurrock Council's definition of Risk and Opportunity Management is:

“The planned and systematic approach to identify, evaluate and manage the risks to and the opportunities for the achievement of objectives”

This compliments the CIPFA Better Governance Forum's definition of risk and the context of risk management as detailed in the British Standard 31100, which state:

“Risk arises as much from failing to capture opportunities, as it does from threat that something bad will happen” (Definition of risk - CIPFA Better Governance Forum).

“Risk management is as much about exploiting potential opportunities as preventing potential problems” (Context of risk management - British Standard 31100).

Corporate Risk Management

Corporate Risk Management sits within the Finance & IT Directorate and is led by the Interim Insurance and Risk Manager who is mandated to;

- Establish the risk and opportunity management framework through developing procedures, tools and guidance on how to manage risk and opportunity;
- Embed the framework by providing training, guidance and support to officers across the Council on how to comply with it.

The tools that Corporate Risk Management (CRM) has developed are available on the Risk and Opportunity Management shared file on Objective (the central filing system), see file: Thurrock Corporate File Plan/Risk Management & Insurance/Risk Management/Risk & Opportunity Management Systems/Risk & Opportunity Management Share Across Services File.

Risk and Opportunity Management in Thurrock Council

Thurrock Council's risk management strategy was first developed in 2005 and it is reviewed on an annual basis. The risk management strategy focussed on the potential negative effects of uncertainty (risk) and as a result, uncertainties that could have beneficial effects (opportunities) were generally overlooked. The framework was therefore revised and Opportunity Management incorporated in the approach. The Risk and Opportunity Management framework was introduced in 2008.

Standards and Audit Committee and Directors Board act as the risk and opportunity management oversight bodies; receiving regular reports throughout the year and providing challenge and support to the whole process. The Cabinet Member for Finance and the Director of Finance & IT promote risk and opportunity management across the Council in their respective roles of Member and Officer Risk Management Champions.

The ROM Policy & Strategy provides an overview of the risk management framework within Thurrock Council and outlines Corporate Risk Management's objectives in the short/medium term to further develop and embed the framework.

Risk and Opportunity Management Priorities 2016-18

The following priorities will be incorporated into Corporate Risk Management's plans for 2016-2018

- Review and update the ROM Policy, Strategy and Framework.
- Maintain Strategic/Corporate level ROM.
- Maintain and further develop Service level ROM, including Project and Partnership ROM.
- Continue to embed ROM and build capacity for ROM across the Council.

Governance and Compliance

The management of risk is woven throughout the Council's key governance frameworks and as such there are specific requirements for all officers to adopt a formal approach to risk and opportunity management in the following areas;

- Key decision making reports.
- Corporate and Service Planning.
- Programme and Project management.
- Procurement, Commissioning and Contract Management.
- Partnership working arrangements.
- Change management processes.

A formal approach to risk and opportunity management will involve for example, undertaking a risk assessment or detailing risks in a report. The council recognises that the approach to risk and opportunity management should be proportionate to the level of risk or opportunity involved. For more information refer to the guide on the risk & opportunity management, see shared file on Objective (the central filing system): Thurrock Corporate File Plan/Risk Management & Insurance/Risk Management/Risk & Opportunity Management Systems/Risk & Opportunity Management Share Across Services File.

Compliance with the Risk and Opportunity Management Framework

This policy and strategy is just one part of the Council's risk and opportunity management framework. Other key components include the risk/opportunity rating system, risk and opportunity assessment templates and strategic/corporate risk and opportunity register.

To ensure consistency it is important that these tools are adopted across the Council. Any variations or dispensations will be kept to a minimum and must be approved by Corporate Risk Management.

Heads of Service and Directors have responsibilities to ensure that staff adheres to the risk and opportunity management framework. For more information on the roles and responsibilities of all staff please refer to the Risk and Opportunity Management Framework table, Appendix A at the end of this document.

Monitoring, Reporting & Escalating Risk and Opportunity

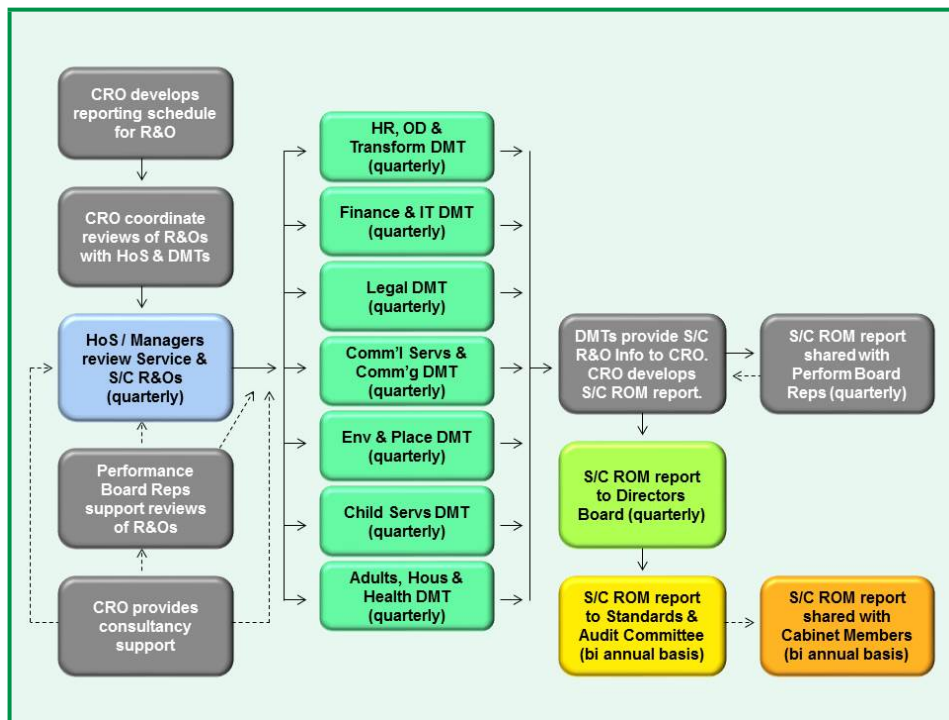
Corporate Risk Management continually monitors the management of risk/opportunity across the Council. This is done through quarter reviews of each Directorates/Departments key risks and opportunities.

Each Directorates/Departments performance in relation to compliance to the risk and opportunity management framework and management of risk/opportunity is monitored on a quarterly basis through the directorate/department management teams.

Risks/opportunities are escalated and reported throughout the organisation in a number of different ways. Through the regular review of key service, department and directorate risks and opportunities, a process of aggregation and escalation occurs and the items considered by Directorate/Department Management Teams. The Directorate/Department risks and opportunities with strategic/corporate significance are then further analysed to develop strategic/corporate risks and opportunities which are reported to Directors Board quarterly and Standards & Audit Committee on a bi annual basis.

To inform judgements on key decisions the associated risks, opportunities and management response arrangements are detailed within reports to Cabinet.

Within programmes and projects the monitoring, reporting and escalation of risk/opportunity is less formal. Corporate Risk Management provides support to programmes and projects, and the corporate programme and/or project management methodology details the approach that should be followed for monitoring, reporting and escalating risk/opportunity to project and programme boards.



Monitoring & reporting - strategic/corporate risk & opportunity register

Thurrock Council's Risk and Opportunity Management Maturity – Review

The development of the risk and opportunity management framework and the level to which it is embedded in the working practices of the organisation are reviewed and/or benchmarked against good practice on an annual basis. The improvement opportunities highlighted by the review are used to inform the Corporate Risk Management priorities and plans for the short/medium term.

Further Guidance, Tools, Support and Training

The latest version of the Risk and Opportunity Management Policy and Strategy and all of our documents can be obtained from Corporate Risk Management:

Andy Owen
Interim Insurance & Risk Manager
Thurrock Council
aowen@thurrock.gov.uk
01375 652174

Risk and Opportunity Management Framework

Who	Key Roles & Responsibilities	Report Type	By Whom	Frequency
Council	Receive and act upon: <ul style="list-style-type: none"> Reports from Cabinet, S&AC and Head of Paid Service. Reports, recommendations and advice from S&AC 	<ul style="list-style-type: none"> e.g. Annual Governance Statement; Policy, Strategy and Framework report and other relevant reports. 	Cabinet, Standards & Audit Committee.	Annually
Cabinet	<ul style="list-style-type: none"> Agree the ROM Policy, Strategy & Framework and receive reports on them. Hold the political responsibility for ROM within each individual portfolio. Identify a lead portfolio holder for ROM 	<ul style="list-style-type: none"> Policy, Strategy & Framework and other relevant reports. Mid and end of year progress/updates on the Strategic/Corporate R&Os (as part of Progress and Performance Report) 	Standards & Audit Committee and Directors Board	<ul style="list-style-type: none"> Annually or as required Bi Annual
Standards & Audit Committee	<ul style="list-style-type: none"> Oversee and challenge assurance and the ROM arrangements 	<ul style="list-style-type: none"> Review of Policy, Strategy & Framework Receive updates on the Strategic/Corporate R&Os and action plans Receive assurance on effectiveness of ROM 	Director of Finance & IT	<ul style="list-style-type: none"> Annually Bi Annual Annually
Directors Board	<ul style="list-style-type: none"> Strategic leadership group for ROM Oversee the ROM Policy, Strategy & Framework Responsible for effectiveness of R&O and assurance arrangements and any management or mitigation. Quarterly monitoring of Strategic/Corporate R&Os & associated action plans. 	<ul style="list-style-type: none"> Review of Policy, Strategy & Framework. Reviews of Strategic/Corporate R&Os and action plans. Review / Benchmarking of ROM 	Director of Finance & IT	<ul style="list-style-type: none"> Annually Quarterly Annually
Corporate Risk Management	<ul style="list-style-type: none"> Establish the ROM Policy, Strategy & Framework Stewardship of the Strategic/Corporate R&O Register Review /Benchmarking of ROM Establish Service level ROM Provide consultancy and advice on ROM 	<ul style="list-style-type: none"> Review of ROM Policy, Strategy & Framework. Reviews of Strategic/Corporate R&Os and action plans. Review / Benchmarking of ROM 	Interim Insurance & Risk Manager	<ul style="list-style-type: none"> Annually Quarterly Annually
Directors	<ul style="list-style-type: none"> Monitoring of Strategic/Corporate R&Os for the directorate or Council. Escalation as appropriate of Strategic/Corporate R&Os to DB Monitoring of high level R&Os facing the directorate or Council (e.g. programme, partnership, project and service R&Os) 	<ul style="list-style-type: none"> Reviews of Strategic/Corporate R&Os and action plans to DB Report to Portfolio Holders on the high level R&Os facing the directorate or Council 	Directors	Quarterly or as required
Directorate/Department Management Teams	<ul style="list-style-type: none"> Identification and monitoring of Strategic/Corporate and other key risks/opportunities facing the department Escalation as appropriate of S/C R&Os to Directors Board 	<ul style="list-style-type: none"> Review of R&Os and R&O Registers as a standing agenda item at DMT meetings DMT to receive & approve updates to S/C R&Os and action plans 	Directors, Heads of Service or Lead Officer	Quarterly or as required by Director or DMT
Performance Board	<ul style="list-style-type: none"> Support the review and development of ROM Policy, Strategy & Framework. Support the development/review of the Strategic/Corporate R&Os register. Review / Benchmarking of ROM 	<ul style="list-style-type: none"> Review of Policy, Strategy & Framework. Reviews of Strategic/Corporate R&Os and action plans. Review / Benchmarking of ROM 	Interim Insurance & Risk Manager	<ul style="list-style-type: none"> Annually Quarterly Annually
Heads of Service	<ul style="list-style-type: none"> Identification, management and review of R&Os within their Service or area of responsibility. Monitoring and escalation as appropriate of R&Os to either Director or relevant DMT 	<ul style="list-style-type: none"> Review of R&Os and R&O Registers as a standing agenda item at Service SMT meetings. Review of Strategic/Corporate R&Os and action plans to DMT Report to DMT on identified R&Os that require consideration for escalation to the S/C R&O Register 	Heads of Service	Quarterly or as required by Director or DMT
Programme & Partnership Boards or Project Managers	Responsible for the identification, management and monitoring of R&Os within their given areas.	Report on the management of R&Os and escalation of high level R&Os as required or necessary	Programme Boards, Partnership Boards and Project Managers	Quarterly or as required by Directors, DMTs or Heads of Service
Employees	To manage risk effectively in their job and report hazards, risks or opportunities to their Heads of Service or Manager.	Report incidents, risks and opportunities following the procedures laid down in corporate policies.	All Employees	As necessary or required.

