

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 **15 March 2016**

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

Membership:

Councillors Tunde Ojetola (Chair), Graham Hamilton (Vice-Chair), Yash Gupta (MBE), Barry Johnson, Cathy Kent and Robert Ray

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

Substitutes:

Councillors Robert Gledhill and Joycelyn Redsell

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 8 December 2015.	
3 Items of Urgent Business	
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Queries regarding this Agenda or notification of apologies:

Please contact Jessica Feeney, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **7 March 2016**

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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 8 December 2015 at 7.00 pm

Present: Councillors Tunde Ojetola (Chair), Graham Hamilton (Vice-Chair), Yash Gupta (MBE), Barry Johnson, Cathy Kent and Robert Ray

Jason Oliver, Co-Opted Member

Apologies: Councillors Rhona Long

In attendance: Councillor Shane Hebb, Chair of the Corporate Overview & Scrutiny Committee
Sean Clark, Head of Corporate Finance
Gary Clifford, Client Manager for Audit Services
Stephanie Cox, Senior Democratic Services Officer
Andy Owen, Corporate Risk Officer
Gary Staples, ICT Commercial Manager
Kenna-Victoria Martin, 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.

26. Minutes

The Minutes from the previous meeting held on 24 September 2015 were approved as a correct record.

27. Items of Urgent Business

There were no items of Urgent Business.

28. Declaration of Interests

There were no interests declared

29. Review of DBS Checks Policy and Register of Interests Process for Members

Councillor Shane Hebb, Chair of the Corporate Overview & Scrutiny Committee introduced the report to the Committee explaining that the report had been through the Corporate Overview & Scrutiny Committee.

He continued by explaining that the report was to ensure the integrity of Staff and Members of the Council; he notified the Committee that Members of the

Corporate Overview & Scrutiny were content with having their DBS checks published.

The Senior Democratic Services Officer addressed the Committee notifying them that currently Members appointed to the Children's Services Overview & Scrutiny Committee, Health and Wellbeing Overview & Scrutiny Committee, Standards and Audit Committee and Corporate Parenting Committee were required to carry out a DBS Check due to the nature of the Committees.

She continued to explain that it was not possible to publish the DBS Checks; this was in line with strict government regulations, the DBS Code of Conduct relating to sensitive information.

Members were informed that within the next 2 months all 49 Councillors were required to have completed the DBS Form and have returned it the Councils Human resources Department; this could be completed via the Member's Services Department.

During Members discussions the following was enquired:

- If Members already held a DBS Check could they be transferred for different jobs. Officers informed Members that Checks were not portable unless a there was a change in legislation;
- The time limit on receiving a DBS Check was it a strict 2months. The Senior Democratic Services Officer explained that the time limit was to complete the relevant forms; as it may take time to complete. Members were notified that it was the expectation that all members would have submitted the form within the 2 months.

It was suggested that Councillor Code of Conduct be amended to include all Members having a complete DBS Check.

RESOLVED:

The Standards and Audit Committee:

1. **Are recommended to approve Option 1 below (3.14); that enhanced DBS checks are carried out for all Councillors and any Co-Opted Members who are members of any Committee or Board which discharges education or social services functions in line with the proposed policy detailed at Appendix 1.**
 2. **That the current approach to maintaining and publishing Members Register of Interests be endorsed.**
 3. **That the Councillor Code of Conduct be amended to include all Members completing a DBS Check.**
30. **Regulation of Investigatory Powers Act (RIPA) 2000 - Quarterly Activity Report**

The Head of Corporate Finance introduced the report and in doing so, explained that the Council was advised following the RIPA inspection last year that a quarterly activity report would be brought to the Committee.

It was further mentioned the usage and activity of RIPA requests during July 2015 to September 2015 (Quarter 1) was reported as one and that to date there had been one request made to the National Anti-Fraud Network.

RESOLVED:

That the Standards and Audit Committee note the statistical information relating to the use of RIPA from July 2015 to September 2015.

31. Internal Audit Progress Report 2015/2016

The Internal Audit Manager introduced the report to Members informing them that the report set out progress against the Internal Audit Plan 2015/16 and was the second progress report presented to the Standards & Audit Committee in the current municipal year; which detailed audit reviews issued as final since the last progress report presented to the Committee.

Officers further notified the Committee of the following:

- Internal audit provided four levels of assurance opinion on reports carried out, this followed widespread consultation with clients across all services;
- Five areas within the Council had received a Green assurance rating, with regards to control frameworks, with two receiving an Amber/Green opinion and no reports were issued an Amber/Red assurance rating;
- At the request of the client, an advisory review on Special Guardianship was carried out and 4 high level recommendations were identified.

Members were taken through Appendix 1 to the report, which included the advisory review and Key Performance Indicators. The Internal Audit Manager explained to the Committee in relation to the advisory review on Special Guardianship a monthly monitoring and practice review meeting had taken place which he had attended in an advisory capacity.

The Committee sought assurance from Officers in relation to the rating for Fostering. The Internal Audit Manager confirmed to Members that he was happy the recommendations were being followed; he continued to notify the Committee that new processes were now in place.

Following questions from Members, it was explained that the reason the advisory review hadn't been issued an assurance rating was due to the Client requesting the audit to be untaken.

The Chair of the Committee queried the issues within the insurance team. The Head of Corporate Finance explained that team was a small team, with

shared management with the London Borough of Barking and Dagenham and were dealing with sickness issues. He continued to explain that the committee would receive an update report in the New Year.

RESOLVED:

That the Standards & Audit Committee consider reports issued by Internal Audit in relation to the 2015/16 audit plan.

32. Internal Audit Protocol 2015

The report was introduced to the Committee by the Internal Audit Manager, in doing so he explained that the Accounts and Audit Regulations 2015 required 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.

Members enquired as to what had changed within the operation of the protocol. Officers explained there had been changes within the process, with timescales and turnaround times being amended to tighten up processes.

It was remarked as to the joint working between External and Internal Audit. The Internal Audit Manager clarified that the Internal Audit worked with External Audit; although the outcomes were different. Members were further notified that both team used the same core financial systems, which allowed them to place reliance on work and reduced the amount of testing to be completed.

The Chair of the Committee commented that he was pleased with the report and sought clarity as to whether reports were signed off at cabinet. The Head of Corporate Finance clarified that reports with a red assurance were signed off through Directors Board and then the Standards and Audit Committee.

It was enquired as to who was part of the escalation process. Officers confirmed that the internal audit manager, Head of Corporate Finance, relevant director and if necessary the Chief Executive were all part of the escalation process. In addition an update would need to be given to the Committee.

RESOLVED:

That the Standards & Audit Committee agree that the Internal Audit Protocol provides the Council and the internal audit service with a process for improving the timeliness of the internal audit services' reporting arrangements and provides a formal escalation process for non-compliance.

33. Internal Audit Charter 2015

The Internal Audit Manager introduced the report to Members and in doing so informed them that the Internal Audit Charter was a formal document that defines the internal audit activity's purpose, authority and responsibility. Final approval of the Internal Audit Charter lay with the Standards & Audit Committee.

Committee Members were taken through the report by the Internal Audit Manager, who explained that the signing of the Charter was the Section 105 Officer, Internal audit Manager and the Chair of the Standards and Audit Committee.

RESOLVED:

That the Standards & Audit Committee approve the Internal Audit Charter 2015 and the Chair of the Standards & Audit Committee signs the Charter on behalf of the Committee.

34. Thurrock Annual Audit Letter 2014/2015

The Head of Corporate Finance introduced the report informing Members that the report offered a summary of the information that the Committee had seen at previous meetings. He continued to confirm to Members that the accounts had been signed off within the timeframe.

The Committee praised the superb work and dedication of the finance department. It was asked that the Committee's appreciation be passed to the teams for their hard work.

RESOLVED:

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

35. In Quarter 3 Review of the Strategic/Corporate Risk and Opportunity Register

The report was introduced to the Committee by the Corporate Risk Officer, who explained one of the functions of the Standards and Audit Committee under the Terms of Reference of the Constitution was to provide independent assurance that the Authority's risk management arrangements are adequate and effective.

He continued to clarify that to allow the Committee to consider the effectiveness of the Council's risk and opportunity management arrangements the report was presented on a bi annual basis and provided details of how the key risks and opportunities facing the Authority were identified and managed.

Members were advised that any risks or opportunities which were currently rated 16 or 12 automatically became in focus, and any which were currently

rated 9 or 8 would be considered on a case by case basis for the in focus report.

Mr Oliver enquired as to the ratings for the ICT Infrastructure and ICT Disaster Recovery risks. He queried why the ICT Infrastructure item was rated at 8 and had not been brought in focus. The Corporate Risk Officer explained that the ICT Infrastructure risk was rated lower due to the improvements implemented at the Civic Offices through the transformation programme. The Corporate Risk Officer further reported that the ICT Disaster Recovery risk had been re-evaluated to bring it more in line with the Business Continuity Planning risk and takes into account the recent power failure incident that affected the Civic Offices and ICT servers.

The Head of Corporate Finance addressed the Committee informing them, that the timing of the report came shortly after the Council encountered the IT power outage event. He continued to assure Members that Officers were working behind the scenes to ensure that the Council didn't have to experience the situation again. Committee Members were notified that during the outage the Councils Business Continuity plans were put into practice.

Members sought as to whether Officers carried out tests of the IT Infrastructure and it was confirmed by the ICT Commercial Manager that regular partial outage tests were carried out during the normal monthly maintenance schedule however, in the future, full IT disaster recovery testing would be carried out at least annually in much the same way as a Fire Drill was.

During the Committees discussions it was agreed that for future reports the criteria guide for the likelihood/impact ratings should be included for Members information.

RESOLVED:

That Standards and Audit Committee:

- 1. Note the items and details contained in the Dashboard (Appendix 1)**
- 2. Note 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. Agree for future reports the criteria guide for the likelihood/impact ratings should be included within the report.**

36. Standards Audit Committee 2015-2016 - Work Programme

Members discussed the work programme and agreed for the disaster recovery report to be presented to the first meeting of the new municipal year.

The meeting finished at 9.00 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**

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15 March 2016		ITEM: 5
Standards and Audit Committee		
Counter Fraud & Investigation Annual Report, Policy & Strategy		
Wards and communities affected: All	Key Decision: N/A	
Report of: Daniel Helps, Investigation Manager, Counter Fraud & Investigation		
Accountable Head of Service: N/A		
Accountable Director: Lyn Carpenter, Chief Executive		
This report is Public		
Date of notice given of exempt or confidential report: N/A		

Executive Summary

It was reported previously that the Counter Fraud functions within the authority would join together as one unit known as the Counter Fraud & Investigation Directorate. The Counter Fraud & Investigation Directorate (CFID) is now operational and has 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.

In support of this single centralised approach, a new Anti-Fraud & Corruption Policy has been drafted and adopted through the Authority. This takes account of the current fraud landscape and best practice around the UK ensuring a coordinated approach is taken.

The CFID has had many successes with this Authority and other partner Authorities, including those who buy-in services from CFID. CFID has now been recognised nationally as the leading Local Authority fraud service and as a model for the approach to tackling fraud and corruption in the future.

1. Recommendation(s)

1.1 The Committee notes the performance of CFID

1.2 The Committee notes the acknowledgment of the services provided by CFID

2. Introduction and Background

- 2.1 The new approach to tackling the effects of economic crime on the Council seeks to enhance the assurance over the system of controls but also ensures consistency in the Council's response to fraudulent activity, perpetrated against Council services.
- 2.2 The new centralised service will share the resources currently present through the developed partnerships with the Ministry of Justice and Southend Borough Council. The new enlarged service brings additional benefits to the Council with a balanced and proportionate use of Proceeds of Crime Act to take redress.

3. Partnership Working and Performance

Partnership Working and Services

- 3.1 CFID continues to work in a partnership with Southend Borough Council. New processes have now been implemented to ensure that all reports of fraud and now centralised with the Intelligence Unit based at Thurrock Council.
 - 3.1.1 CFID is working with the Ministry of Justice in relation to a large scale fraud investigation where CFID are the lead investigating agency. At this time further information cannot be made public due to the ongoing investigation and actions.
 - 3.1.2 CFID has provided services to other Local Authorities at costs to enable the furthering of investigations that were being conducted by these authorities. Without the assistance from specialist officers of CFID [such as Computer Forensic and Cyber Crime Investigators, Financial Investigations and Surveillance Experts] the investigations conducted by other agencies may not have continued, or where they had the scale of the fraud would not have been discovered.

Counter Fraud & Investigation Performance

- 3.2 From April 2015 and ending 31st January 2016, 608 referrals were received across the work areas of CFID. Of those that have been accepted as valid potential cases, over half have been dealt with and the remainder are under investigation with continuous work being undertaken to resolve those cases expeditiously. Full reporting with breakdowns of referral by service areas, agency and outcome will be made available at end of year reporting
 - 3.2.1 CFID have taken action, where possible, to recover losses that were identified as coming from fraudulent activity. **Appendix 1** shows the levels of recovery.
 - 3.2.2 CFID have restrained assets from suspected fraudsters to ensure that redress can be made once a fraud is within the court system. There are currently a large amount of assets restrained in relation to investigations that are not

currently at the court stage. Due to reporting restrictions these figures cannot be made available at this time.

3.2.3 CFID are currently investigating a number of sensitive allegations. Relevant senior officers with the Authority are aware along with the section 151 officer.

3.2.4 Since its inception CFID has detected fraud across this Authority and others of more than £10 million. CFID continues to publicise successes through engagement with media and communication teams.

3.2.5 CFID are no longer responsible for the investigation of Housing Benefit fraud – The Department for Work & Pensions and solely responsible for Housing Benefit Fraud Investigation through their Single Fraud Investigation Service. CFID, as required, have handed over all casework to the DWP, with the exception of investigations that are already within the court system

Corporate Counter Fraud Delivery

3.3 **Appendix 2** sets out details of all the service areas within the Authority that have received fraud awareness training. The delivery of fraud awareness training is a rolling project and will continue indefinitely. Positive feedback has been received from a number of service areas, a number of areas have also requested additional training due to the 'excellent feedback' received from staff.

3.3.1 The three main work areas for 2015/16, to continue its development are:

- producing and rolling out a standard governance framework that can be tailored by each organisation working with CFID
- formalising work arrangements with other key services within the Council and finalising performance reporting arrangements for the team
- delivering a targeted programme of proactive work in service areas that carry inherently higher fraud risks.

3.3.2 **Appendix 3 and 4** shows the work in plan in details with specific work flow for different service areas.

3.3.3 The approach being adopted and delivered is:

- rollout a Subject Matter Expert from CFID to each service area. This has proved to be key to ensuring that fraud is reported with the notion of 'a face to name' and not only a service areas title.
- deliver key targeted anti-fraud training to those areas supported by service specific anti-fraud guides
- utilise the new data analytics tool across service areas to improve identification of fraud risks

4. Reasons for Recommendation

4.1 This report provides a detailed update to the Committee on the improved counter-fraud measures for the Council.

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

- 5.1 All Directors and Heads of Service were consulted with the new strategy to be taken by the Council in its anti-fraud approach.

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

- 6.1 Work undertaken by to reduce fraud and enhance the Council's anti-fraud and corruption culture contributes to the delivery of all its aims and priorities supporting corporate governance.

7. Implications

7.1 Financial

Implications verified by: **Sean Clark**
Head of Corporate Finance

There are no financial implications contained in this report.

7.2 Legal

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

The Accounts and Audit (England) Regulations 2015 section 4 (2) require that:
The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes the arrangements for the management of risk.

This proactive and investigative work undertaken by the Directorate as well as the regular monitoring of compliance with the requirements of Fighting Fraud Locally discharges this duty.

7.3 Diversity and Equality

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

There are no implications related to 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 – Redress in form of orders made under Proceeds of Crime Act

Appendix 2 – Service areas which have received fraud awareness training

Appendix 3 – Proactive workflow details

Appendix 4 – Team management projects

Report Author:

Daniel Helps

Investigations Manager

Counter Fraud & Investigation

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Proceeds of Crime Act 2002, compensation and other money orders

The Financial Investigation Unit's (FIU) expertise is the result of 90 years combined police experience working for the Metropolitan Police Service.

The success of the FIU demonstrates the depth knowledge and skills possessed by the financial investigators employed by the Counter Fraud and Investigation Directorate (CFID)

6 Confiscation Orders made in 2015/2016 total value £430,280.00

Compensation monies received from Defendants to date: £92,344.00

ARIS monies received from Home Office: £102,355.75

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Fraud awareness training sessions – delivered through December 2015

- Chief Executives Delivery Unit
- Social Care
- Education
- Revenues & Benefits
- Finance
- Housing
- Planning & Transportation
- HR & OD

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Appendix 3: Proactive Work Programme 2015/16

Fraud risk area	Tasks	Planned for
Housing Tenancy	Commence 'Operation Domus', the county-wide joint proactive drive to share data and intelligence on tenancy fraud.	July 2015
Right to Buy	Undertake a data matching exercise to identify potentially fraudulent applications.	August 2015
	Evaluate whether application processes can be strengthened to minimise the risk of fraud.	July 2015
Insurance	Evaluate whether insurance processes can be strengthened to minimise the risk of fraud.	August 2015
Business Rates	Conduct a data matching exercise to identify possible misuse of exemptions claimed for commercial property, including 'Phoenix Companies'.	July 2015
	Identify, from the data matching exercise, a tool that can be installed for use in the continual prevention of false exemption claims.	September 2015
	Evaluate whether Business Rates processes can be strengthened to minimise the risk of fraud.	July 2015
Council Tax	Evaluate whether Council Tax Discount and Exemption processes can be strengthened to minimise the risk of fraud.	August 2015
Social Care	Conduct a proactive exercise of Direct Payments to identify flags for potential fraudulent activity.	July 2015
	Conduct a proactive exercise of Financial Assessments to identify flags for potential fraudulent activity.	July 2015
	Introduce a trial protocol with the service to enable information and intelligence to be shared, with a view to identifying potential fraudulent claims for support in cases where the claimant should have No Recourse to Public Funds.	July 2015

Appendix 3: Proactive Work Programme 2015/16

Fraud risk area	Tasks	Planned for
Fraud Awareness	Produce newsletters, highlighting current fraud risks and trends with best practice advice and guidance and investigation outcomes.	Commencing July 2015
	Introduce a formal, detailed intelligence alert system across all Council departments to inform services of immediate fraud risks.	Commencing July 2015
National Fraud Initiative, Data Matching Exercise	Investigate high level recommended data matches until the 2015 exercise is complete.	Will report progress made on quarterly basis

Appendix 4: Team Management Projects 2015/16

	Tasks	Planned for
	Corporate Arrangements (Fighting Fraud Locally)	
1	Produce a standard Anti Fraud, Corruption and Bribery Policy and Strategy (including money laundering) that can be tailored by all organisations working with the Directorate. Include the requirements of any good practice guidance relevant to different sectors (e.g. local authorities, social housing providers, schools).	July 2015
2	Refresh the Anti Money Laundering Policy and Strategy to take account of the updated guidance expected from CIPFA in 2015 (publishing date unknown at present).	July 2015
3	Check for consistency, any references to these policies within the Contract Procedure Rules, Financial Regulations or other elements of the Constitution.	August 2015
4	Update the Bribery Act and Money Laundering risk assessment survey if necessary.	August 2015
4a	Distribute the survey to Managers, collate the results and identify current, potential risk areas.	September 2015
4b	Deliver targeted training to those services who have a high exposure to those risks.	September 2015
5	Update the anti-fraud posters and leaflets to reflect the new operating arrangements and distribute.	July 2015
6	Collate and refresh, if necessary, the package of fraud awareness material to be used by all organisations working with the Directorate.	July 2015
7	Deliver the business case that the grant funding was awarded for.	2015/16
	Working with other Services	
9	Organise a workshop with HR to clarify working relationships when dealing with potential disciplinary issues as part of an investigation.	August 2015
11	Implement a protocol with Community Protection with a view to providing: <ul style="list-style-type: none"> • shared intelligence on casework from both areas • Proceeds of Crime seizure, detention, restraint, investigation and confiscation support • joint operational support where a shared purpose exists 	August 2015

Appendix 4: Team Management Projects 2015/16

	Tasks	Planned for
	Developing Performance Information	
12	Fully implement a new IT case management system and regular team based performance monitoring reports.	July 2015
13	Develop a financial reporting template that shows, for the Directorate and each individual organisation working with it: <ul style="list-style-type: none">• potential funds to be recovered from cases• actual monies received• allocation of monies between the parties concerned.	July 2015