28 February 2017	ITEM: 8
Standards and Audit Committee	
Internal Audit Progress Report 2016/17	
Wards and communities affected: All	Key Decision: Non-key
Report of: Gary Clifford, Chief Internal Auditor	
Accountable Head of Service: Sean Clark, Director of Finance & IT	
Accountable Director: Sean Clark, Director of Finance & IT	
This report is public	

Executive Summary

The Internal Audit Plan 2016/17 was discussed by the Standards & Audit Committee at their meeting of 15th March 2016. This report is the third progress report for 2016/17. It details audit reviews issued as final, are in draft or work in progress that has started since the Committee meeting held on the 15th November 2016.

1. Recommendation(s)

1.1 That the Standards & Audit Committee:

Consider reports issued by Internal Audit in relation to the 2016/17 audit plan.

2. Introduction and Background

2.1 The Accounts and Audit Regulations 2015 require that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

2.2 The Internal Audit Service carries out the work to satisfy this legislative requirement and part of this is reporting the outcome of its work to the Standards & Audit Committee.

2.3 The Standards & Audit Committee has a responsibility for reviewing the Council's corporate governance arrangements, including internal control and formally approving the Annual Governance Statement. The audit work carried out by the Internal Audit Service is a key source of assurance to the

Standards & Audit Committee about the operation of the internal control environment.

- 2.4 The audits contained in the Internal Audit Plan 2016/17 are based on an assessment of risk for each system or operational area. The assessment of risk includes elements such as the level of corporate importance, materiality, service delivery/importance and sensitivity.

3. Issues, Options and Analysis of Options

- 3.1 The reports issued by Internal Audit provide 4 levels of assurance opinion. The 4 opinions use a Red/Amber/Green (RAG) assurance level and reports are now categorised as:

- Green; Amber/Green (positive assurance opinions);
- Amber/Red (negative assurance opinion that provides some assurance but a number of weaknesses were identified); and
- Red (negative assurance opinion).

- 3.2 We have summarised below (3.3 to 3.6), those reports that have been issued as final since the 15th November 2016. The key findings of these reports are shown at Appendix 1.

- 3.3 No reports were issued with a **Green** assurance rating for the control frameworks in their area.

- 3.4 The following report received an **Amber/Green** assurance rating for the control framework in its area during this period:

- HR Leavers Process
- Housing Rents

- 3.5 No report received an **Amber/Red** or a **Red** assurance rating for the control framework in its area.

- 3.6 In the period, there have been 2 **Advisory** reports issued. These were a review of Business User & Travel Allowances and a review of No Recourse to Public Funds.

4. Reasons for Recommendation

- 4.1 To assist the Standards & Audit Committee in satisfying itself that progress against the Internal Audit Plan is sufficient as one of the means of assuring itself of the effective operation of internal controls.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The audit risk assessment and the plan are periodically discussed with the Chief Executive, Corporate Directors, Directors and Heads of Service before being reported to Directors Board and the Standards & Audit Committee.
- 5.2 All terms of reference and draft reports are discussed and agreed with the relevant Corporate Directors, Directors, Heads of Service and/or management before being finalised.
- 5.3 The Internal Audit Service also consults with the Council's External Auditors to ensure that respective audit plans provide full coverage whilst avoiding duplication.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The Council's corporate priorities were used to inform the annual audit plan 2016-17. Recommendations made are designed to further the implementation of these corporate priorities.

7. Implications

7.1 Financial

Implications verified by: **Laura Last**
Senior Finance Officer - Management Accounts

Whilst there are no direct financial implications arising from this report, it is important that the authority maintains adequate internal controls to safeguard the authority's assets. If there is a cost to any audit recommendation, this is to be met from existing budgets.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Law & Governance

The contents of this report and appendixes form part of the Council's responsibility to comply with the Audit Commission Act 1998 and the Accounts and Audit Regulations 2015 to at least annually undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Council has delegated responsibility for ensuring this is taking place to the Standards & Audit Committee. There are no adverse legal implications relating to this progress report.

7.3 **Diversity and Equality**

Implications verified by: **Natalie Warren**
Community Development & Equalities Manager

This report includes information on an audit of the service provided to vulnerable children with No Recourse to Public Funds. Whilst this was an advisory report, an action plan has been developed with a series of recommendations and management actions to mitigate the potential risks highlighted through the service audit.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

In terms of risk and opportunity management, the Internal Audit Plan and its outcomes are a key part of the Council's risk management and assurance framework. The Internal Audit Plan is based on risk assessments that include a review of the Council's risk and opportunity register.

8. **Background papers used in preparing the report:**

- Strategy for Internal Audit 2016/17 to 2018/19 and Internal Audit Plan 2016/17
- Internal Audit Reports issued in 2016/17.

9. **Appendices to the report**

- Appendix 1 – Internal Audit Progress Report.

Report Author:

Gary Clifford
Chief Internal Auditor

Thurrock Council

Standards & Audit Committee

Internal Audit Progress Report 2016/17

Date of Committee: 28th February 2017

Introduction

The internal audit plan for 2016/17 was presented to the Standards & Audit Committee on 15th March 2016. This report provides an update on progress against that plan since the meeting on the 15th November 2016.

Table showing reports issued as Final, in Draft or Work in Progress

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
HR Leavers Process	Final	Amber/Green	0	4	2
Business User and Travel Allowances	Final	Advisory	1	3	0
No Recourse to Public Funds	Final	Advisory	0	3	2
Shop Premises	Draft with client		N/A	N/A	N/A
Community Safety	Work in Progress		N/A	N/A	N/A
Leaseholder Charges	Work in Progress		N/A	N/A	N/A
Core Assurance					
Housing Rents	Final	Amber/Green	1	1	0
Payroll	Draft with Audit		N/A	N/A	N/A
Cash & Banking	Work in Progress		N/A	N/A	N/A
Accounts Payable	Work in Progress		N/A	N/A	N/A
Accounts Receivable	Work in Progress		N/A	N/A	N/A
General Ledger	Work in Progress		N/A	N/A	N/A
Social Care Income	Work in Progress		N/A	N/A	N/A
Social Care Expenditure	Work in Progress		N/A	N/A	N/A

Work and other issues for which no reports are generated

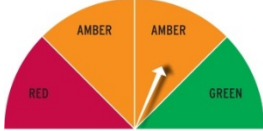
Two new employees were recruited as Assistant Internal Auditors and started working within the service on the 9th and 11th January respectively. These have been financed through some of the budget allocated to the Croydon Framework where we paid for additional resource to enable us to deliver sufficient work to provide an annual opinion. All costs were contained within the existing budget. On the job training for these staff is now being carried out by the Senior Internal Auditors.

Changes to plan

There were two changes agreed with the Director of Corporate Finance & IT to the plan for 2016/17:

- It was agreed that the work on Kynoch Court which was due to take place in Jan/Feb would now take place in April as staff from the service and finance visited the site to introduce new financial procedures in January. The scope of the work will now be around compliance with the new processes.
- The Operational Lead for Revenues and Benefits requested that the work on Council Tax, NNDR and Housing Benefits be carried out early April, rather than March due to the year-end processes. This will need to be reviewed next year in light of government requirements to bring forward the timeframe for the signing off of the Annual Accounts.

Key Findings from Internal Audit Work

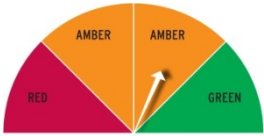
Assignment: HR Leavers Process	Opinion: Amber/Green	
Headline Findings: Our review of HR Leavers Process identified 4 medium and 2 low recommendations around the adequacy of the control framework. We have never undertaken an end to end review of just the leavers' process.		
Action and Response	Responsible Officer	Date
<p>Action - It is recommended that managers are reminded of the importance of passing leavers' information to relevant departments as soon as an employee resigns and the manager accepts it. This should be done through Dashboard. Failure to follow the correct procedure has resulted in overpayments which then consume resources trying to recover the outstanding amount owed.</p> <p>Response – Include manager responsibilities for leavers in the managers handbook Ensure these responsibilities are the focus of a future Thurrock Manager publication. This needs to reference the workflow process as the notification should be automatic if managed through Oracle and if not it needs to be linked to the Oracle Project.</p>	<p>Improvement Manager Strategic Lead HR & OD</p>	<p>31 March 17</p>
<p>Action - Whilst acknowledging that exit interviews are not mandatory, it is recommended that managers are reminded to encourage their staff to take part in an exit interview during the notice period. This will assist the Council in ensuring that potential lessons are learned and appropriate action can be taken to reduce staff turnover if the reason for them leaving still exists e.g. poor staff morale, difficulties with the role, lack of resources etc. This could be particularly relevant in hard to recruit areas such as Adult and Children's Services.</p> <p>Response - Include manager responsibilities for leavers in the managers handbook Ensure these responsibilities are the focus of a future Thurrock Manager publication.</p>	<p>Improvement Manager Strategic Lead HR & OD</p>	<p>31 March 17</p>
<p>Action - Consideration should be given to making the end date on the Oracle Contingent Worker Form mandatory and it should only allow the manager to enter an end date that does not exceed the start date by more than 6 months. If the agency worker or consultant is working for the Council longer than this, a new form should be submitted. As part of the Oracle Improvement Programme, consideration could also be given to having a workflow process that sends out an email reminder, 2 weeks before the end date is reached, to remind the manager that access will be removed and provide a checklist to remind them to get the agency staff or consultant to return any assets they have been provided with by the Council. Not only would this reduce the likelihood of agency staff or consultants who have left still having access to systems or assets they should no longer have, but would also act as a reminder to the</p>	<p>Strategic Lead HR & OD and ICT Senior Project Manager</p>	<p>31 March 17</p>

<p>manager to review whether this person is still required.</p> <p>Response - HR are working with ICT to work through new forms and workflows via Oracle that would allow managers to enter requests for agency and contractor accounts to be closed down and for kit and passes etc. to be reclaimed.</p> <p>Only contingent workers that have management responsibilities are currently entered into Oracle. This is to enable workflow processes to work. The Improvement Programme is looking into options for interfaces between Oracle and Matrix to hold all contingent workers, which could then pick up on some of these issues. However, in relation to manager notifications of end dates, it may be simpler to implement these notifications directly from Matrix. This should be discussed with Matrix.</p>		
<p>Action - It is recommended that all Managers should be reminded to use the Dashboard to record staff who are leaving. Further training should be arranged if required. As part of the Oracle mapping exercise consideration should be given to introducing a workflow process that sends out an automatic reminder to the manager, prior to the member of staff's leaving date, which provides a checklist of the steps they need to take, including getting back Council assets, and who they need to contact. This would also assist managers by providing guidance on what to do with the assets following collection from the leaver. This should improve the reallocation of assets and reduce the likelihood of assets not being returned.</p> <p>Response - Include manager responsibilities for leavers in the managers handbook</p> <p>HR to develop a leavers checklist for Managers to work through (similar to induction checklist) to ensure all elements are picked up</p>	<p>Improvement Manager Strategic Lead HR & OD</p>	<p>31 March 17</p>