15 March 2016		ITEM: 6
Standards and Audit Committee		
Complaints Report – April 2015 to September 2015		
Wards and communities affected: All	Key Decision: Non-key	
Report of: Lee Henley – Information Manager		
Accountable Head of Service: Jackie Hinchliffe – Head of HR, OD & Transformation		
Accountable Director: Lyn Carpenter, Chief Executive		
This report is: Public		

Executive Summary

Corporate complaints:

- A total of 942 complaints have been received within the reporting period. For the same period last year this figure was 790.
- A total of 1353 concerns have been received in the reporting period. For the same period last year this figure was 1126.
- The combined total of complaints and concerns received for the reporting period is 2295. This period has seen an increase compared to last year, which had a combined total of 1916.
- The increase in complaints and concerns may be attributed to action the council have taken to improve customer access channels, in particular social media including Twitter. In addition to this the Complaints Team continues to promote in-house the need to ensure all types of customer feedback are recorded in line with process.
- Some services, by virtue of the nature of the type of service provided, receive the highest volume of concerns/complaints. For the reporting period, the top four expressions of dissatisfaction relate to the following services:
 - Housing repairs
 - Council Tax
 - Estate Management
 - Missed Bins
- Detailed feedback on common types of complaints/trends is attached for each Directorate (as Appendix 1). This includes data on complaint outcomes and the

learning which has been identified by either the service or the Corporate Complaints Team. A summary of Appendix 1 is shown below and work is ongoing to undertake additional root cause analysis regarding these points:

- Non-return of bins – There has been an increase in concerns received at the mid-year point for 2015/16 compared with full year volumes for 2014/15.
- Environment (Customer Relations) – At the mid-year point for 2015/16, stage 2 complaint volumes are similar to the total received for 2014/15.
- Repairs - 22% of concerns have escalated to a complaint.
- Estate Management - A high % of stage 1 complaints are upheld.
- Voids - At the mid-year point for 2015/16, the volume of concerns received are similar to the total received for 2014/15.
- Voids - At the mid-year point for 2015/16, stage 1 complaint volumes are similar to the total received for 2014/15. Total concerns/complaints received in the reporting period (57) represents 16% against the number of voids completed (353).
- Housing Benefits – A high % of stage 1 complaints are upheld.
- Sundry Debtors - There has been a significant increase in stage 2 staff complaints received at the mid-year point for 2015/16, compared with full year volumes for 2014/15.
- Appendix 1 also highlights the following:
 - Transforming Homes – A high % of stage 1 and stage 2 complaints are upheld, however the total number of concerns/complaints received in the period (66), represents 0.8% of the total contacts required (7775) to complete these works.
 - Repairs – A high % of complaints are upheld at stages 1 and 2. However, the total number of concerns/complaints received in the period (366) represents 1.8% of the number of repairs undertaken (20,294).
 - During 2014 Environment implemented the use of “Love my Street” and “My Account” as a mechanism for residents to use to report service requests and other types of customer feedback. Since April 2015, approximately 7000 service requests have been recorded via these channels. Due to this, there may be a significant number of concerns that have been reported via these channels of which the Corporate Complaints Team are not aware of. Environment are currently working with the Corporate Complaints Team to establish a process of ensuring that all concerns/complaints reported via these channels are included within complaints reports going forward.

- Missed Bins - The concerns stage shows fewer complaints formally escalating which indicates they are being dealt with swiftly within the 5 calendar day timeline.
 - Estate Management – The report highlights a significant reduction in concerns received compared with 2014/15.
 - Repairs - The report highlights a significant reduction in concerns received compared with 2014/15.
 - Repairs - The report highlights a reduction in stage 1 complaints received compared with 2014/15.
 - Data quality – A reporting error (due to human error) has been identified regarding repairs complaints that were reported in the 2014/15 annual complaints report. The 2014/15 annual report highlighted that 580 repairs complaints had been received. This figure should have been 460.
- During the reporting period, 45% of complaints have been upheld. This is an increase compared with the same period last year which identified 42% of complaints as being upheld. A breakdown of upheld complaints at each stage is shown below and further root cause analysis will be undertaken on this with service areas:
 - Stage 1 - 53%
 - Stage 2 - 41%
 - Stage 3 – 19%
 - For the reporting period, 98% of complaints were responded to in timeframe. This performance is encouraging when considered against the backdrop of the national austerity measures and the impact of reduced resources council-wide.
 - A total of 208 MP/MEP enquiries were received (8 MEP), of which 97% were responded to within timeframe.
 - A total of 1670 Members enquiries were received, of which 98% were responded to within timeframe. The average time taken to respond to members enquiries across all Directorates was 6 calendar days.

1. Recommendations

- 1.1 To note the statistics and performance for the reporting period.**
- 1.2 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** Back in September 2015, Cabinet requested a complaints report for consideration. This report sets out the council's complaints statistics for the first six months of 2015/16.

- 2.2 Adult's and Children's Social Care have separate statutory complaints procedures which are managed by the respective Directorates. However mid-year analysis for these areas is included within 2.9 and 2.10 below.
- 2.3 Directorate analysis of complaints 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. 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
- 2.4 Monthly cumulative reporting is issued to senior officers within Environment, Planning & Transportation and Housing Directorates in order for more detailed analysis to take place. The aim of which is to enable Directorates to identify any root causes and/or common themes, and to enable proactive steps to be implemented to improve the customer experience.

2.5 Ombudsman Enquiries

- 2.5.1 The table below provides a summary of formal enquiries where either the Local Government Ombudsman or the Housing Ombudsman has reached a formal decision on cases with the reporting period. Findings and recommendations from all enquiries are shared with respective Heads of Service.

Directorate	Issue Nature	Ombudsman findings	Financial remedy
Environment (LGO)	Noise Abatement	No maladministration	N/A
Housing (LGO)	Neighbour dispute re feeding of wildlife	Discontinue investigation	N/A
Environment (LGO)	Grass cutting in South Ockendon	Closed after initial enquiries	N/A
Housing (LGO)	Eligibility to join the Housing Register	Discontinue investigation	N/A
Environment (LGO)	Damage to possessions by the Council when working at neighbouring property	Outside jurisdiction	N/A
Democratic Services (LGO)	School Admissions appeal	Closed after initial enquiries	N/A
Environment (LGO)	Actions of waste and recycling crew. This related to frequent missed bin collections and not returning bins to correct location.	Maladministration and Injustice	£100.00

2.6 MP and Member Enquiries

- 2.6.1 During the reporting period enquiries were received as follows:

- 1670 member enquiries were received, with 98% responded to within timeframe. The average time taken to respond to members enquiries across all Directorates was 6 calendar days.
- A total of 208 MP/MEP enquiries were received (8 MEP), of which 97% were responded to within timeframe.

2.6.2 MP enquiry trends and common themes are outlined below:

Directorate	Enquiry Type	Volume
Housing	Repairs	42
Housing	Homeless Service	26
Planning & Transportation	Planning Decision/ Advice	12
Children's Services	Primary Schools	11

2.6.3 Councillor enquiry trends and common themes are outlined below:

Directorate	Enquiry Type	Volume
Housing	Housing Transformation	62
Housing	Repairs	361
Housing	Tenancy Services Management	62
Housing	Anti-social behaviour	52
Environment	Waste & Recycling	31
Environment	Environmental Health & Trading Standards	49

2.7 Learning lessons from complaints

2.7.1 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 councils website.

2.7.2 Cumulative Management Information (MI) is submitted to senior performance officers where requested 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. The team will also continue to provide management information to services as and when requested.

2.8 Compensation

2.8.1 Records confirm that within the reporting period financial compensation payments have been extended as outlined below:

Directorate	Complaint Stage	Financial remedy
Environment	LGO	100.00
Housing	Stage 3	500.00
		600.00

2.9 Children's Social Care

2.9.1 The department recorded 154 representations under the Children's Statutory Social Care complaints procedure. 37 stage 1 complaints were received for this period. In addition, 4 stage 2 complaint investigations were started and 2 complaints progressed to stage 3. The department also addressed 2 Ombudsman enquiries, 7 MP enquiries and 7 member enquiries as well as 27 concerns. The department recorded 68 compliments.

2.9.2 In relation to the stage 1 complaints, 19 were not upheld, 3 were upheld, 6 were partially upheld and 9 are in progress. 11 complaints exceeded the 20 day timescale and in many cases this is due to the complex nature of the complaint requiring more time, however the complainant is kept informed of the progress of their complaint.

2.9.3 Three stage 2 complaints are at investigation stage and one was in the process of being arranged.

2.9.4 For the 2 Ombudsman cases, one case was a request for information and closed and the second case is currently at investigation stage.

2.9.5 One complaint was reviewed at stage 3 and the complaint was partially upheld. Learning is always addressed and disseminated to staff through action plans and quarterly reports to Senior Management Team. A full complaints and representations report is produced annually as a public document, which is a statutory requirement.

2.10 Adult Social Care

2.10.1 A total of 149 representations were recorded as received for this reporting period which included 18 complaints, 2 Ombudsman enquiries, 11 concerns, 9 MP enquiries and 22 Member enquiries. The department recorded 87 compliments.

2.10.2 In relation to the 18 complaints: 5 were upheld, 3 were partially upheld, 3 not upheld, 6 are in progress and in 1 case there was no finding. 5 complaints exceeded the 20 working day timescale however these were as a result of the complaints requiring in-depth investigation and these complaints were **not** outside the statutory timescale for adult social care complaint responses.

2.10.3 In relation to the 2 Ombudsman cases, one case was concluded with no maladministration and the second case is currently with the investigator.

2.10.4 The service aims to successfully resolve issues and concerns at the point they are raised and promotes the same approach from commissioned providers. This approach means that more matters are being appropriately dealt with before they are escalated into the statutory complaints process. A full complaints and representations report is produced annually as a public document, which is a statutory requirement.

3. Issues, Options and Analysis of Options

3.1 There are no options associated with this paper.

4 Reasons for recommendations

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

5 Consultation (including Overview and Scrutiny, if applicable)

5.1 This report was sent to Performance Board and Director's Board.

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

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

6.2 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.

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

7 Implications

7.1 Financial

Implications verified by: **Mike Jones**
Management Accountant

There are no direct financial implications with this report.

7.2 Legal

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

- 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).