Assignment: Business User and Travel Allowance	No opinion provided for advisory reports	Advisory
<p>Headline Findings: Our review of Business User and Travel Allowance was carried out as an advisory review following the Chief Internal Auditor's attendance at a London Audit Group meeting where another authority highlighted the potential risks of staff receiving an allowance to which they were not entitled. As a result, it was agreed with the Director of HR, OD & Transformation that Internal Audit undertake an advisory review in this area. The review identified 1 high and 3 medium recommendations and was reported to Directors Board on the 24th January 2017.</p>		
Action and Response	Responsible Officer	Date
<p>Action - In the current economic climate, it is recommended that a project is initiated to review the BUA scheme. The Council needs to determine how it can appropriately reward those staff who contractually require a vehicle and use it regularly to carry out their work, whilst reducing costs and removing the allowance from those who loosely interpret the criteria as a means to reward staff both financially, and with an allocated free car parking space. There are a number of options which the Council could consider including the following:</p> <p>Option 1 - No change – not feasible as staff who should not be getting the allowance are getting it.</p> <p>Option 2 - Align BUA to specific job roles – may be complicated to set up as would need to identify all of those roles that meet the criteria. Could be a longer term solution.</p> <p>Option 3 - Reassess all current staff receiving BUA – could be carried out quickly, would have an immediate impact and likely to result in significant savings.</p> <p>Option 4 - Remove BUA completely – could be considered in the longer term but would need widespread consultation and likely to have an initial cost to “buy out” existing staff receiving the allowance.</p> <p>It is suggested that management should consider implementing option 3 as soon as possible to maximise the potential savings in the short to medium term and look at options 2 and 4 in the longer-term to reduce the likelihood that BUA is paid to those not entitled to receive it.</p> <p>Response – Has been built into the procedure. Upon receipt all appeals and reviews are logged on the management spreadsheet and attached to the application. A note is also placed on the application stating which officer it has been passed to. Officers have also been reminded that they need to complete the spreadsheet upon completion of the appeal or review. This has been fed into 6 month PDR reviews.</p> <p>Response - Agreed that option 3 that a full review is carried out as soon as possible.</p> <p>It was noted that this is a process that was carried out by the payroll team annually but was suspended due to pressures within the payroll</p>	<p>1) Andrew Brown 2) Lindsey Simons 3) Lindsey Simons 4) Janet Cox/Gary Clifford 5) Andrew Brown 6) <i>Gary Clifford</i></p>	<p>1) 31 March 17 2) 31 January 17 3) 31 January 17 4) 31 January 17 5) 31 May 17 6) <i>ASAP</i></p>

<p>team.</p> <p>Actions agreed were as follows:</p> <ol style="list-style-type: none"> 1) Managers to complete a review as at the 31st March 2017. 2) Script to be drafted for the HRA to brief directorates. 3) Communication to be drafted for managers to raise findings of report. 4) Report to be brought to the Director of HR and OD with a view to raise this at Directors Board. 5) Managers will be given until the 31 May 2017 to provide BUA assessment. Failure to provide assessment will result in the BUA being suspended. 6) <u>Internal Audit Comment</u> <i>The report went to DB on 24th Jan 17 and it was agreed that Internal Audit would check all BUA forms and report back to DB as soon as the work was completed.</i> 		
<p>Action - It is recommended that the four weeks rent in advance should always be taken from applicants who are not already, or cannot prove their eligibility to Housing Benefits as they may not qualify. This will reduce the likelihood of arrears accumulating if benefits are not payable at the time the tenancy starts.</p> <p>Response – The sign up process does state that the applicant must prove their eligibility to claim HB if they do, they only pay 4 weeks water rates and any Top up. If they can't prove this they must pay 4 weeks full rent up front. Refresher training to be given to all EO's by their Team Leaders.</p>	<p>Tenancy Manager & Team Leaders</p>	<p>November 2016</p>
<p>Action - All staff should sign a Declaration of Interest Form annually. The line manager should also make them aware that under the Council's Code of Conduct, they must declare any potential conflict as it arises, so the work can be reallocated to someone who has no personal interest. This will reduce the likelihood of staff being accused of potential misconduct or fraud.</p> <p>Response – This needs confirming with HR as if it applies to Allocation staff it should apply to all staff in Housing</p>	<p>Allocations Manager</p>	<p>September 2016</p>
<p>Action - Housing need to adopt, and make staff aware of, a consistent naming convention to ensure all files can be located using the same search criteria. Guidance should be sought from the Objective team on the best way to do this. This will ensure there is an audit trail to support all tenancy transfers and inspections. In addition, transfer inspections should be carried out as soon as possible, preferably prior to the transfer date, to ensure tenants do not end up in arrears for repairs needed to their former property.</p> <p>Response – EO's were instructed on naming documents at the introduction of EDRMS. Refresher training to be rolled out to all EO's on correct naming procedure.</p>	<p>Tenancy Manager & Team Leaders</p>	<p>November 2016</p>

Assignment: No Recourse to Public Funds	No opinion provided for advisory reports	Advisory
Headline Findings: Our review of No Recourse to Public Funds was carried out as an advisory review following discussions with the service who acknowledged that there were problems. A senior member of staff who was responsible for administering and visiting families assessed as NRPF had left which had resulted in a gap in the services knowledge and resources. The review identified 3 medium and 2 low recommendations.		
Action and Response	Responsible Officer	Date
<p>Action - Local policies and guidance need to be reviewed on a regular basis. In addition, the policy needs to be accessible to all relevant staff. This will provide clarity and consistency across the department and reduce the risk of legal challenge. The policy framework in place should determine the help available to those clients eligible for assistance and provide guidance for those who do not qualify.</p> <p>Response – The policy will be reviewed on a 6 monthly basis in conjunction with legal.</p>	Service Manager, MASH & CFAT/ Service Manager for Family Support and Adolescents EC Services	May 2017
<p>Action - A subsistence framework covering payments provided by the local authority is required. It should take into consideration government guidelines for asylum support and the NRPF framework. Whilst there is no definitive guideline on exactly how much subsistence should be given to people with NRPF supported by local authorities, they must be able to demonstrate that any subsistence payments meet the essential living needs of client. This reduces the risk of legal challenge based upon inequality or failure to meet statutory duties.</p> <p>Response – A review of the NRPF cases in FST has already begun.</p> <p>Where long term support is provided all families have been written to and appointments have been made to review the overall financial support offered.</p>	Service Manager for Family Support and Adolescents EC Services	March 2017
<p>Action - The Authority needs to identify the associated costs for NRPF cases and carry out a spend analysis. In determining the costs involved and any emerging trends, the Authority can consider undertaking an options appraisal to determine its strategic approach and the resources and specialist skills required. This should include looking at a formal joint working arrangement with Housing services and local and national charities to identify whether there are better ways to deliver accommodation in the short and longer term. A lack of appropriate resources and a strategic approach may result in an increase in Legal challenges to the Authority and an overspend resulting from a lack of quality data.</p> <p>Response – A single spreadsheet will be developed to incorporate and track the weekly accommodation and subsistence costs. A dedicated cost code for NRPF clients has been implemented with Finance colleagues.</p>	Service Manager, MASH & CFAT/ Service Manager for Family Support and Adolescents EC Services	February 2017

Assignment: Housing Rents	Amber/Green	
Headline Findings: Our review of Housing Rents identified 1 high and 1 medium recommendation around the adequacy and application of the control framework. Both of these recommendations had been raised as part of the last review so the risk rating was raised to reflect the need for them to be actioned.		
Action and Response	Responsible Officer	Date
<p>Action - It is recommended that former tenants' debts are referred to the Debt collection Team regularly and promptly. The process for collecting debt needs to be reviewed and new guidance issued. A meeting should be organised between the Housing Accountant, Rents & Welfare Manager and the Debt Manager to agree the process moving forward, including a realistic provision for bad debts that cannot be recovered from former tenants with rent arrears. Failure to correctly treat debt can result in loss of income to the Council.</p> <p>Response – Housing Accountant, Rents & Welfare Manager and Debt Manager to meet to scope out joint working arrangements within 1 month. Thereafter minimum monthly meetings to establish joint working and performance measures.</p>	<p>Housing Rents & Welfare Manager/ Debt Manager/ Housing Accountant</p>	<p>End of January 17 for first meeting</p>
<p>Action - It is recommended that access to the Northgate System is reviewed on an annual basis. Managers should be sent a list of their staff with access to the system and asked to confirm whether they still require access.</p> <p>Response - Access to Northgate is currently up to date as the system is currently being implemented. Section Head will review access at any change in employee circumstances and a formal review of all employees will take place not less than every 12 months.</p>	<p>Housing Rents & Welfare Manager</p>	<p>First review 30 April 2017</p>

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28 February 2017	ITEM: 9
Standards and Audit Committee	
Draft Strategy for Internal Audit 2017/18 to 2019/20 and Annual Internal Audit Plan 2017/18	
Wards and communities affected: All	Key Decision: Non-key
Report of: Gary Clifford, Chief Internal Auditor	
Accountable Head of Service: Sean Clark, Director of Finance & IT	
Accountable Director: Sean Clark, Director of Finance & IT	
This report is Public	
Purpose of Report: To receive and agree the Draft Strategy for Internal Audit 2017/18 to 2019/20 and the Annual Internal Audit Plan 2017/18	

EXECUTIVE SUMMARY

The Internal Audit Service transferred back into the Council on the 1st April 2015. As a result, an Audit Needs Assessment (ANA) was carried out to develop a three year strategy. This strategy is refreshed on an annual basis through meetings with senior management and informs the detailed plan for the year. This report comments on the ANA process carried out between January and February 2017 which has resulted in the attached Draft Strategy and Annual Plan.

1. Recommendations:

That the Standards & Audit Committee

1.1 Receive and agree the Draft Strategy for Internal Audit 2017/18 to 2019/20 and the Annual Internal Audit Plan 2017/18.

2. Introduction And Background:

2.1 In March 2015, a comprehensive Audit Needs Assessment (ANA) process was started which involved attending a meeting of each of the Directorate Management Teams (DMT's) to discuss the risks and priorities with Directors, Heads of Service and Strategic Leads. This Strategy for Internal Audit 2017/18 to 2019/20 is the result of those meetings and subsequent annual reviews with senior management. As part of this year's planning process, Internal Audit also considered a number of other sources including the External Auditor's Annual Audit and Inspection Letter, the Annual Governance Statement, Annual Governance Report and the risks arising from the

Corporate Risk & Opportunity Register. New issues and potential emerging risks were also identified and discussed with senior management and were used to inform the strategy and plan e.g. changes in welfare reform, the public health agenda, the new Care Act etc. We also consider the results of our work in 2016/17 and concerns raised by the Standards & Audit Committee.

It is important to note that the Audit Strategy and plan is designed, in part, to test the control environment surrounding potential risks and key controls.

Internal Audit will continually revisit the Strategy and Plan to reflect changes that may occur through restructure, new legislation and changes in working practices. The plan is dynamic and is likely to change during the year as priorities change, new regulations are introduced and the structure of the Council is further developed. Any changes will be agreed with the Director of Finance & IT and presented to members of the Standards & Audit Committee as part of the progress reporting arrangements.

3. Issues, Options And Analysis Of Options:

- 3.1 With the addition of 2 Assistant Internal Auditors in January 2017, the Chief Internal Auditor, in consultation with senior management, has developed an ambitious plan which will provide the Standards & Audit 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.

4. Reasons For Recommendation:

- 4.1 For the Standards & Audit Committee to satisfy itself that:
- the Draft Strategy for Internal Audit covers the organisation's key risks as they are recognised by the Standards & Audit Committee.
 - the detailed Internal Audit Plan for the coming financial year reflects the areas that the Standards & Audit Committee believe should be covered as a priority.
 - sufficient assurances are being received to monitor the organisation's risk profile effectively, including any emerging issues/key risks not included in the strategy or annual plan.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The Chief Internal Auditor consulted with all Directors and attended Directorate Management Team meetings. The plan was also presented to the Directors Board as a final draft before being brought before the Standards & Audit Committee.

6. Impact On Corporate Policies, Priorities, Performance And Community Impact

6.1 The achievement of corporate priorities is a key consideration of the senior management and internal audit when they are discussing the areas that need to be included within the annual audit plan.

7. Implications

7.1 Financial

Implications verified by: **Laura Last**
Senior Finance Officer - Management Accounts

The Annual Audit Plan will be within the annually agreed budget for 2017/18.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Law & Governance

The Council has the legal obligation to maintain an adequate and effective system of internal audit and the Council has delegated this responsibility to the Standards & Audit Committee. The report recommends that the Standards & Audit Committee receives and agrees the Strategy for Internal Audit 2017/18 to 2019/20 and the Annual Audit Plan 2017/18. The Strategy and the Annual Plan identify how the Section 151 Officer will deliver an effective internal auditing service for the Council, therefore there are no obvious adverse legal implications associated with receiving this report.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development & Equalities Manager

There are no direct diversity implications arising from this report.

7.4 Other implications

In terms of risk and opportunity management, the Internal Audit Plan and its outcomes are a key part of the Council's risk management and assurance framework. The Internal Audit Plan is based on risk assessments that include a review of the Council's Strategic/Corporate Risk & Opportunity Register.

8. Background Papers Used In Preparing This Report:

- The Accounts and Audit Regulations 2015.
- Public Sector Internal Audit Standards (PSIAS).
- CIPFA – PSIAS Local Government Application Note.

- Strategic/Corporate Risk & Opportunity Register.

9. Appendices To This Report:

- Appendix 1 - Draft Strategy for Internal Audit 2017/18 to 2019/20 and Annual Internal Audit Plan 2017/18

Report Author:

Gary Clifford
Chief Internal Auditor

Standards & Audit Committee

Internal Audit Strategy 2017/18 to 2019/20 and Annual Plan 2017/18

Date: 28th February 2017

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1 Developing the Internal Audit Strategy

This document sets out the approach we have taken to develop your internal audit strategy for 2017/18 – 2019/20 and the annual plan for 2017/18.

1.1 Role of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Definition of Internal Audit: Chartered Institute of Internal Auditors.

In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), we plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the Council has in place, focusing in particular on how these arrangements help the organisation to achieve its objectives. This involves undertaking a risk-based plan of work, agreed with management and approved by the Standards & Audit Committee. Our plan is developed to enable us to provide an opinion at year end, which may also be used by the Council to support its Annual Governance Statement.

1.2 Factors influencing Internal Audit coverage

The organisation's objectives are the starting point in the development of the audit strategy.

Appendix A reflects the range of potential issues that may affect the Council, some of which are included on the risk register. These were used to focus our discussions with management regarding assurance priorities and to determine where internal audit input would be most beneficial.

In preparing the strategy and the annual internal audit plan, we met with and attended the DMT's for the following:

- Environment & Place;
- Strategy, Communications & Customer Services;
- Adults, Housing & Health; and
- HR, OD and Organisational Development.

In addition, meetings were also held with the following senior management:

- Director of Children's Services;
- Director of Finance & IT;
- Director of Commercial Services;
- Head of Children's Social Care;
- Head of Adult Services;
- Head of Housing;
- Head of ICT;

- Operational Lead for Revenues & Benefits; and
- Corporate Procurement, Strategy & Delivery Manager.

The plan was then presented and discussed at Directors Board.

The key areas / factors are summarised below.

Key areas discussed and their impact on the 2017/2018 internal audit plan

- 1 We have agreed to carry out follow up visits to independently provide assurance that high level recommendations are implemented in line with target dates for reports issued in 2017/18.
- 2 The continued emphasis on achieving savings including shared service or joint working arrangements with other local authorities, income generation and more effective and efficient working practices are reflected in a number of areas within the plan.
- 3 New and changing legislation, particularly around Children's Services, Adults, Health & Commissioning and Housing have been discussed and resulted in an increased programme of reviews in these service areas.

The strategy is set out at Appendix B, with the detailed internal audit plan for 2017/18 set out at Appendix C.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy includes:

- Planned assurance on areas of activity such as the core financial systems;
- A contingency allocation, which will only be utilised should the need arise and which will be subject to prior approval by the Director of Finance & IT and reported to the Standards & Audit Committee;
- Time to follow up previous recommendations and actions to provide the Standards & Audit Committee with assurance on the actions taken by management to address previous internal audit recommendations. High level recommendations will require further testing as they reach their implementation date. For medium and low level recommendations, we will place reliance on management responses but will follow-up as part of the next review of the service; and
- Audit management, which is used for quality control, preparation of the 3 year Strategy & Annual Plan, Annual Governance Statement, client meetings, External Audit liaison, preparation of the Chief Internal Auditor's Annual Report and attendance at Standards & Audit Committee.

2 Assurance Resources

2.1 Your Internal Audit Team

Your internal audit team is led by Gary Clifford as Chief Internal Auditor.

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing standards.

2.2 Working with other assurance providers

We intend to meet with the External Auditor to avoid duplication of coverage between Internal and External Audit. This will also ensure that External Audit can continue to place their planned level of reliance on our coverage of financial controls.

The Standards & Audit Committee is reminded that internal audit is only one source of assurance. Through our plan we do not seek to cover all risks and processes. However, where we can, we will also seek to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance can be provided.

2.3 Considerations for the Standards & Audit Committee

- Does the Internal Audit Strategy 2017/18 to 2019/20 (Appendix B) cover the organisation's key risks as they are recognised by the Standards & Audit Committee?
- Does the internal audit plan for 2017/18 (Appendix C) reflect the areas that the Standards & Audit Committee believes should be covered as priority?
- Is the Standards & Audit Committee satisfied that sufficient assurances are being received to monitor the organisation's risk profile effectively, including any emerging issues/key risks not included in the strategy or annual plan?

Appendix A: Issues affecting Thurrock Council

The chart below reflects some of the external and internal issues, both known and emerging that face the Council. We have identified using italics, those that are fully or partially covered within this years' annual plan.

External Factors	Known	Emerging
BREXIT		✓
Devolution Agenda		✓
Economic downturn and austerity	✓	
Welfare reform	✓	
Public Health	✓	
Regeneration	✓	
House building and financing schemes	✓	
Immigration & Asylum		✓
Cyber Security		✓
General Data Protection Regulation	✓	

Internal Factors	Known	Emerging
Safeguarding	✓	
Fraud	✓	
Procurement	✓	
Medium Term Financial Planning	✓	
Data Quality	✓	
Contract Management	✓	
Partnership/Joint working arrangements	✓	
Business Continuity & Disaster Recovery	✓	
Income generation		✓
Personal Budgets/Direct Payments	✓	
Local Pay T&C's for staff		✓
Community leadership/engagement		✓
Financial Management & Controls	✓	
Financial Reporting	✓	
Transformation Programme		✓

Appendix B: Internal Audit Strategy 2017/18 – 2019/20

Auditable Area	Risks	2017/18	2018/19	2019/20
Risk based reviews				
Corporate/Thematic Reviews				
Contract Procedures	Contract procedure rules and the procurement process may be ineffective leading to inefficiency and a lack of value for money.	✓	✓	✓
Project Management	The project management process might not meet its objectives and be rolled out across the Council.			✓
Budgetary Control	Budgets may not be controlled and monitored leading to service overspends.		✓	
Medium Term Financial Strategy	The Council may not achieve their reported savings resulting in budget overspends.		✓	
Duplicate Payment Testing	If duplicate payments are not identified, the Council may be paying twice for services it only received and budgeted for once.	✓		
Public Services (Social Value) Act	The Council fail to take into account the wider social, economic and environmental benefits to the local area when procuring services so may not obtain best value.		✓	
Performance Development Reviews (PDR'S)	If the PDR process is not followed, staff may be awarded an increment when their performance is below that expected and/or further training or assistance is required.	✓		
No Recourse to Public Funds (NRPF)	Failure to correctly assess, manage and monitor funds paid to families with NRPF could result in payments being made to persons who do not qualify.		✓	
BREXIT	Still not clear but may impact on NNDR (if businesses chose to trade outside the UK), increases in costs on contracts paid to foreign contractors due to falling value of the pound sterling, impact on MTFs, Treasury Management etc.		✓	✓
Children's Services				
Fostering	Inappropriate persons may be allowed to act as foster parents.			✓
Adoption (incl. Special Guardianship and Adoption Allowances)	Children may not be appropriately placed with adoptive parents who have been through a robust adoption process.		✓	
Asset Management – Children's Services	The revised asset management arrangements may not lead to on-going improvements in the quality of educational facilities.		✓	
Cyclical School Visit Programme	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety.	✓	✓	✓
Children's Centres	The resources of Children's Centres may not be targeted at the most vulnerable families resulting in a poor use of resources.		✓	

Auditable Area	Risks	2017/18	2018/19	2019/20
Cyclical visits to Nursery Schools	Failure to manage the budget and control debt could result in overspends and impact on service provision.			✓
Personal Budgets	Failure to monitor care packages effectively could result in care being paid for that is not required, or, care not being provided to meet the needs of the client.		✓	
Children's Direct Payments	Failure to correctly assess clients and monitor expenditure could result in inappropriate or improper use of the funds.		✓	
Health & Safety in Schools	If the inspection process is not robust, the Council may not be compliant in identifying and taking corrective action to address concerns around the presence of asbestos in some public buildings.	✓		
Educational Visits	Staff taking young adults on educational visits may not be properly trained or checked and there may not be appropriate risk assessments carried out for each trip to minimise incidents.			✓
Looked After Children's Fund	Funds could be misappropriated if there are not strong controls around the management and monitoring of Looked After Children's Funds.	✓		
School Placed Planning	Without an effective co-ordinated strategy, the increasing population from families moving into the area from London could result in a shortfall in school places and a failure by the Council to meet its statutory requirements.		✓	
Catering Provision in Schools	If the service does not offer value for money, its trading operations may be adversely affected with more schools becoming academies.		✓	
Supervised Contact	Costs associated with supervised contact provided by the Oaktree Resource Centre may not be providing value for money if they are not monitored and managed.	✓		
Troubled Families Programme	Funding claims may be rejected if there is insufficient evidence to support the services provided.	✓	✓	✓
Adolescent Social Work Team	Following restructuring of the service and the introduction of the Social Impact Bond, the outcomes for teenagers may not be monitored resulting in increased costs and more teenagers coming into care.	✓		
Early Offer of Help	If the recommendations resulting from the review undertaken by iMPower are not meaningful and achievable, the Council will not benefit from the expected savings resulting in increased budgetary pressures.		✓	
Procurement in Schools	Poor procurement practices may result in the school's not getting good quality services in a cost effective manner resulting in additional costs.			✓
Section 17 Payments to Children in Need	Failure to correctly assess, monitor and manage Section 17 payments could result in them being provided to children who are not entitled to them.	✓		

Auditable Area	Risks	2017/18	2018/19	2019/20
Home to School Transport	Failure to adhere to the policies and procedures could result in non-statutory services being provided and see costs escalating above the statutory minimum.	✓		
Unaccompanied Asylum Seekers	Payments may be made to asylum seekers who have had their applications rejected and are no longer entitled to get assistance from the Council.	✓		
Children's Care Packages for Children with Special Educational Needs and Disabilities	Poor planning, management and monitoring of care packages could result in vulnerable clients not getting the support they need, or, getting more support than they need.	✓		
Education, Health & Care Plans	The Council may not have plans that support children with special educational needs so might not be compliant with the new legislation by the target date of 2018.	✓		
3 rd Sector Arrangements	Arrangements between the Council and the 3 rd (voluntary/ charity) sector may not result in VFM being achieved.		✓	
Adults, Housing & Health				
Devolved Decision Making	A lack of transparency and clarity around the process for agreeing care packages could result in poor decision making and inappropriate use of resources.		✓	
Better Care Funding – CR2	If there are not appropriate financial arrangements around authorisation and payments, funds may not be spent appropriately.	✓		
Adult's Direct Payments	Failure to correctly assess clients and monitor expenditure could result in inappropriate or improper use of the funds.		✓	
Provider Services – Collection of Residential Care Home Income	Poor controls around collection of income from clients' contributions to their care could result in financial loss to the Council.	✓		
Care Act	The Council may not take action to ensure changes to legislation have been implemented in a timely and appropriate manner.		✓	
Adult Care Packages (Mental Health)	Poor planning, management and monitoring of care packages by the South Essex Partnership Trust (SEPT) could result in vulnerable clients getting more/less support than they need.	✓	✓	
Extra Care	Poor controls around the payment of expenditure and collection of income for vulnerable adults may result in misappropriation of funds and financial loss to the clients.			✓
Primary Care Contracts – Sexual Health	If performance is not monitored and checked, clients may not get the level of service they are entitled to under the primary care contracts for sexual health.	✓		
Financial Top-ups	If appropriate and robust checking processes are not in place, funds may be allocated to persons not entitled to them.		✓	