7.3 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 has an equality related expression of dissatisfaction.

7.4 Other implications

None

8 Background papers used in preparing the report

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

9. Appendices to the report

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

Report Authors:

Lee Henley/Tina Martin

Information Manager/Senior Corporate Complaints & Information Governance Officer)

Stephanie Case, Corporate Complaints & Information Governance Officer (Data Extraction).

APPENDIX 1

DIRECTORATE COMPLAINTS SUMMARY: APRIL TO SEPTEMBER 2015/16

DIRECTORATE: Chief Executive's Delivery Unit

Summary:

Expressions of dissatisfaction relate to:

- Strategy and Communications:
 - Issues with registering for 'My Account' online
 - Unhappy with procurement decision of a contract that was awarded
- Regeneration – Lack of action to vacant/un-used facilities.

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Issue	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Strategy and Communications	5 (18)	1 (1)	1 (1)	100% (100%)	0 (1)	1 (1)	0% (0%)	1 (0)	1 (0)	0% (0%)
Regeneration	0 (2)	0 (0)	1 (2)	100% (0%)	0 (1)	0 (1)	0% (100%)	0 (0)	0 (0)	0% (0%)

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

Learning from complaints as identified by the service includes:

- Strategy and Communications - A review of the answers to the security question will be carried out to ensure it covers all customer situations.
- Regeneration - Ensure residents are communicated to in a timely manner.

DIRECTORATE COMPLAINTS SUMMARY: APRIL TO SEPTEMBER 2015/16

DIRECTORATE: Chief Executive's Office

Summary:

Expressions of dissatisfaction relate to:

- Corporate Finance (Insurance related):
 - Unhappy with the outcome of a compensation claim.
 - Would like to claim for damages caused by pothole and lack of treatment to damp and mould.
- Democratic & Electoral Services:
 - Letter from electoral services was sent to the wrong address.
 - Concerns with the size of election posters.
- Complaints – Lack of contact to a complaint.
- Legal Services – False information given and lack of response.

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Issue	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Corporate Finance	3 (8)	0 (3)	1 (4)	0% (25%)	0 (1)	1 (1)	0% (0%)	1 (0)	2 (1)	0% (100%)
Democratic & Electoral Services	4 (1)	0 (0)	1 (0)	0% (0%)	1 (0)	2 (0)	0% (0%)	0 (0)	0 (0)	0% (0%)
Complaints	2 (0)	0 (0)	0 (0)	0% (0%)	0 (0)	0 (2)	0% (0%)	0 (0)	0 (0)	0% (0%)
Legal Services	0 (2)	0 (0)	1 (2)	0% (0%)	0 (1)	1 (2)	0% (50%)	1 (1)	1 (1)	0% (0%)

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

Learning from complaints as identified by the service includes:

There is no learning as there were no upheld complaints.

DIRECTORATE COMPLAINTS SUMMARY: APRIL TO SEPTEMBER 2015/16

DIRECTORATE: Children's Services

Summary:

Top expressions of dissatisfaction relate to:

- Admissions - Issues with the online admissions, unhappy with school place offered for child
- Special Educational Needs (SEN) - Delays in recommendations of SEN annual reviews

Issue	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Admissions	2 (10)	1 (1)	5 (3)	0% (66%)	1 (1)	1 (5)	0% (0%)	0 (3)	0 (3)	0% (33%)
SEN	4 (3)	0 (0)	2 (0)	0% (0)	0 (0)	0 (2)	0% (50%)	0 (1)	0 (1)	0% (0%)

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

Learning from complaints as identified by the service includes:

As there were no upheld complaints there has been no learning identified

Points to note:

- Admissions – There has been a reduction in concerns received.
- Admissions – There has been an increase in complaints received, however the numbers are relatively low.
- SEN - There has been an increase in concerns and complaints received, however the numbers are relatively low.

DIRECTORATE COMPLAINTS SUMMARY: APRIL TO SEPTEMBER 2015/16

DIRECTORATE: Environment

Summary:

Top expressions of dissatisfaction relate to Missed bin collections, Non-return of bins, Environmental Health & Trading Standards, and Customer relations and include:

- Missed Bins - Bins not being collected on collection day.
- Non-return of bins - Bins not being put back in the correct place in relation to assisted collections.
- Env Health - Issues with animal welfare (horses), attitude of staff and noise nuisance.
- Customer Relations - Attitude and conduct of Waste and Recycling staff.

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Issue	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Missed bin collections	146 (247)	2 (21)	26 (47)	58% (85%)	4 (11)	9 (23)	66% (78%)	1 (3)	1 (4)	0% (50%)
Non return of bins	48 (44)	3 (8)	7 (12)	57% (83%)	2 (2)	3 (4)	33% (100%)	1 (0)	1 (0)	100% (0%)
Env Health & Trading Standards	27 (50)	1 (2)	4 (7)	0% (0%)	1 (1)	2 (6)	0% (0%)	0 (0)	0 (0)	0% (0%)
Customer Relations	3 (0)	1 (0)	1 (0)	100% (0)	0 (0)	28 (30)	85% (835)	2 (1)	2 (1)	0% (0%)

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

Learning from complaints as identified by the service includes:

- Missed Bins - Staff have been reminded of the service standards they must adhere to.
- Non-return of bins - Staff members have been reminded of their responsibilities for assisted collections.
- Env Health – No learning as there were no upheld complaints.

- Customer Relations - Collections are being monitored and internal HR investigations completed.

Points to Note:

- Missed Bins - The concerns stage shows fewer complaints formally escalating which indicates they are being dealt with swiftly within the 5 calendar day timeline.
- Non-return of bins – There has been an increase in concerns received at the mid-year point for 2015/16 compared with full year volumes for 2014/15. Due to this further analysis will be undertaken to establish the root cause, however early indications are that this may be as a result of rationalisation of the rounds which has taken place.
- Customer Relations – At the mid-year point for 2015/16, stage 2 complaint volumes are similar to the total received for 2014/15. Due to this further analysis will be undertaken to establish the root case.
- During 2014 Environment implemented the use of “Love my Street” and “My Account” as a mechanism for residents to use to report service requests and other types of customer feedback. Since April 2015, approximately 7000 service requests have been recorded via these channels. Due to this, there may be a significant number of concerns that have been reported via these channels of which the Corporate Complaints Team are not aware of. Environment are currently working with the Corporate Complaints Team to establish a process of ensuring that all concerns/complaints reported via these channels are included within complaints reports going forward.

DIRECTORATE COMPLAINTS SUMMARY: APRIL TO SEPTEMBER 2015/16

DIRECTORATE: Housing

Summary:

Top expressions of dissatisfaction relate to Transforming Homes, Repairs, Housing Solutions, Estate Management and Voids:

- Transforming Homes - Lack of communication from contractors and dissatisfaction with the quality of works
- Repairs - Issues with damp and mould, fencing and no updates concerning work being completed.
- Housing Solutions - Attitude of Housing Solution Officers, and non-return of telephone calls
- Estate Management - No response from Estate Officers
- Voids - Unhappy with the condition of property when let, void works still not complete

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Issue	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Transforming Homes	25 (90)	5 (28)	27 (48)	70% (45%)	7 (18)	9 (26)	66% (80%)	2 (7)	5 (7)	40% (71%)
Repairs	174 (473)	38 (101)	123 (301)	68% (56%)	35 (100)	54 (121)	61% (55%)	13 (31)	15 (38)	20% (10%)
Housing Solutions	38 (102)	5 (17)	20 (43)	10% (18%)	7 (11)	30 (32)	23% (6%)	1 (1)	1 (4)	100% (0%)
Estate Management	94 (258)	9 (44)	40 (90)	50% (32%)	7 (26)	18 (58)	11% (29%)	4 (14)	5 (16)	20% (18%)
Voids	28 (29)	7 (5)	15 (17)	47% (41%)	8 (6)	9 (7)	33% (14%)	4 (3)	5 (3)	0% (66%)

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

Learning from complaints as identified by the service includes:

- Transforming Homes - Contractors reminded of the service standards expected of them
- Repairs - Staff reminded of the importance of making contact when a commitment to do so has been given.
- Housing Solutions - Staff members have been spoken to, to ensure calls are returned within the time given.

- Estate Management – Staff reminded of the call back procedures to be followed.
- Voids - Ensure follow on void works are completed.

Points to note:

- Transforming Homes – The report identifies that a high % of Stage 1 and Stage 2 complaints are upheld. However in the period April to September, 582 council homes had works carried out under the Transforming Homes programme. Customer Satisfaction for the period is 76% which is based on good and excellent responses assessed against a 5 point scale.

67% (391) of the properties receiving work under Transforming Homes in this period had two or more types of works completed. The works could include full replacement of a kitchen, bathroom, rewiring or new heating. These works require on average 15 contact visits per home (5865 in total). The remaining 33% (191 properties) had just one element completed which would require on average 10 contact visits (1910). Therefore the total number of concerns/complaints received in the period (66) represents 0.8% of the total contacts required to complete these works (7775).

- Repairs - 22% of concerns have escalated to a complaint. Additional analysis will be undertaken regarding this.
- Repairs – A high % of complaints are upheld at stage 1 and 2. However it should be noted that:
 - The total number of concerns/complaints for the period (366) represent 1.8% of the number of repairs undertaken which totalled 20,294.
 - Customer satisfaction for the period is 88% based on good and excellent responses assessed against a 5 point scale.
- Repairs - The report highlights a significant reduction in concerns received compared with 2014/15.
- Repairs - The report highlights a reduction in stage 1 complaints received compared with 2014/15.
- Estate Management – The report highlights a significant reduction in concerns received compared with 2014/15.
- Estate Management - A high % of Stage 1 complaints are upheld. Analysis is scheduled to complete at the end of Quarter 3 with the Senior Corporate Complaints Officer and Estates Team Manager in this respect.
- Voids - At the mid-year point for 2015/16, the volume of concerns received are similar to the total received for 2014/15. Additional analysis will be undertaken regarding this.
- Voids - At the mid-year point for 2015/16, stage 1 complaint volumes are similar to the total received for 2014/15. The volumes of voids undertaken in the period is 2.3% higher than in 2014/15 with 353 voids in period. Total concerns/complaints received (57) represent 16% against the number of voids completed.

- Following an assessment of stage 3 complaints, 27 cases were referred back to the Directorate to further address. This negated the need for formal investigations to take place at the final stage of the complaints procedure.