Auditable Area	Risks	2017/18	2018/19	2019/20
Housing Allocations	Policies and procedures may not be followed which could lead to complaints about equality and the fairness around the assessment process and allocation of Council properties.			✓
Gas Safety Inspections	Council properties may not be inspected in accordance with legislation and/or policy.			✓
Electrical Safety Inspections	Council properties may not be inspected in accordance with legislation and/or policy.			✓
Disabled Facilities Grants	Grants may not be used in accordance with grant requirements.		✓	
Homelessness	New arrangements and changes to legislation mean that the Council might not be able to discharge its duties in respect of homelessness.		✓	
Leaseholder Charges	Charges made to leaseholders for services provided may not be reasonable or in line with guidance.		✓	
Responsive and Planned Maintenance	Contracts around repairs and maintenance and planned maintenance may not be managed resulting in residents not having quality housing available to them and costs escalating.	✓		
Transforming Homes	Contracts around Transforming Homes may not be managed resulting in residents not having quality housing available to them and costs escalating.	✓		
Asset Based Community Development	Residents may not maximise the opportunities to develop their communities and improve their quality of life.		✓	
Procurement & Provision of temporary accommodation	The arrangements to procure and provide temporary accommodation may not be robust and value for money might not be achieved.	✓		
Right to Buy	If correct procedures are not followed, incorrect discounts may be applied resulting in loss of income to the Council.		✓	
Core assurance. Including areas where external audit may place reliance on our work				
Adult Social Care Expenditure	External audit want to be able to place reliance on testing undertaken by internal audit.	✓	✓	✓
Adult Social Care Income		✓	✓	✓
Housing Rents		✓	✓	✓
Finance & IT				
Insurance	There could be an increase in claims due to ineffective monitoring and use of resources.	✓		
Risk Management	Failure to identify risk as part of the business planning cycle could lead to failure of the plans and reputational damage to the Council.	✓		
VAT	The Council may not be complying with relevant VAT legislation resulting in potential fines or penalties.	✓		

Auditable Area	Risks	2017/18	2018/19	2019/20
Corporate Purchase Cards	The use of Purchase Cards could result in staff ordering and paying for goods that are not appropriate resulting in a financial loss to the Council.		✓	
Core Protection and Appointee Team	Poor management and lack of controls could result in the assets of adults deemed to be financially incompetent under the Mental Capacity Act being misappropriated.		✓	
Welfare Reform – CR3	Changes to the amount and way in which benefits are paid could result in residents experiencing financial hardship which may impact on other services e.g. debt collection, homelessness etc.		✓	
Business Rates Retention	The administration of business rates may not be robust and accurate information may not be available resulting in a loss of income to the Council.		✓	
Cyber Security – CR22	The Council may not have an appropriate management control framework around its corporate information assets increasing the threat of service disruption through cyber security attacks.	✓		
Work to be agreed as part of Audit Needs Assessment process.	Suggested areas include SekChek's automated analysis quickly determines how a client's security controls compare against similar deployments using current, real world data, Physical and Environmental audit (Data centre) and Disaster Recovery – CR11.	✓	✓	✓
Core assurance. Including areas where external audit may place reliance on our work				
Oracle – General Ledger	External audit want to be able to place reliance on testing undertaken by internal audit.	✓	✓	✓
Accounts Payable		✓	✓	✓
Accounts Receivable		✓	✓	✓
Council Tax		✓	✓	✓
National Non Domestic Rates		✓	✓	✓
Housing Benefits		✓	✓	✓
Treasury Management		✓		✓
Asset Register			✓	
Procurement				
Procurement – spend under £75K	Controls over smaller procurement spend may not be as robust as on larger contracts resulting in poor value for money.	✓		
Extensions to contracts of consultants	Value for money may not be achieved if contracts and the use of consultants are continually extended. The Council may also not be compliant with relevant HMRC and employment legislation or its own Constitution.	✓		

Auditable Area	Risks	2017/18	2018/19	2019/20
Stationery Contract	Identified that between April 16 and Dec 16, approx. £14k spent with a stationery supplier who is not on the Council's list of stationery suppliers. Keep a watching brief to determine if spend continues to increase.	✓		
Extensions to contracts	If there are not robust processes in place to evidence and support decisions to extend contracts, the Council may not be compliant with relevant national and local procurement regulations.	✓		
Public Contract Regulations 2015	An audit of the Council's Procurement Regulations to ensure they include the necessary changes to meet the regulations.		✓	
Environment & Place				
Community Safety	Non-compliance with section 17 of the Crime and Disorder Act relating to the Council's duty to consider crime and disorder implications may leave them open to legal challenge.		✓	
Gloriana Thurrock Ltd	Poor corporate governance, decision making and monitoring arrangements may result in Gloriana Thurrock Ltd, the Council's wholly owned housing company, not meeting their targets for new housing.	✓	✓	✓
Asset Management – Disposals & Acquisitions Follow up	Disposals and acquisitions may not be effectively managed resulting in loss of opportunities, funding and reputation.	✓		
Environmental Health (Pollution Control)	Poor environmental health processes could fail to identify and/or prevent pollution resulting in potential financial and reputational loss to the Council.		✓	
Health & Safety	Inadequate health and safety policies and procedures could result in an increase in incidents and accidents.			✓
Purfleet Regeneration Project	Failure to manage the project effectively could result in the Council failing to deliver on time and within budget which could have financial and reputational consequences.		✓	
Business Continuity – CR8	The Council may not be able to provide key/critical front line services in the event of an emergency or serious disruption.		✓	
Emergency Planning	The Council may not be able to react appropriately in the event of a disaster.	✓		
Bridge Maintenance	Ineffective Bridge Maintenance may result in expensive unplanned costs being incurred.			✓
Highways Reactive Maintenance – Requests & Responses	The Council may fail to maintain a dialogue with the residents reporting faults resulting in damage to the Council's reputation and a deteriorating local highways network.	✓		
Footway Crossings	There may not be robust arrangements around the application process, commissioning of contractors and inspection processes resulting in poor quality work, additional cost or work being undertaken without formal approval.	✓		

Auditable Area	Risks	2017/18	2018/19	2019/20
Building Control	The Building Control Service may not maintain a competitive place in the market and might not provide value for money.		✓	
Shop Premises	Arrangements' around the management of shop premises may not be robust leading to loss of income to the Council.	✓		
Garages	Arrangements' around the management of garages may not be robust leading to loss of income to the Council.			✓
Car Parking Service	Review of the processes for charging, collecting fines and writing off fines for on and off street parking.		✓	
Trading Standards	Non-compliance with statutory requirements in respect of Trading Standards might result in dissatisfaction amongst local residents.			✓
Street Services	The street cleaning service may not be improving leading to dissatisfaction among residents and damage to the Council's reputation.		✓	
Library Visits	The operational and financial management arrangements in Libraries may be inadequate which could result in poor budgetary control and misappropriation of funds.		✓	
Thurrock Registrar's Office	The Council may not comply with legislation resulting in increased external scrutiny by the Cabinet Office.			✓
Commercial Waste	New sales activity started May 16. Some invoices outstanding. Now actively seeking and winning new business. If processes are not robust, the Council may not be billing customers and getting in the income.	✓		
Street Market Activity	Arrangements' around street market activity may not be robust leading to unlicensed traders attending street markets and a loss of income to the Council.		✓	
Waste Disposal & Recycling Contracts – CR23	The process for awarding waste and recycling contracts may not be robust and in line with relevant procurement legislation and rules resulting in non-compliance and not achieving value for money.	✓		
Legal				
Traded Services with LBB and Brentwood Council's	The Council may not follow correct procedures resulting in loss of income.	✓		
Register of Interests, Gifts & Hospitality	Non-compliance with the Constitution and Code of Conduct may open the Council up to accusations of impropriety.	✓	✓	✓
Member's Allowances	Allowances may not be claimed or paid in accordance with the decision of the independent panel.		✓	
Strategy, Communication and Customer Services				
Performance Management (Data Quality)	Performance Management may not be embedded in the organisation resulting in poor performance, poor quality information and poor decision making.	✓	✓	✓

Auditable Area	Risks	2017/18	2018/19	2019/20
Core assurance. Including areas where external audit may place reliance on our work				
Cash & Banking	External audit want to be able to place reliance on testing undertaken by internal audit.	✓	✓	✓
HR, OD & Transformation				
Sickness Management	Target levels set for sickness may not be achieved resulting in additional costs for agency workers.	✓		
Recruitment Process incl. Starters	If the process is not robust, fit for purpose and complied with, inappropriate persons may be employed.		✓	
HR Data Management	The hierarchy may not be promptly updated to reflect changes staffing, roles and responsibilities and/or authorisation levels resulting in inefficient use of resources.	✓		
Leavers Process	With the move to a Virtual Desktop Infrastructure (VDI), if staff leave and are not removed from the system, they may be able to continue to access Council systems, email etc. after they have left.			✓
Business User Allowance (BUA) and Business Travel	If processes are not robust, staff may be receiving BUA who are not entitled to it.	✓		
Overtime and Additional Hours	If processes are not robust, staff may receive payments which they are not entitled to.	✓		
Off Payroll Engagement (IR35)	The Council may not be identifying personal service companies (PSC's) so will not be making the appropriate tax and NI deductions from the invoice net of any material costs.	✓		
General Data Protection Regulations (GDPR)	A rolling programme of audits to cover the following: Preparation for the adoption of GDPR including arrangements around data storage (electronic and physical); confidentiality, integrity and availability of data; information governance; compliance with DPA and FOI; detection of data breaches and how they are dealt with and reported (internally and externally), organisational awareness and training; and data classification and management.	✓		
Geographic Information System (GIS)	If the Council does not have an up to date Local Land & Property Gazetteer and Local Street Gazetteer it may not be meeting its statutory responsibilities.			
Core assurance. Including areas where external audit may place reliance on our work				
Payroll	External audit want to be able to place reliance on testing undertaken by internal audit.	✓	✓	✓

Auditable Area	Risks	2017/18	2018/19	2019/20
Other Internal Audit Activity				
Follow up	To meet internal auditing standards, and provide assurance on action taken to address recommendations previously agreed by management.	✓	✓	✓
Contingency	To allow additional reviews to be undertaken in agreement with the Standards & Audit Committee or management based in changes in risk profile or assurance needs as they arise during the year.	✓	✓	✓
Management	This will include: <ul style="list-style-type: none"> • Annual planning. • Preparation for, and attendance at, Standards & Audit Committee. • Regular liaison and progress updates. • Liaison with external audit and other assurance providers. • Preparation of the annual opinion. • Attendance at Directorate Management Team, Leadership Group, Home Counties Chief Internal Auditors Group, London Audit Group and Essex Audit & Counter Fraud Group meetings. • Preparation of the Annual Governance Statement. 	✓	✓	✓

Appendix C: Internal Audit Plan 2017/2018

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Internal Audit plan 2017/2018			
Corporate/Thematic Reviews			
Contract Procedures	Procurement of contracts is in compliance with legislation and the Council's Constitution. The awarding of contracts is backed up by appropriate documentation and evidence.	Compliance	On-going
Duplicate Payment Testing	To ensure there processes in place to identify, prevent and recover duplicate payments in the accounts payable and payroll processes.	Assurance	On-going
Performance Development Reviews (PDR'S)	Review of the Council's PDR process to determine compliance with policies and procedures when carrying out the reviews, issuing a final score and managing performance.	Compliance	Jun 17
Children's Services			
Cyclical School Visit Programme	Cyclical school visits programme to review financial management arrangements.	System	On-going
Health & Safety in Schools	Management request to provide assurance that the Council are inspecting educational premises and complying with relevant legislation following concerns raised nationally around asbestos.	Assurance	Mar 18
Looked After Children's Funds	To review the financial arrangements around the funds that the Children's Services pay out to looked after children to ensure there are robust controls and the money is safeguarded.	Assurance	Oct 17
Supervised Contact	To review the Council's arrangements around supervised contact to ensure effective financial control over the arrangements with Oaktree Resource Centre.	Assurance	Feb 18
Troubled Families Programme	Checking of a sample of claims to determine if evidence is sufficient to confirm that the claims being submitted are appropriate and correct.	Advisory	On-going when claims are due.
Adolescent Social Work Team	Following restructure, management requested a review to ensure the service is operating effectively and there is evidence that the Social Impact Bond is resulting in improved outcomes and a reduction in cost and teenagers coming into care.	Assurance	Feb 18
Section 17 Payments to Children in Need	Management request to provide assurance that there is robust financial management around payments made to children in need as defined by Section 17 of the Children's Act 1989.	Assurance	May 17

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Home to School Transport	High cost area so management requested a review to look at the arrangements around provision and compliance with statutory responsibilities.	Assurance	Sept 17
Unaccompanied Asylum Seekers	Management request to determine that the Council are not paying for asylum seekers where they have applied and failed to gain asylum status.	Assurance	Sept 17
Children's Care Packages for Children with Special Educational Needs and Disabilities	Poor planning, management and monitoring of care packages could result in vulnerable clients receiving direct payments or personal budgets, not getting the support they need, or, getting more support than they need.	Assurance	Oct 17
Education, Health & Care Plans (EHCP).	Management request to provide assurance that the Council has plans in place that meet the new legislation and are on target to have them all in place by 2018 (this will be removed if the joint OFSTED/CQC SEND inspection takes place prior to Nov 17).	Assurance	Nov 17
Adults, Housing & Health			
Better Care Funding	Review to ensure there are robust arrangements around the financial management and reporting arrangements.	Assurance	Oct 17
Provider Services – Collection of Income	Management concern that the process of collecting income owed for homecare, residential care and continuing healthcare are not robust and overly complicated.	Assurance	Apr 17
Adult Care Packages (Mental Health)	Planning, management and monitoring of care packages may not be robust resulting in vulnerable clients not getting the support they need, or, getting more support than they need.	Assurance	Dec 17
Primary Care Contracts - Sexual Health	If there is not a robust governance process in place around management and reporting arrangements, clients may not get the level of sexual health care they need or are entitled to.	Assurance	Jul 17
Responsive and Planned Maintenance	Significant area of spend which needs to be managed and monitored to ensure contractors are providing the required service and the Council is getting value for money.	Assurance	May 17
Transforming Homes	Significant area of spend which needs to be managed and monitored to ensure contractors are providing the required service and the Council is getting value for money.	Assurance	Jan 18
Procurement & Provision of temporary accommodation	Increasing area of spend so there is a need to review that the Council are getting the best value possible and looking at alternative provision.	Assurance	Sept 17

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Finance & IT			
Insurance	There should be robust processes around the identification, claims handling and monitoring processes for the administration of the Council's insurance arrangements and the service should provide value for money.	Assurance	May 17
Risk Management	A maturity review to consider the approach to risk appetite and identifying controls and assurances on key risks.	Advisory	Jun 17
VAT	Non-compliance with relevant legislation could result in the Council breaching HMRC rules and result in fines and penalties.	Assurance	May 17
Cyber Security	To assess the adequacy and effectiveness of the management control framework established and applied to the corporate information assets in order to mitigate the risk from common internet based threats (Cyber security attacks), within the context of HM Government 5 key steps to Cyber Security.	Compliance	April 17
IT Audit work TBA following audit needs assessment.	An ANA is to be carried out in 2017/18 to identify a work programme for IT audit work moving forward.	TBA	TBA once ANA completed
Procurement			
Procurement Spend under £75K Follow up	Review to determine that the recommendations made in the previous report have been implemented.	Follow up	Mar 18
Extensions to contracts of consultants	Senior management concerns raised around the practice of extending arrangements with consultants which could result in the Council being non-compliant with relevant legislation.	Assurance	May 17
Stationery Contract	Small piece of work to ensure that services are not ordering stationery through ad hoc suppliers but through the approved Council contract.	Compliance	May 17
Extensions to contracts	Management request to review that when extensions to contracts are awarded, there is sufficient evidence to support the decision and the wider implications have been taken into account.	Compliance	July 17
Environment & Place			
Gloriana Thurrock Ltd	At the request of the Gloriana Board, a review to determine the robustness of the corporate governance, decision making and monitoring processes around the Council's newly formed, wholly owned housing company.	Assurance	Nov 17

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Asset Management – Disposals & Acquisitions Follow up	In line with the Internal Audit Protocol, a follow up review of the Red report issued in 2016/17.	Follow up	July 17
Emergency Planning	To ensure the Council meets its responsibilities under the Civil Contingencies Act 2004 in its role as a core responder in the event of an emergency.	Assurance	June 17
Highways Reactive Maintenance – Requests & Responses	New contractor from April 2017. Portfolio Holder concerned around the ease, accuracy and timeliness of reporting progress back to the requestor. Request by Head of Service to provide assurance that contractor is meeting expectations.	Assurance	Jan 18
Footway Crossings	The Policy is currently under review and likely to change. Therefore, a review of the new arrangements was requested.	Assurance	Feb 18
Shop Premises	Review undertaken in 2016/17 highlighted a number of issues. The new Head of Service requested that this area be revisited.	Follow up	Oct 17
Commercial Waste	New sales activity started May 16. Some invoices outstanding. Now actively seeking and winning new business. Assurance around processes to ensure that the Council are billing customers and getting in the income.	Assurance	Dec 17
Waste Disposal & Recycling Contracts	Corporate Risk 23. Higher value, longer term contracts provide an opportunity to reduce service costs but if not properly procured, managed and monitored, costs can escalate significantly and any added value be lost.	Assurance	Feb 18
Legal			
Traded Services with LBD and Brentwood Councils	Review to determine that the financing and recharging of the service is in line with the contractual arrangements.	Assurance	Mar 18
Register of Gifts, Interests & Hospitality	Annual review to confirm that Officers and members register interests, gifts and hospitality as required by Council procedures and codes of conduct.	Compliance	Aug 17
Strategy, Communication & Customer Services			
Performance Management (Data Quality)	Sample testing of key performance indicators taken from the balanced scorecard, both national and local to verify accuracy of data.	Advisory	Aug 17
HR, OD & Transformation			
Sickness Management	To ensure that the arrangements around sickness management, both long and short	Assurance	Dec 17

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
	term, are robust and managers monitor and manage sickness in line with the policy and the Council are meeting their KPI targets.		
HR Data Management	Management request to ensure the hierarchy is promptly updated to reflect changes in roles, responsibilities and/or authorisation limits.	Assurance	Jan 18
Business User Allowance and Business Travel Follow up	Following a review of Business User Allowance, management request that undertake sampling and challenge around interpretation of the rules for applying the allowance to individuals.	Compliance	Apr 17
Overtime & Additional Hours	Follow up of the recommendations made in the 16/17 report in line with the Audit Protocol.	Follow up	Oct 17
Off Payroll Engagement (IR35)	From April 2017, changes are being introduced for off-payroll engagements of workers who work through an intermediary such as their own limited company, in the public sector. There is a requirement for the Council to identify these individuals and determine whether the intermediary rules apply and tax and NI has to be deducted at source.	Assurance	Aug 17
General Data Protection Regulation (GDPR)	In October 16, it was confirmed that the UK would be adopting GDPR with effect from 25 th May 2018. It was agreed that a review of the Council's preparedness against the Information Commissioners guidance should be undertaken to identify potential gaps or pitfalls to the Council being compliant by the due date.	Assurance	July 17
Geographic Information System	Review of the Council's processes and procedures to ensure that the Council meets its statutory requirement to maintain an up to date Local Land & Property Gazetteer and Local Street Gazetteer (LLPG and LSG)	Assurance	Nov 17

Auditable Area	Internal Audit Coverage	Audit Approach	Proposed Timing
Core financial reviews to provide assurance to External Audit			
Oracle – General Ledger	<ul style="list-style-type: none"> • Reconciliation • Journals • Access arrangements 	System	Nov 17
Cash and Banking	<ul style="list-style-type: none"> • Policies and Procedures • Banking arrangements • Cash Reconciliation • Authorisation process • Monthly bank reconciliations • Exceptions 	System	Sept 17
Accounts Payable	<ul style="list-style-type: none"> • Ordering & authorisation • Invoice matching • Separation of duties • Payment processing • BACS transfers • Reconciliation 	System	Jan 18
Accounts Receivable	<ul style="list-style-type: none"> • Processes and procedures • Reconciliation • Write-offs • Recovery • Analysis 	System	Jan 18
Council Tax	<ul style="list-style-type: none"> • Processes and procedures • Reconciliation • Billing • Collection & Recovery 	System	April 2017 but reported as part of 16/17 annual report.
National Non Domestic Rates	<ul style="list-style-type: none"> • Processes and procedures • Reconciliation • Billing • Collection & Recovery 	System	April 2017 but reported as part of 16/17 annual report.
Housing Benefits	<ul style="list-style-type: none"> • Processes and procedures • Processing of forms • Entitlement checks • Reconciliation • Year-end balancing 	System	April 2017 but reported as part of 16/17 annual report.
Treasury Management	<ul style="list-style-type: none"> • Payment runs • Reconciliation 	System	Jan 18
HR/Payroll	<ul style="list-style-type: none"> • Starters/Leavers • Authorisation • System access • Amendments • Exception reporting • Reconciliation • Suspense accounts 	System	Oct 17
Adult Social Care Expenditure	<ul style="list-style-type: none"> • Policies and Procedures • Ordering and Authorisation process • Monthly reconciliations • Exceptions 	System	Aug 17

Auditable Area	Internal Audit Coverage	Audit Approach	Proposed Timing
Adult Social Care Income	<ul style="list-style-type: none"> • Policies and Procedures • Authorisation process • Write Offs • Recovery • Monthly reconciliations 	System	Aug 17
Housing Rents	<ul style="list-style-type: none"> • Tenant checks • System access controls • Reconciliation • Calculations of payments 	System	Aug/Sept 17

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Other Internal Audit Activity			
Contingency	To allow additional reviews to be undertaken in agreement with the Standards & Audit Committee or management based in changes in risk profile or assurance needs as they arise during the year. Ad hoc project work for services in an advisory capacity.	N/A	As required
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Follow up	Ongoing
Management	This will include: <ul style="list-style-type: none"> • Annual planning. • Preparation for, and attendance at, Standards & Audit Committee. • Regular liaison and progress updates. • Liaison with external audit and other assurance providers. • Preparation of the Head of Internal Audit's Annual Report. • Attendance at Directorate Management Team, Leadership Group, Home Counties Chief Internal Auditors Group, London Audit Group, Essex Audit and County Chief Auditors Network meetings. • Preparation of the Annual Governance Statement 	N/A	Ongoing

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28 February 2017	ITEM: 10
Standards and Audit Committee	
Report from Ernst and Young: Certification of Claims and Returns Annual Report 2015/16	
Wards and communities affected: All	Key Decision: Non-Key
Report of: Sean Clark, Director of Finance and IT	
Accountable Head of Service: Sean Clark, Director of Finance and IT	
Accountable Director: Sean Clark, Director of Finance and IT	
This report is Public	

Executive Summary

Attached to this paper is a report from Ernst and Young on the Certification of Claims and Returns Annual Report 2015/16. This will be presented by Ernst and Young and sets out the findings from the work conducted on the 2015/16 claims and returns.

1. Recommendation(s)

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

2. Introduction and Background

2.1 The Certification of Claims and Returns Annual Report 2015/16 was issued in February 2017. The report is specifically completed in relation to the Housing Benefits subsidy claim. There are two further claims and returns requiring an external audit opinion and this work has been completed by Ernst and Young. While this work is not completed within the certification arrangements of the Public Sector Audit Appointments Ltd the findings are included within this report. The certification of the Housing Benefit subsidy claim was completed in November 2016. The report sets out the detailed findings and is presented to the Committee by Ernst and Young who are happy to receive questions on the report. All findings have been accepted and agreed by officers.