Data Quality:

- Repairs – Within the 2014/15 annual complaints report, 580 complaints were reported for repairs. This figure was incorrect and should have been 460. The error was caused due to Transforming Homes complaints being incorporated within the 580 figure along with a number of complaints for 2015/16.

DIRECTORATE COMPLAINTS SUMMARY: APRIL TO SEPTEMBER 2015/16

DIRECTORATE: Planning & Transportation

Summary:

Top expressions of dissatisfaction relate to: Potholes, Parking, and Planning Advice and Decisions

- Potholes - Delays in responding to conditions of roads and attitude from staff during telephone calls.
- Parking - Disputes over actions taken by staff in terms of issuing penalties
- Planning Advice - Lack of communication to enquiries, difficulty getting through to members of staff
- Planning Decisions - Disputes over Planning application decisions, delays with processing applications

Issue	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Potholes	22 (54)	1 (2)	8 (11)	62% (27)	1 (2)	2 (2)	50% (0%)	0 (0)	0 (1)	0% (100%)
Parking	48 (78)	4 (7)	9 (23)	11% (9%)	1 (5)	3 (14)	33% (29%)	1 (3)	2 (3)	0% (0%)
Planning Advice	11 (17)	1 (3)	7 (9)	57% (11%)	2 (2)	3 (3)	33% (0%)	1 (1)	1 (1)	0% (0%)
Planning Decisions	5 (16)	3 (3)	9 (9)	33% (11%)	4 (3)	4 (6)	50% (33%)	0 (3)	0 (4)	0% (0%)

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

Learning from complaints as identified by the service includes:

- Potholes - Staff reminded to respond to emails in a timely manner
- Parking - Staff reminded of the service standards they must adhere to
- Planning - Call groups have been updated to prevent difficulties in getting through to the department
- Planning Decisions - Changes to work distribution to ensure there are no further delays

Points to note:

- Planning Advice – At the mid-year point for 2015/16, stage 1 complaint volumes are similar to the total received for 2014/1, however numbers remain relatively low.
- Planning Decision - At the mid-year point for 2015/16, stage 1 complaint volumes are the same as the total received for 2014/15, however numbers remain relatively low.
- Following an assessment of stage 3 complaints, 1 case was referred back to the Directorate to further address. This negated the need for a formal investigation at the final stage of the complaints procedure.

DIRECTORATE COMPLAINTS SUMMARY: APRIL TO SEPTEMBER 2015/16

DIRECTORATE: SERCO

Summary:

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

- Contact Centre - Incorrect advice given by contact centre staff, calls being cut off, delays in getting through to the council
- Council Tax - Disputes over council tax billing, actions of enforcement officers, attitude of staff
- Housing Benefit - Delays in processing benefit claims and making adjustments to claims, miscalculations in benefit claim
- Debtors - Conflicting advice on payments owed to the council, enforcement letters sent to incorrect property, attitude of staff

Issue	Concerns rec'd	Concerns escalated	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	S2 escalated	S3 rec'd	% upheld
Contact Centre	13 (48)	0 (6)	4 (9)	50% (11%)	2 (0)	2 (8)	50% (12.5%)	0 (1)	0 (1)	- (0%)
Council Tax	84 (167)	7 (24)	29 (59)	24% (20%)	5 (13)	19 (78)	14% (10.3%)	1 (6)	1 (7)	0% (0%)
Housing Benefit	66 (109)	9 (15)	23 (44)	55% (32%)	5 (14)	10 (21)	30% (29%)	3 (2)	3 (3)	33% (0%)
Sundry Debtors	15 (13)	2 (0)	12 (10)	33% (30%)	0 (1)	35 (19)	23% (10.5%)	5 (3)	5 (3)	0% (0%)

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

Learning from complaints as identified by the service includes:

- Contact Centre - Staff have reminded of processes they must follow
- Council Tax - Staff members have been spoken to regarding alleged attitude and reminded of required approach
- Housing Benefit - Staff to ensure data is correctly entered in relation to claims. In terms of addressing the delays in processing claims, this will be further analysed by the service and the Corporate Complaints Team.
- Debtors - Staff have been reminded of the procedures they must follow and the service standards expected of them.

Points to note:

- Housing Benefits – A high % of Stage 1 complaints are upheld. Additional analysis will be undertaken regarding this as initial indicators point to length of time taken to assess claims.
- Debtors - There has been a significant increase in stage 2 staff complaints received at the mid-year point for 2015/16, compared with full year volumes for 2014/15. Due to this further analysis will be undertaken to establish the root cause; however initial indicators are that some complaints should not be attributed to Debtors. For example, complaints about recharges on void properties, if upheld, need to be reassigned to Housing as investigations have highlighted that Housing have not been able to sufficiently evidence charges which are then chased up by Sundry Debtors.
- Following an assessment of stage 3 complaints, 2 cases were referred back to the Directorate to further address. This negated the need for a formal investigation.

15 March 2016	ITEM: 7
Standards and Audit Committee	
Regulation of Investigatory Powers Act (RIPA) 2000 – Quarterly Activity Report	
Wards and communities affected: N/A	Key Decision: N/A
Report of: Lee Henley – Information Manager	
Accountable Head of Service: Fiona Taylor, Head of Legal and Democratic Services	
Accountable Director: Lyn Carpenter - Chief Executive	
This report is public	

Executive Summary

This report provides an update on the usage and activity of RIPA requests during October 2015 to December 2015 (Quarter 3).

1. Recommendation

1.1 To note the statistical information relating to the use of RIPA from October 2015 to December 2015.

2. Introduction and Background

2.1 The Regulation of Investigatory Powers Act 2000 (RIPA), and the Protection of Freedoms Act 2012, legislates for the use of local authorities of covert methods of surveillance and information gathering to assist in the detection and prevention of crime in relation to an authority's core functions.

2.2 The council's use of these powers is subject to regular inspection and audit by the Office of the Surveillance Commissioner (OSC) in respect of covert surveillance authorisations under RIPA, and the Interception of Communications Commissioner (IOCCO) in respect of communications data. During these inspections, authorisations and procedures are closely examined and Authorising Officers are interviewed by the inspectors.

2.3 The RIPA Single Point of Contact (SPOC) maintains a RIPA register of all directed surveillance RIPA requests and approvals across the council.

3. Issues, Options and Analysis of Options

3.1 The number of Thurrock RIPA directed surveillance authorisations processed from October to December 2015 is 2. Below is a breakdown showing the areas the authorisations relate to for this period (along with year to date figures):

	October 2015 – December 2015	2015/16 – Year to date volumes
Trading Standards	1	1
Fraud	1	2
Regulatory	0	0
Covert Human Intelligence Source (CHIS authorisations)	0	0
Totals	2	3

The table below shows the number of applications made to the National Anti-Fraud Network (NAFN) for Communication Data requests:

Application Type:	October 2015 – December 2015	2015/16 requests to date
Service Data	0	0
Subscriber Data	1 (Trading Standards)	1 (Trading Standards)
Combined	2 (Fraud)	2 (Fraud)
Totals	3	3

Notes in relation to NAFN applications:

- Service Data – Is information held by a telecom or postal service provider including itemised telephone bills and/or outgoing call data.
- Subscriber Data – Includes any other information or account details that a telecom provider holds e.g billing information.
- Combined – Includes applications that contain both service and subscriber data.
- The figures shown above have been verified with NAFN. In doing so, has highlighted that a previous Trading Standards application for service data (reported in quarter 1) does not exist and this has been agreed with Trading Standards. The above year-to-date figures are an accurate reflection based on NAFN figures.

4. Reasons for Recommendation

4.1 This report provides an update on the usage and activity of RIPA requests for October 2015 to December 2015.

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

5.1 The RIPA SPOC has consulted with the relevant departments to obtain the data set out in this report.

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

6.1 Monitoring compliance with the Regulation of Investigatory Powers Act 2000, and the Protection of Freedoms Act 2012, supports the council's approach to corporate governance. Ensuring the appropriate use of RIPA in taking action to tackle crime and disorder supports the corporate priority of ensuring a safe, clean and green environment.

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Management Accountant

There are no financial implications directly related to this report.

7.2 Legal

Implications verified by: **Chris Pickering**
Principal Solicitor – Employment and Litigation

Legal implications comments are contained within this report above.

7.3 Diversity and Equality

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

There are no such implications directly related to this report.

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

Compliance with the requirements of RIPA legislation will ensure the proper balance of maintaining order against protecting the rights of constituents within the borough. There are no implications other than contained in this 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

- None.

Report Author:

Lee Henley

Information Manager

15 March 2016	ITEM 8
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, Corporate Risk Officer.	
Accountable Head of Service: Sean Clark, Director of Finance & IT	
Accountable Director: Lyn Carpenter, Chief Executive	
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 and comment on 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 In previous years the Council used the ALARM/CIPFA Risk Management Model to test and compare the Council's performance against best practice and other public services organisation arrangements for risk management.
- 2.3 For the 2015 ROM review the Council decided that it was not cost effective to sign up to the ALARM/CIPFA framework. However the model 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
B 2/2 POLICY & STRATEGY 75/100			5	✓ Information Risk	4/5
1	✓ Risk management policy	50/60	6	✓ Service Continuity	6/10
2	✓ Strategy	25/40	RESULTS		
C 4/4 PEOPLE 71/100			F 2/2 RISK HANDLING & ASSURANCE 66/100		
1	✓ Culture	20/25	1	✓ Risk handling	38/60
2	✓ Responsibility	14/20	2	✓ Assurance	28/40
3	✓ Skills and guidance - capability	21/35	G 2/2 OUTCOMES & DELIVERY 70/100		
4	✓ Communication	16/20	1	✓ Risk management contribution to overall performance	40/60
D 3/3 PARTNERSHIPS & SHARED RESOURCES 70/100			2	✓ Contribution to specific outcomes	30/40
1	✓ Partnerships and shared services	35/50	Additional Questions		
2	✓ Finance	20/30	• Go to additional questions		
3	✓ Tools	15/20			
Comparison to Alarm's National Performance Model for Risk Management					
		ENABLERS LEVEL KEY			RESULTS LEVEL KEY
		Level 5 - Driving			Level 5 - Driving
Your Score-->		Level 4 - Embedded and integrated	70%+		Level 4 - Embedded and integrated
		Level 3 - Working	45%+		Level 3 - Working
		Level 2 - Happening	20%+		Level 2 - Happening
		Level 1 - Awareness	0+		Level 1 - Awareness
			Your Score-->		Level 3 - Working
					Level 2 - Happening
					Level 1 - Awareness

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 2015:

Strand	Year				
	2011	2012	2013	2014	2015
A - Leadership & Management	62	62	72	73	75
B - Policy & Strategy	34	63	73	75	75
C - People	59	68	69	71	71
D - Partnership, Shared Services & Resources	56	56	65	70	70
E - Processes	67	70	72	74	74
F - Risk Handling & Assurance	53	64	66	66	66
G - Outcome & Delivery	60	65	68	68	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 5 of the 7 strands the Council's score is the same as the previous year's results.
- For 2 of the 7 strands the Council's score has improved against the previous year's results. The improvements include:

A - Leadership & Management

Quarterly monitoring and review of the strategic/corporate risk and opportunity register established. Under the review and reporting arrangements the risks/opportunities, management response strategies and progress against action plans for the priority items are monitored by Directors or Department Management Teams, Directors Board and Standards & Audit Committee.