3. Issues, Options and Analysis of Options

3.1 Ernst and Young were required to certify one claim relating to the year 2015/16. The Housing Benefit claim was audited against a Department of

Work and Pensions (DWP) methodology and the summary of the findings are as follows:

- 3.2 Housing benefits subsidy claim 2015/16. The total value of the Housing Benefits subsidy claim was £58.2m – the work identified amendments totalling £195 and three issues which have been reported to the DWP which may result in further work although this is expected to have a limited impact on subsidy.
- 3.3 It is pleasing to note the comment that the Housing Benefit arrangements continue to improve year on year with a reduction in the number and type of errors identified.
- 3.3 The total proposed fee for the audit of the Housing Benefit claim is £15,664 a fall of 31.5 per cent relative to 2014/15. This reflects a reduction in the number of errors found in the work on the Housing Benefits claim compared with the prior year.
- 3.4 Ernst and Young also audited the Teachers Pension claim and the Pooling of Capital Receipts return. The work did not identify any significant issues.
- 3.5 The total fee for this work was £18,575 – an increase of 4.7 per cent on the prior year.

4. Reasons for Recommendation

- 4.1 The Committee is asked to note the findings of the report. Future reports to the Committee will contain updates on the recommendations raised.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The matters have been considered by this Committee. The detailed findings from the report have been discussed and agreed with relevant officers. They are also subject to the review of the Director of Finance and IT.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 There are no direct implications arising from this report in terms of the community and delivery of services.

7. Implications

7.1 Financial

Implications verified by: **Sean Clark**
Director of Finance and IT

The financial implications have been noted in the body of the report.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Law and Governance

There are no specific legal implications of the report. The claims and returns are certified under section 28 of the Audit Commission Act 1998.

7.3 Diversity and Equality Rebecca Price

Community Development Officer

There are no specific implications from this report.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

- None

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

9. Appendices to the report

- Appendix 1: Certification of Claims & Returns – Annual Report 2015/16

Report Author:

Jonathan Wilson
Chief Accountant
Corporate Finance

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Certification of claims and returns annual report 2015-16

Thurrock Council

9 February 2017

Ernst & Young LLP



The Members of the Standards and Audit Committee
Thurrock Council
Civic Offices
New road
Grays
Essex
RM17 6SL

9 February 2017
Ref: TUC/Grant report 2015/16

Direct line: 07974 006715
Email: Dhanson@uk.ey.com

Dear Members

Certification of claims and returns annual report 2015-16 Thurrock Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Thurrock Council's 2015-16 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2015-16, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

In addition to this, we also acted as reporting accountants in relation to the teachers' pensions and housing pooling returns which are outside PSAA's regime.

Summary

Section 1 of this report outlines the results of our 2015-16 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £58,225,256 and met the submission deadline. We issued a qualification letter dated 23 November 2016; details of the qualification matters are included in Section 1. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due, reducing subsidy due to the Council by £195.

The Council engaged us directly to certify two other returns; teachers' pensions and housing pooling returns. We include the findings from our work on these returns in Section 2. Our work found no errors requiring correction. We did however report on one issue on the housing pooling return. This issue had no financial impact on the Council.



Fees for certification and other returns work are summarised in section 3. The housing benefits subsidy claim fees for 2015-16 were published by PSAA on its website (www.psaa.co.uk).

We welcome the opportunity to discuss the contents of this report with you at the Standards and Audit Committee on 28 February 2017.

Yours faithfully

Debbie Hanson
Executive Director
Ernst & Young LLP
Enc

Contents

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2. Other assurance work	2
3. 2015-16 certification fees.....	3
4. Looking forward.....	4

1. Housing benefits subsidy claim

	Results
Value of claim presented for certification	£58,225,256
Amended	Amended – subsidy reduced by £195
Qualification letter	Yes
Fee – 2015-16	£15,664
Fee – 2014-15	£22,864

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We found errors and carried out extended testing in four areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

- Initial testing of non HRA rent rebate cases identified no errors. However, given the level of previously reported issues an additional random sample of 40 cases was selected for review to check the correct rent amount had been used. The additional testing found two errors, one where benefit had been underpaid and one where benefit had been overpaid as a result of the use of an incorrect rent figure. The error which resulted in an overpayment was extrapolated across the population to give an extrapolated error of £1,800.
- Initial testing of rent rebate overpayments identified no errors. However, given the level of previously reported issues an additional random sample of 40 cases was selected for review to check overpayment classification. The additional testing found one error where the overpayment was classified as eligible error when in fact it was a local authority error. Local authority error overpayments attract subsidy at a lower level than eligible error overpayments. This classification error was therefore extrapolated across the population and resulted in an extrapolated error of £308.
- Initial testing of rent allowance overpayments identified two cases that were classified incorrectly. This is because relevant information, which would have changed entitlement, was provided before the payment date but not actioned by the Authority. These overpayments should have been attributed to local authority error. An additional 40 cases were therefore tested and further errors identified. These classification errors were extrapolated across the population and resulted in an extrapolated error of £31,145.

In addition to the above we reported on a number of errors that resulted in an underpayment of subsidy. From the work undertaken this year, we have concluded that the Council continues to strengthen procedures with regard to housing benefits and the level of reportable issues continues to fall. None of the errors detected in the current year arise from significant weaknesses in the housing benefit system implemented by the Council.

2. Other assurance work

During 2015-16 the Council engaged us directly to act as reporting accountants in relation to the following schemes:

- ▶ Teachers pensions; and
- ▶ Housing pooling return.

We have provided separate reports to the Council in relation to these returns. This work has been undertaken outside the PSAA regime. The fees for this are included in Section 3. They are referred to here to ensure to ensure Members have a full understanding of the various returns on which we provide some form of assurance.

We did not identify any significant issues from this work that need to be brought to the attention of Members.

Our work on the pooling return did identify a number of properties where valuations had been included incorrectly within the 'input data' worksheet. This issue was isolated to the quarter one and quarter two returns. There was however no overall impact on the return as a result of these errors as the differences netted off and had no overall impact on each quarterly total. There was therefore no impact on the calculation of attributable debt and we concluded that, with the exception of this issue, the return was, in all material respects, in accordance with the relevant terms and conditions.

3. 2015-16 certification fees

PSAA determine a scale fee for the certification of the housing benefits subsidy claim and publish this fee on its website (www.psa.co.uk). We agree fees for other claims work with the Director of Finance and IT.

Claim or return	2015-16	2015-16	2014-15
	Actual fee £	Indicative fee £	Actual fee £
(All fees exclude VAT)			
Housing benefits subsidy claim	15,664	15,664	22,864
Other claims or return:			
Teachers' pensions return	12,975	12,975	11,750
Housing pooling return	5,600	5,600	5,995

4. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to PSAA by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2016-17 is £17,148. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2015-16. Indicative fees for 2016/17 housing benefit subsidy certification work are based on final 2014-15 certification fees. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:
<http://www.psaa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Director of Finance and IT before seeking any such variation.

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.

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28 February 2017	ITEM: 11
Standards and Audit Committee	
External Audit Plan 2016/2017	
Wards and communities affected: All	Key Decision: Non-Key
Report of: Sean Clark, Director of Finance and IT	
Accountable Head of Service: Sean Clark, Director of Finance and IT	
Accountable Director: Sean Clark, Director of Finance and IT	
This report is Public	

Executive Summary

This report introduces the External Audit Plan for 2016/17 which will be presented by Ernst and Young.

1. Recommendation(s)

1.1 That the report be noted

2. Introduction and Background

2.1 This report introduces the Audit Plan that will cover the audit of the 2016/2017 financial statements and the assessment of the council's arrangements to secure economy, efficiency and effectiveness.

2.2 The plan sets out the audit process and the auditors will report on their findings to the Committee in September 2017.

2.3 The plan sets out the key risks and the areas the auditors will focus on.

2.4 The key financial statement risks identified are noted below along with steps taken by the Council to address them:

- Risk of Fraud in Revenue Recognition

There is a presumed audit risk that revenue may be misstated due to improper recognition. There have been no concerns raised in this area from either internal or external assessments in prior periods. The Council remains satisfied the revenue recognition processes in place remain appropriate.

- Risk of Management Override

There is a need for the external auditors to address the inherent risk of fraud present in all financial systems. There have been no concerns in these areas identified in previous years and no material weakness in the system of internal control has been identified.

- Preparation of Group Accounts

Gloriana Thurrock Ltd is a wholly owned subsidiary of the Council. The company produces accounts that will need be consolidated into the financial statements of the Council for the first time in 2016/17. This is a complex process and hence the risk of material error increases.

The Council has now completed an exercise to generate the Group figures for the 2015/16 comparative year and consequently is advanced in the assessment of the requirements for 2016/17.

- Property Valuation

The Council has a significant level of Property, Plant and Equipment which is subject to a rolling programme of valuations. There is an inherent risk that valuations may not be materially accurate.

The Council considers the existing processes in place continue to support the asset valuations in the balance sheet and continue to develop these processes to address any changes in either the asset base or in the valuation guidance.

- IAS 19 and Pensions

The Council's pension liability is a significant balance in the financial statements. The value of this figure is assessed by the actuary annually based on data supplied by the Council during the financial year.

There have been no concerns over the data in prior years and there are not expected to be any issues in this area.

- Changes to the Housing Rents and Housing Repairs system

The Council has moved to a new system to record the housing rents and repairs transactions from October 2016. Hence an audit risk has been identified over the migration of data between the Saffron and Northgate systems. There have been no specific concerns raised by the Housing accountant to date.

- Financial Statements Presentation

The Council is required to present the financial statements in accordance with the CIPFA Code of Practice. The requirements for the presentation of the primary statements have changed in 2016/17. The changes are designed to make a clearer link between the Council's management accounting reporting and the financial accounts. The changes increase the risk of material misstatement and to address this risk the Council will draft the amended statements to enable effective feedback on the new approach to be provided prior to inclusion in the financial accounts.

- 2.5 The external auditors continue to identify a significant value for money risk in respect of the pressures from the economic downturn.in their initial assessment of the Council's arrangements to secure economy, efficiency and effectiveness. The Council has developed a detailed medium-term financial strategy to meet the significant financial challenges over next three years and continues to monitor all financial developments closely.
- 2.6 The proposed audit fees are set out in Appendix A. The planned fee for the main audit and VFM conclusion is £137,723 which represents a 3 per cent increase on the prior year. This is due to the requirement to audit the group accounts in 2016/17.

3. Issues, Options and Analysis of Options

- 3.1 The report is only for nothing as it is the report of the external auditors.

4. Reasons for Recommendation

- 4.1 To make the Committee aware of the external audit programme of work and the associated fees.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 There has been an ongoing dialogue between officers and the external auditors and the plan has been reviewed in detail.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 Robust financial processes safeguard the Council's assets that support the Council in delivering its policies and priorities

7. Implications

7.1 Financial

Implications verified by: **Jonathan Wilson**
Chief Accountant

These are included in the body of the report.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal Services

There are no specific implications from this report.

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

There are no specific implications from this report.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

There are no specific implications from the report

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

9. Appendices to the report

- Appendix 1 – Ernst and Young Audit Plan 2016/17

Report Author:

Jonathan Wilson
Chief Accountant, Corporate Finance

Thurrock Council

Year ending 31 March 2017

Audit Plan

13 February 2017

Ernst & Young LLP



Building a better
working world

Standards and Audit Committee
Thurrock Council
Civic Offices
New Road
Grays
RM17 6SL

13 February 2017

Dear Committee Members

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Standards and Audit Committee with a basis to review our proposed audit approach and scope for the 2016/17 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This Plan summarises our preliminary assessment of the key issues which drive the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this Audit Plan with you on 28 February 2017 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Suresh Patel
Executive Director
For and behalf of Ernst & Young LLP
Enc

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies 2015-16". It is available from the Chief Executive and via the PSAA website (www.psa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment from 1 April 2015' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Standards and Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Thurrock Council give a true and fair view of the financial position as at 31 March 2017 and of the income and expenditure for the year then ended.
- ▶ Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

For 2016/17 the Council plans to prepare group accounts, reflecting the consolidation of the Gloriana Thurrock Limited accounts. We will aim to provide an opinion on the group accounts and the Council's accounts.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

We will provide an update to the Standards and Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2017.

2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and initial discussions with those charged with governance and officers. We will update the Committee on any changes as the audit progresses.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
<p>Risk of fraud in revenue recognition</p> <p>Under ISA (UK and Ireland, UK&I) 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>In our view, as the Council's main sources of revenue are largely fixed and budgeted for, e.g. government grants and taxation, the revenue recognition risk exists largely in relation to the potential for the incorrect classification of revenue spend as capital.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▶ Review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.
<p>Risk of management override</p> <p>As identified in ISA (UK&I) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; ▶ Reviewing accounting estimates for evidence of management bias; and ▶ Evaluating the business rationale for significant unusual transactions.
<p>Preparation of group accounts</p> <p>For 2016/17 the Council has concluded that it needs to prepare group accounts, consolidating Gloriana Thurrock Ltd for the first time.</p> <p>First time preparation of group accounts is a complex accounting procedure and increases the risk of material errors in the financial statements.</p>	<p>We have experience of auditing local authority group accounts that consolidate wholly owned subsidiaries. We will draw on this experience and focus our approach on:</p> <ul style="list-style-type: none"> ▶ Reviewing the procedures performed by the finance team to ensure the subsidiary is consolidated appropriately; ▶ Testing the material balances consolidated within the Thurrock Council financial statements, and ▶ Reviewing the associated disclosures to ensure these are in line with CIPFA Code of practice and associated guidance. <p>As a result of the additional procedures we will need to undertake on the Council's group accounts we propose increasing the audit fee by £4,000.</p>

Other financial statement risks

<p>Property Valuation</p> <p>At 31 March 2016 the value of property on the Council's balance sheet was over £800 million, representing almost 80% of the total assets.</p> <p>To ensure assets are recorded at fair value, the Council adopts a rolling five year revaluation programme (i.e. 20% of assets are revalued each year). This is an</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Assessing the competence and capability of the valuer; ▶ Reviewing the figures produced for the revaluation of the assets for reasonableness; ▶ Reviewing the basis for valuation adopted by the
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exercise which involves judgement, input from external experts and leads to a material accounting estimate.

Accounting entries required from changes in asset valuations affect several primary statements and disclosures in the Council's financial statements.

- Council for appropriateness;
- ▶ Agreeing the figures produced by the valuer for the revaluation of the assets to the asset register; and
- ▶ Testing the accounting treatment of changes in the valuation of property assets to ensure the financial statements are materially accurate and compliant with the CIPFA Code of practice.

IAS19 and Pensions

The Council is an admitted body to the Essex County Council Pension Fund. Barnett Waddingham are appointed as actuaries for this fund and provide the Council with the figures for the disclosures in the financial statements, based on payroll and pension data provided to them by the Council.

The value of the pension liability is a significant balance sheet item (£159.5 million at 31 March 2016) and represents a material accounting estimate.

- Our approach will focus on:
- ▶ Assessing the competence and capability of the actuary and reviewing their work, including the assumptions used as the basis for producing for pensions figures;
 - ▶ Requesting a programme of work be undertaken by the auditor of the Essex County Council Pension Fund;
 - ▶ Agreeing the figures produced by the actuary in their actuarial valuation to the disclosures in the financial statements, and
 - ▶ Testing the accounting treatment applied to the pension amounts to ensure the financial statements are materially accurate and compliant with the CIPFA Code of practice.

Change to the Housing Rents and Housing Repairs System

The Council has implemented a new IT system (Northgate) for recording its housing rents and repairs transactions from October 2016.

The change in system increases the risk of misstatement in the financial statements due to the migration of data from the old system which could cause data to be lost or omitted.

Depending on the effectiveness of the Council's data migration arrangements we may be required to carry out additional audit procedures which could increase the audit fee.

- Our approach will focus on:
- ▶ Assessing the procedures performed by the Council to migrate the data to assess how management have gained assurance that data on the new system is complete and accurate;
 - ▶ Checking that the parameters entered into the new system agree to those in the old system and that these parameters agree to those charges approved by the Council; and
 - ▶ Reviewing reconciliations performed by the Council to ensure all data is correct and has fully migrated.

Financial Statements Presentation

Amendments have been made to the *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17* changing the way the financial statements are presented.

The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS), and include the introduction of the new 'Expenditure and Funding Analysis' note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.

The service analysis should be based on the organisational structure under which the Council operates. We expect this to reflect the Council's segmental analysis.

This change in the code will require a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements. The restatement of the 2015/16 comparatives will require audit review, which could potentially incur additional costs, depending on the complexity and manner in which the changes are made.

- Our approach will focus on:
- ▶ Reviewing the expenditure and funding analysis, the restated CIES and new notes to ensure disclosures are in line with the code of practice;
 - ▶ Reviewing the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Council's organisational structure and how overheads are apportioned across the service areas reported; and
 - ▶ Agreement of restated comparative figures back to the Council's segmental analysis and supporting working papers.

2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight

of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud, and,
- ▶ Performing mandatory procedures regardless of specifically identified risks.

3. Value for money risks

We are required to consider whether the Council has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources. For 2016/17 this is based on the overall evaluation criterion:

“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice which defines as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment therefore considers both the potential financial impact of the issues we identify, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. To date, our work in this area has resulted in the identification of the following significant VFM risk which we view as relevant to our value for money conclusion.

Significant value for money risks	Our audit approach
<p>Pressures from the economic downturn</p> <p>The Comprehensive Spending Review continues to impact on the Council’s budget and medium term financial planning during current and forthcoming financial years.</p> <p>Projections for 2016/17 as at quarter 2 indicate a year-end overspend of £0.24 million. However, achievement of this is dependent upon delivering £4.53 million of in-year mitigating actions to manage existing financial pressures.</p> <p>Forecasts as at quarter 2 for the 2016/17 financial year indicate that £2.61 million of the £3.39 million savings target will be delivered with the balance contributing to the in-year pressures.</p> <p>The Medium Term Financial Strategy (MTFS) presented to the Council in February 2016 showed the budget gap over the 3 years from 2017/18 to 2019/20 as £18.44 million. This already assumed delivery of £2.53 million</p>	<p>Our approach will focus on reviewing the MTFS and selecting a small sample of savings and efficiency targets to understand:</p> <ul style="list-style-type: none"> ▶ The adequacy of the Council’s process for identifying the savings and efficiency targets; ▶ The robustness of any underlying assumptions; ▶ The use of scenario planning; and ▶ The effectiveness of in year monitoring of progress against the savings and efficiency targets.

savings previously agreed for 2017/18 and assumed a Council Tax increase of 3.99% in each year.

The MTFS was revised in September 2016 in light of changes to business rates and inflation assumptions and the budget gap increased to £20.95 million.

Therefore, there is a significant budget gap over the medium term, for which the Council has identified a number of savings and actions. However, the scale of the budget gap is a significant risk to the value for money conclusion.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ Financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We report to you by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

4.2 Audit process overview

Our audit involves:

- ▶ Rather than relying on key controls we consider that it is likely to be more efficient to undertake a substantive approach to the audit including using analytics tools. However we will consider the appropriateness of controls testing once our walkthrough testing of the key financial systems has been undertaken
- ▶ We will refer to the work of internal audit in order to inform our planning and risk assessment
- ▶ Reliance on the work of other auditors where appropriate
- ▶ Reliance on the work of experts in relation to areas such as pensions and property valuations. We will use our specialists to assess the work undertaken by the actuary when preparing the report which is used by the Council for the pension liability and related disclosures in the Statement of Accounts

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries and payroll. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests

- ▶ Give greater likelihood of identifying errors than random sampling techniques.

Internal audit

As in the prior year we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where we raise issues that could have an impact on the year-end financial statements.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Pensions	EY Pensions Team and PwC Barnett Waddingham
Property, plant and equipment	Thurrock Council valuer Gerald Eve
Investments	Arlingclose
NDR appeals provision	Wilks, Head & Eve

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ Addressing the risk of fraud and error.
- ▶ Significant disclosures included in the financial statements.

- ▶ Entity-wide controls.
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements.
- ▶ Auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act and Code of Audit Practice.

4.4 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

Based on the prior year financial statements, we have determined that overall materiality for the financial statements of the Council is £6.6 million based on 2% of gross expenditure. We will communicate uncorrected audit misstatements greater than £333,000 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

4.5 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of Thurrock Council is £133,723.

We currently propose an increase to the audit fee of £4,000 to reflect the additional audit procedures we are required to undertake as a result of the Council's preparation of group accounts. We are required to agree this increase with PSAA.

In addition, in Section 2 we highlight two other issues (the change to the IT system for housing rents and repairs and the new Code requirements for presenting the CIES) which may require us to perform additional audit work. We will communicate to the Standards and Audit Committee the extent of any additional work and associated fees once we have a better understanding of the Council's arrangements to mitigate the risks identified. Appendix A includes a breakdown of audit fees.

4.6 Your audit team

We have made changes to the senior members of our audit team. Suresh Patel, an Executive Director with significant local authority audit experience, will be taking over from Debbie Hanson as the Engagement Partner for the audit. Debbie has completed seven years as your auditor, the maximum time ethical standards and PSAA allow. Suresh is supported by Martina Lee, an experienced Audit Manager with previous experience of auditing Thurrock. She will be taking over from Philip King and will be responsible for the day-to-day direction of audit work and act as the key point of contact for the Section 151 Officer and Chief Accountant.

4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Standards and Audit Committee's cycle in 2016/17. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Standards and Audit Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Standards and Audit Committee timetable	Deliverables
High level planning	January - February 2017	February 2017	Audit fee letter and Audit Plan
Risk assessment and setting of scopes	January - February 2017	February 2017	Audit Plan
Testing routine processes and controls	March – April 2017		Interim report (if necessary)
Selection of initial and extended testing samples for housing benefit grant claim	April 2017		
Year-end audit	July – August 2017		
Completion of audit	August 2017	September 2017	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements and value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Testing of housing benefit grant claim	September – November 2017		
Conclusion of reporting	October 2017	December 2017	Annual Audit Letter
Reporting of claims and certification work	December 2017	December 2017	Certification of claims and returns annual report

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services.

Other engagements

For the past two years the Council has engaged us as reporting accountants to certify grant claims for:

- ▶ Teachers’ Pension Return; and
- ▶ Housing Pooled Capital Receipts Return.

We are also appointed by the Board of Gloriana Thurrock Ltd as their statutory auditor.

We have also carried out Advisory work with Xantura on development of the Children’s Safeguarding Profiling Model. This work was completed in 2015-16.

We have considered the other engagements above in the context of threats to our independence and objectivity as the auditor of the Council. We have not identified any perceived or actual threats.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with PSAA Terms of Appointment.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 29%. No additional safeguards are required.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Suresh Patel, the audit engagement director and the audit engagement team have not been compromised.

5.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2016 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2016>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2016/17 £	Scale fee 2016/17 £	Outturn fee 2015/16 £	Explanation
Opinion Audit and VFM Conclusion	137,723*	133,723	133,723	As a result of the additional procedures we will need to undertake on the Council's group accounts we propose increasing the audit fee by £4,000.
Total Audit Fee – Code work	137,723	133,723	133,723	
Certification of claims and returns	17,148	17,148	15,664	Indicative certification fees are prescribed by PSAA
Non-audit work	TBC	n/a	12,975	Teachers' Pension Return
	TBC	n/a	5,600	Pooled Capital Receipts
			20,000	Advisory work with Xantura on development of the Children's Safeguarding Profiling Model

All fees exclude VAT.

** subject to agreement with PSAA*

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ We can rely on the work of internal audit as planned;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Standards and Audit Committee. These are detailed here:

Required communication	Reference
<p>Planning and audit approach</p> <p>Communication of the planned scope and timing of the audit including any limitations.</p>	▶ Audit Plan
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	▶ Audit Results Report
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	▶ Audit Results Report
<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the Standards and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	▶ Audit Results Report
<p>Related parties</p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	▶ Audit Results Report
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	▶ Audit Results Report
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Standards and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Standards and Audit Committee may be aware of 	▶ Audit Results Report

Required communication	Reference
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Audit Results Report
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Audit Results Report
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Audit Results Report
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Audit Results Report ▶ Annual Audit Letter if considered necessary
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<ul style="list-style-type: none"> ▶ Certification report

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