G - Outcome & Delivery

There is clear evidence to show that ROM is contributing to delivery outcomes e.g. Management of budget position/pressures, delivery of transformation projects and regeneration opportunities.

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 A**.

3.4 The challenge facing the Council in the short to medium term is to maintain or improve the practice across the organisation to ensure that adequate ROM arrangements remain in place, are further embedded 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 B**.

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 reported to Directors Board 23rd February 2016 via Performance Board representatives.

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,**
Senior Finance Officer

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: **Rebecca Price,**
Community Development Officer

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:

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

Report Author:

Andy Owen

Corporate Risk Officer

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

ROM Priorities	Summary of Current ROM Activity
<p>• Review and Update the ROM Policy, Strategy and Framework</p> <p>• Maintain Strategic/Corporate level ROM</p> <p>• Maintain and further develop Service level ROM including project and partnership ROM.</p> <p>• Continue to embed ROM and build skill/capacity for ROM across the Council.</p>	<ul style="list-style-type: none"> • ROM Policy, Strategy & Framework updated and reported to Standards & Audit Committee 17th March 2015, via Directors Board 10th February 2015 and Performance Board 2nd February 2015. • The revised ROM Policy, Strategy & Framework presented to Department Management Teams March 2015 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 2015/16 arrangements March 2015. • In Quarter 1 Refresh of the Strategic/Corporate Risk and Opportunity Register undertaken during March to May 2015 and reported to Standards & Audit Committee July 2015, via Directors Board and Performance Board representatives May 2015. S&AC papers shared with Cabinet Members. • In Quarter 2 Review of the Strategic/Corporate Risk and Opportunity Register undertaken during late June to July 2015 and reported to Directors Board via Performance Board representatives July 2015. • Developments on the management of the Strategic/Corporate Risks and Opportunities reported to Cabinet Dec 2015 (and Corporate Overview and Scrutiny Jan 2016 as part of the Mid-Year Progress and Performance Report. • In Quarter 3 Review of the Strategic/Corporate Risk and Opportunity Register undertaken during October 2015 and reported to Standards & Audit Committee December 2015, via Directors Board and Performance Board November 2015. S&AC papers shared with Cabinet Members. • In Quarter 4 Review of the Strategic/Corporate Risk and Opportunity Register commenced January 2016 and scheduled to be reported to Directors Board via Performance Board representatives February 2016. • ROM section of Service Plan template/guidance for 2015/16 updated and Service Plans (including risk and opportunity registers) developed March 2015. • Risk management support for key projects provided (e.g. Better Care Fund Section 75 Project Group). 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 2016/17 (including service level ROM). Work commenced at Performance Board January 2016 • Department Management Teams made aware of the ROM arrangements/guidance available March 2015. • ROM information regularly updated and made available on the J/Thurrock/Exchange file. • ROM Awareness Training presentation updated. • ROM awareness training provision reviewed, e-learning modules researched and development of e-learning solution commenced. • Risk management arrangements reviewed against the ALARM/CIPFA RM Model (including review of the ROM Policy & Strategy). Report scheduled to be presented to Standards and Audit Committee March 2016, via Directors Board and Performance Board representatives February 2016.

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 2016/17 (including service risk and opportunity registers). • Further embed project level risk management arrangements. • Develop and promote partnership ROM. • 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 J/Thurrock/Exchange file. • Review ROM awareness training provision and research/develop e-learning module. • Annual review of ROM arrangements against good practice (e.g. ALARM/CIPFA RM Model or CIPFA Governance Framework).

Risk and Opportunity Management Policy and Strategy

December 2015

Title:	Risk and Opportunity Management Policy and Strategy.
Purpose:	Outlines the overarching ROM framework for Thurrock Council.
Owner:	Andy Owen, Corporate Risk Officer
Approved by:	N/A
Date:	December 2015
Version:	1.3
Status:	Draft
Review Frequency:	Annual
Next Review Date:	December 2016
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
• Risk and Opportunity Management Priorities for 2014-16	7
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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.
- Creates a management tool which promotes discussion and helps reinforce officers' understanding of risks/opportunities and how they will be managed; as well as encouraging the assignment of roles and responsibilities.
- Provides senior managers and members with the assurance that risks and opportunities are being considered and managed across the organisation, and where need be 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 Directors Board (DB), and the Standards & Audit Committee (S&AC).

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 Corporate Risk and Insurance 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 file under J/Thurrock/Exchange/ROM.

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 Central Services and Directors 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 2015-17

The following priorities will be incorporated into Corporate Risk Management's plans for 2015-2017

- 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 file J/Thurrock/Exchange/ROM.

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.

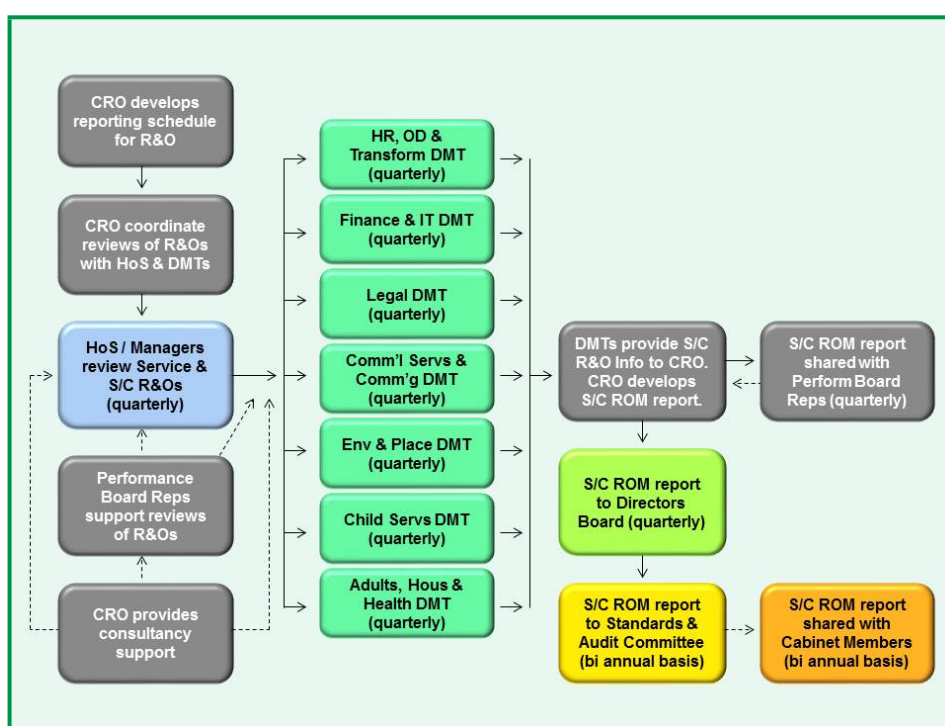
Heads of Service and Directors have responsibilities to ensure that staff adheres to the risk and opportunity management framework. For more information on the roles and responsibilities of all staff please refer to the Risk and Opportunity Management Framework table, Appendix A at the end of this document.

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 and consultation and sign-off of all key decision making reports.

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.



Monitoring & reporting - strategic/corporate risk & opportunity register

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.

The risks/opportunities associated with key decisions and how they will be managed is detailed within all reports to Cabinet. The Corporate Risk and Insurance Manager is a mandatory consultee for all reports and this process of risk and opportunity reporting helps Members to make informed decisions.

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
Corporate Risk Officer
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 	Head of Corporate Finance	<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 	Head of Corporate Finance	<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 	Corporate Risk & Insurance Manager / Corporate Risk Officer	<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 	Corporate Risk & Insurance Manager / Corporate Risk Officer	<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.

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15 March 2016	ITEM: 9
Standards and Audit Committee	
External Audit Plan 2015/2016	
Wards and communities affected: All	Key Decision: No
Report of: Sean Clark, Director of Finance and IT	
Accountable Head of Service: N/A	
Accountable Director: Sean Clark, Director of Finance and IT	
This report is Public	

Executive Summary

This report introduces the External Audit Plan for 2015/16 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 2015/2016 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 2016.

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.

- The Valuation of Surplus Assets

The Council holds surplus assets which include the former Development Corporation site at Purfleet. These are subject to new requirements within the Local Authority Accounting Code in 2015/16 and hence there is a risk they may not be fairly stated.

The Council has undertaken a complete review of all assets subject to the new requirements and has made arrangements to update these valuations in the balance sheet as at 31 March 2016.

- Accounting for Gloriana Thurrock Ltd

Gloriana Thurrock Ltd is a wholly owned subsidiary of the Council. The company produces accounts that will need to be consolidated into the financial statements of the Council when they are deemed to be material. This requires both a quantitative and qualitative assessment.

The Council is in the process of reviewing the materiality of the subsidiary both quantitatively and qualitatively with a likely outcome that it will be consolidated from 2016/17.

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 £133,723 which represents a 29 per cent reduction on the prior year. This is largely due to falls in the scale fees set by Public Sector Audit Appointments Ltd.

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 2015/16

Report Author:

Jonathan Wilson

Chief Accountant, Corporate Finance

Thurrock Council

Year ending 31 March 2016

Audit Plan

15 March 2016

Ernst & Young LLP



Building a better
working world

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

15 March 2016

Dear Committee Members

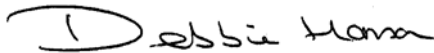
Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Standards and Audit Committee with a basis to review our proposed audit approach and scope for the 2015/16 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 15 March 2016 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Debbie Hanson

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 of each audited body and via the [PSAA website \(www.psa.co.uk\)](http://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 2016 and of the income and expenditure for the year then ended;
- ▶ Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness;

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 2016.

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.

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 ISA240 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>For local authorities the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of fraud in revenue recognition. We therefore focus our testing on this area.</p>	<p>We will</p> <ul style="list-style-type: none"> ▶ Review and test revenue and expenditure recognition policies. ▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias. ▶ Develop a testing strategy to test material revenue and expenditure streams. ▶ Review and test revenue cut-off at the period end date. ▶ 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 and Ireland) 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>The valuation of surplus assets</p> <p>The Council owns a portfolio of properties that were transferred to it when the Thurrock Thames Gateway Development Corporation was abolished in 2012. The portfolio comprises 28 freehold properties which had a carrying value in the 2014/15 financial statements of £55.3 million.</p> <p>The Council classifies these properties as surplus assets as they are not used for operational purposes. IFRS 13: Fair Value Measurement has been introduced into the Local Authority Accounting Code for the first time in 2015/16. This requires surplus assets to now be valued at highest and best use based on what someone would pay for the asset (previously valued at fair value based on existing use).</p> <p>The change in the basis of the valuation of these surplus assets means that potential changes in the assumptions underpinning the valuation could have a material impact on the carrying value in the financial statements.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Assessing the classification of these surplus assets, the valuation basis that is assigned as a result and any material increases in carrying value that arise during 2015/16. ▶ Assessing the work of the property valuers in respect of the Council's surplus assets. We will consider consulting with EY Estates team where appropriate. ▶ Reviewing and testing the accounting entries and disclosures made within the financial statements.

Other financial statement risks

Accounting for Gloriana Thurrock Ltd

The Council incorporated Gloriana Thurrock Ltd in October 2013. The company is wholly owned by the Council and was created with the objective of regeneration within the Thurrock area. The company traded for the first time during 2015/16.

The Council will need to consider how it accounts for its relationship with Gloriana Thurrock Ltd and whether it is now required to prepare Group Accounts. This assessment will be required for any other entities associated with the Council.

The Council should document their approach to assessing whether group accounts are required for Gloriana Thurrock Ltd, as well as other potential entities. When assessing the materiality of such entities to the group accounts, a qualitative assessment should be undertaken alongside the quantitative assessment.

Our approach will focus on:

- ▶ Assessing where overall control lies with regard to the operation and delivery of services of potential group bodies, specifically Gloriana Thurrock Ltd.
- ▶ In relation to those bodies that are identified as being within the Council's group boundary; reviewing the Council's assessment of the materiality of those entities to the group and whether the bodies have been correctly classified and accounted for in accordance with IFRS 10 and 11.

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 2015-16 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.

The work on our risk assessment is still in progress, but based on the work completed to date, we have identified the following significant 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>The 2016/17 General Fund Revenue and Capital Budget Report presented to Cabinet in February 2016, identifies some significant pressures to the Council’s financial position. The MTFS included as part of this report, identifies a budget gap of £18.5 million over the three years from 2017/18 to 2019/20, after assuming an annual increase of 3.99% in council tax increase each year. Identifying and delivering the savings necessary to bridge this gap represents a significant challenge for this Council. The Council is putting in place plans to achieve the required savings in the medium term, but these have not yet been developed.</p> <p>The Council is also facing financial pressures in 2015/16. The £2.5 million pension payment related to the termination of the SERCO contract needs to be</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ The adequacy of the Council’s budget setting and medium term financial planning process; ▶ The robustness of any assumptions underpinning the Council’s financial plans; ▶ The effective use of scenario planning in budget setting and medium term financial planning; ▶ The effectiveness of in year monitoring against the budget; and ▶ The Council’s approach to prioritising resources, identifying and delivering savings programmes in the short, medium and long term.

identified and there currently, remains a balance of around £300k for which funding has not been identified.

We will keep our risk assessment under review throughout our audit and communicate to the Standards and Audit Committee any revisions to this conclusion and any additional local risk-based work we may need to undertake as a result.

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:

- ▶ Assessing the key internal controls in place and testing the operation of these controls
- ▶ Review of the work of Internal Audit
- ▶ 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
- ▶ Substantive tests of detail of transactions and amounts

Processes

Our initial assessment of the key processes across the Council has identified the following key processes where we will seek to test key controls, both manual and IT:

- ▶ accounts receivable (Oracle);
- ▶ accounts payable (Oracle); and
- ▶ payroll (Oracle).

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

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 will potentially provide input for the current year audit are pension experts and property valuation experts.

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 2014.

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 £6.326 million based on 2% of gross expenditure. We will communicate uncorrected audit misstatements greater than £0.316 million 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.

4.6 Your audit team

The engagement team is led by Debbie Hanson, who has significant experience of local government audits. Debbie has led the audit of Thurrock since 2009-10. Debbie is supported by Philip King who is responsible for the day-to-day direction of audit work and is the key point of contact for the 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 2015/16. 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	February 2016	March 2016	Audit Plan
Risk assessment and setting of scopes and Testing routine processes and controls	March - April 2016	June 2016	Progress report
Year-end audit and completion of audit	July – September 2016	September 2016	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.
Conclusion of reporting	October 2016	December 2016	Annual Audit Letter

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;

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 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, there are no non-audit fees. 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 Debbie Hanson, 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 2015 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015/16 £	Scale fee 2015/16 £	Outturn fee 2014/15 £	Explanation
Opinion Audit and VFM Conclusion	133,723	133,723	188,053	2014/15 outturn fee includes £9,756 additional fee for reviewing the Council's revised treatment of their Minimum Revenue Provision (MRP). 2015/16 fee reflects a 25% reduction to fees as agreed by the PSAA.
Total Audit Fee – Code work	133,723	133,723	188,053	
Certification of claims and returns	15,664	15,664	22,864	2014/15 outturn includes £1,854 additional fee for increased testing in year. This additional fee needs to be approved by the PSAA. 2015/16 fee reflects a 25% reduction to fees as agreed by the PSAA.
Non-audit work	12,975	n/a	11,750	Teachers' Pension Return
	5,600	n/a	TBC	Pooled Capital Receipts (2014/15 work is still ongoing)
	20,000	n/a	10,000	Advisory work with Xantura on development of the Children's Safeguarding Profiling Model

All fees exclude VAT.

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 where 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 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 	▶ Report to those charged with governance
<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 	▶ Report to those charged with governance
<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 	▶ Report to those charged with governance
<p>Related parties 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 	▶ Report to those charged with governance
<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 	▶ Report to those charged with governance
<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 	▶ Report to those charged with governance

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 ▶ Report to those charged with governance
<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"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<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 ▶ Report to those charged with governance ▶ Annual Audit Letter if considered necessary
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<p>Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary</p>

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15 March 2016	ITEM: 10
Standards and Audit Committee	
Report from Ernst and Young: Certification of Claims and Returns Annual Report 2014/15	
Wards and communities affected: All	Key Decision: Non-Key
Report of: Sean Clark, Director of Finance and IT	
Accountable Head of Service: N/A	
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 2014/15. This will be presented by Ernst and Young.

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 2014/15 was issued in February 2016. The report now only includes detail on 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. However this work is not completed within the certification arrangements of the Audit Commission and hence is not reported on in detail within this report. The certification of the housing benefit subsidy claim was completed in November 2015. 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 2014/15. This was reduced by one compared with the prior year as the the pooling of capital receipts return no longer falls within the certification arrangements of the Audit Commission. 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 2014/15. The total value of the housing benefits subsidy claim was £60.5m – the work identified amendments totalling £465 and four 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. There is one recommendation which the Council has agreed to address.
- 3.3 It is pleasing to note the comment that the housing benefit arrangements have improved over recent years with a reduction in the number and type of errors identified.
- 3.3 The total proposed fee for the audit of the claims and returns is £22,864 a fall of 6.2 per cent relative to 2013/14. 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 Housing benefits subsidy claim 2013/14 - Additional work was required by the DWP in respect of issues identified from the audit undertaken last year which was completed. The revised report was submitted and there was an additional fee of £3,490.
- 3.5 Housing benefits subsidy claim 2012/13 - Additional work was required by the DWP in respect of issues identified from the audit undertaken. This has been completed and a revised report submitted with a proposed additional fee of £3,096.

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 2014/15

Report Author:

Jonathan Wilson
Chief Accountant
Corporate Finance

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Certification of claims and returns annual report 2014-15

Thurrock Council

3 February 2016

Ernst & Young LLP



Building a better
working world

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

3 February 2016
Ref: TUC/Grant report 2014/15

Direct line: 07974 006715
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Dear Members

Certification of claims and returns annual report 2014-15 Thurrock Council

We are pleased to report on our certification work. This report summarises the results of our work on Thurrock Council's 2014-15 claims.

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.

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014-15 financial year. 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.

Statement of responsibilities

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2014-15 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £60,522,853. We met the submission deadline. We issued a qualification letter for the housing benefit subsidy claim – details of the qualification matters are included in section 2. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due, reducing the subsidy due to the Council by £465.

The Council has implemented the recommendation from last year and has improved arrangements. Details are included in section 1. We have made one recommendations this year, set out in section 5.

Fees for certification work are summarised in section 2. The fees for 2014-15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website (www.psaa.co.uk).

We welcome the opportunity to discuss the contents of this report with you at the 3 February Standards and Audit Committee.

Yours faithfully

Debbie Hanson

Director
Ernst & Young LLP
Enc

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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£60,523,318
Amended/Not amended	Amended – subsidy reduced by £465
Qualification letter	Yes
Fee – 2014-15	£22,864
Fee – 2013-14	£24,375
Recommendations from 2013-14	Findings in 2014-15
Training for Housing Benefit Assessors should continue and in particular cover overpayment calculation and classification.	<p>Training is ongoing and improvements have been noted. The level of errors identified in the general classification and calculation of overpayments has reduced.</p> <p>However, training should continue, covering overpayment classification and calculation and Local Housing Association (LHA) rent.</p> <p>Further details of these findings are included in section 5.</p>

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 several areas.

Non-HRA rent rebates overpayments were determined to be a small population and therefore in accordance with certification guidance, all cases were tested. The claim was amended for the errors identified. They had a small net impact on the claim.

Extended and other testing identified other errors. 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.

The main issues we reported were:

- Misclassification of rent rebate and rent allowance overpayments between local authority error and eligible error.
- Misclassification of local authority error overpayments on rent rebates and rent allowances. This occurred when an overpayment which arose due to the HMRC's new Real Time Information (RTI) system was incorrectly classified as local authority error. The authority had a four week grace period to action the changes and should therefore have classed the overpayment as eligible error;
- Incorrect application of local housing authority (LHA) rent. Testing of non-HRA rent rebates identified that the Council only recorded the expenditure up to the cap value of the appropriate LHA rate even with the actual expenditure is higher. These errors

always result in underpayment of benefits and therefore there are no subsidy implications; and

- Incorrect calculation of local housing authority rent for non-HRA rent rebates. The majority of errors identified resulted in benefit being underpaid, which does not affect subsidy. Two errors were identified which resulted in overpaid benefit. These were reported and extrapolated in the qualification letter.

The Council's housing benefit arrangements have improved over recent years, with the number of issues identified by audit and case failures reducing. The HMRC RTI error outlined above was a specific issue identified this year related to the new system that had been introduced and unlikely to recur in future years. We previously carried out testing across all overpayment cells due to a history of errors. We now have evidence of improvements in arrangements and a resulting overall reduction in the number and type of errors identified. As a result, this year we only tested cells where errors were found in the prior year.

We are proposing a small additional fee of £1,854 in relation to the additional testing undertaken this year. This still needs to be agreed with the PSAA. However, the overall 2014-15 fee will still be less than last year's fee, reflecting the overall reduction in errors identified. The extrapolated impact of these errors as reported in our qualification letter is also significantly reduced.

Additional work in relation to previous year's claims

Following our conclusion of the 2013-14 housing benefit claim audit, the DWP requested we review additional work undertaken by the Council and report our findings. We completed this work in June 2015 and reported our revised extrapolations along with additional errors identified on misclassification of overpayments for rent rebates and rent allowances. We agreed an additional fee of £3,490 for this work with the Head of Finance and the PSAA.

The DWP also requested that we undertake further additional work on the 2012-13 housing benefit claim. We completed this work in October 2015 and reported our revised extrapolations and the additional errors identified on misclassification of overpayments on rent rebates and rent allowances. The additional fee proposed for this work is £3,096, which needs to be agreed with the PSAA.

2. 2014-15 certification fees

The Audit Commission determined a scale fee each year for the audit of claims and returns. For 2014-15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website (www.psa.co.uk).

Claim or return	2013-14	2014-15	2014-15
	Actual fee £	Indicative fee £	Proposed actual fee £
Housing benefits subsidy claim	24,375	21,010	22,864 *
Total	24,375	21,010	22,864

Fees for annual reporting and for planning, supervision and review have been allocated directly to the claims and returns.

* The proposed actual fee is lower than the prior year outturn. As reported above, this is due to the reduction in the level of errors identified. The proposed fee includes the additional fee for increased testing in year of £1,854. This additional fee needs to be approved by the PSAA.

3. Other assurance work

During 2014-15 we also acted as reporting accountants in relation to the following schemes:

- ▶ Teachers pensions
- ▶ Housing pooling return

We have provided a separate report to the Council in relation to the teachers' pensions return. We are currently in the process of finalising our work on the housing pooling return.

The work on both of these returns has been undertaken outside the Audit Commission/PSAA regime, and the fees for this are not included in the figures included in this report. They are referred to here for completeness 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 as part of this work that need to be brought to the attention of Members. We are however still completing our work on the housing pooling return due to errors identified and further clarification requested from officers. As a consequence, the deadline for submission to the Department for Communities and Local Government has not been met.

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 2015-16 is £15,664. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015-16. 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.psa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

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

5. Summary of recommendations

This section highlights the recommendations from our work and the actions agreed.

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer
Housing benefits subsidy claim				
Training for Housing Benefit Assessors should continue and in particular cover overpayment calculation and classification and LHA rent.	Medium	<p>The Benefits team is pleased to note the general improvements noted within this report and agrees with the recommendation.</p> <p>The team have worked hard over the last few years to develop and maintain a progressive training programme for:</p> <ul style="list-style-type: none"> • New Staff • Refresher Training sessions • Legislation Updates <p>This process will continue for the forthcoming year and has been further enhanced with targeted quality checking procedures to ensure training needs are identified for individuals.</p>	Ongoing	Andy Brittain; Operational Service Lead – Revenues and Benefits

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15 March 2016	ITEM: 11
Standards and Audit Committee	
Strategy for Internal Audit 2016/17 to 2018/19 and Annual Internal Audit Plan 2016/17	
Wards and communities affected: All	Key Decision: Non-key
Report of: Gary Clifford – Internal Audit Manager	
Accountable Head of Service: N/A	
Accountable Director: Sean Clark – Director of Finance & IT	
This report is Public	
Purpose of Report: To receive and agree the Strategy for Internal Audit 2016/17 to 2018/19 and the Annual Internal Audit Plan 2016/17	

Executive Summary

In October 2006, following a tendering process, the Council’s Internal Audit Service was outsourced to Baker Tilly. This contract expired on 31st March 2015. As a result, a decision was taken by Directors Board to TUPE transfer the Internal Audit Team back into the Council from the 1st April 2015. The Strategy for Internal Audit 2016/17 to 2018/19 and Annual Internal Audit Plan 2016/17 is the first year since this transition took place. As part of the planning process, an Audit Needs Assessment (ANA) will be carried out on an annual basis with senior management within the Council. From this ANA process, the three year strategy and an annual audit plan are produced.

1. Recommendations:

1.1 That the Standards & Audit Committee

Receive and agree the Strategy for Internal Audit 2016/17 to 2018/19 and the Annual Internal Audit Plan 2015/16.

2. Introduction and Background:

2.1 In January 2016, 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 2016/17 to 2018/19 is the result of those meetings and forms the basis for the first year of a new three year plan. 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 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 2015/16 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.

With the team coming back in-house, 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 following the changes to the senior management structure. Any changes will be agreed with the Head of Corporate Finance, discussed with the Chair of the Standards & Audit Committee and presented to members of the Committee as part of the progress reporting arrangements.

3. Issues, Options and Analysis Of Options:

- 3.1 Meetings have been held with some members of Directors Board and Heads of Service in producing this final strategy and plan for 2016/17. As a result of these meetings, some changes were made to the proposed plan and some work was brought forward from future years to the current year and some reviews were moved back or cancelled, as they were no longer applicable.

4. Reasons for Recommendation:

- 4.1 For the Standards & Audit Committee to satisfy itself that:
- the 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 plan has been discussed with some members of Directors Board and will be discussed with the other Directors when they have been appointed and are in post following the Chief Executive's senior management restructure. This will ensure the strategy and annual plan reflect and address their current priorities and concerns.

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: **Jonathan Wilson**
Chief Accountant

The Annual Audit Plan will be contained within the annually agreed budget for 2016/17.

7.2 Legal

Implications verified by: **David Lawson**
Monitoring Officer

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 2016/17 to 2018/19 and the Annual Audit Plan 2016/17. The Strategy and the Annual Plan will 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: **Rebecca Price**
Community Development Officer

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 Corporate Risk and Opportunity Register.

8. Background Papers Used In Preparing This Report:

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

9. Appendices to This Report:

Draft Strategy for Internal Audit 2016/17 to 2018/19 and Annual Internal Audit Plan 2016/17

Report Author

Gary Clifford
Internal Audit Manager

Standards & Audit Committee

Internal Audit Strategy 2016/17 to 2018/19 and Annual Plan 2016/17

Date: 15th March 2016

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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 2016/17 – 2018/19 and the annual plan for 2016/17.

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: 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 Children's Services and Adults, Health and Housing and discussed the plan more widely with members of the Directors Board.

The key areas / factors are summarised below.

Key areas discussed and their impact on the 2015/2016 internal audit plan

- 1 The Council continues to develop its Risk Management framework and culture. We will therefore be providing assurance that this continues to evolve in a timely and effective manner.

- 2 We have agreed to carry out either follow up visits to independently provide assurance that recommendations have been implemented in 2015/16.

- 3 The continued emphasis on achieving savings, including shared service or joint working arrangements with other local authorities is reflected in a number of areas within the plan.

- 4 New and changing legislation, particularly around Children's Services and Adults, Health & Commissioning 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 2016/17 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 Head of Corporate Finance and/or 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 Annual Governance Statement, client meetings, external audit liaison, preparation of the annual opinion 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 Internal Audit Manager.

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 2016/17 to 2018/19 (Appendix B) cover the organisation's key risks as they are recognised by the Standards & Audit Committee?
- Does the internal audit plan for 2016/17 (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
<i>Economic downturn and austerity</i>	✓	
Localism Act		✓
Welfare reform		✓
<i>Public Health</i>	✓	
<i>Regeneration</i>	✓	
Personal Budgets/Direct Payments	✓	
Changes to Government Policy		✓
Local Pay T&C's for staff		✓
<i>House building and financing schemes</i>	✓	
Relaxation of planning rules		✓

Internal Factors	Known	Emerging
<i>Safeguarding</i>	✓	
<i>Risk management</i>	✓	
Fraud	✓	
Medium Term Financial Planning	✓	
<i>Data Quality</i>	✓	
<i>Partnership/Joint working arrangements</i>	✓	
Business Continuity & Disaster Recovery	✓	
Income generation	✓	
<i>Community leadership/engagement</i>		✓
<i>Financial Management & Controls</i>	✓	
<i>Financial Reporting</i>	✓	
Transformation Programme		✓

Appendix B: Internal Audit Strategy 2016/17 – 2018/19

Auditable Area	Risks	2016/2017	2017/2018	2018/2019
Risk based reviews				
Corporate/Thematic Reviews				
Performance Management (Data Quality)	Performance Management may not be embedded in the organisation resulting in poor performance, poor quality information and poor decision making.	✓	✓	✓
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.		✓	
Safeguarding	If the proper checks are not carried out, inappropriate persons may be employed resulting in an increased risk to vulnerable individuals and families.	✓		
Business Continuity	The Council may not be able to provide key/critical front line services in the event of an emergency or serious disruption.		✓	
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.		✓	
No Recourse to Public Funds	Failure to correctly assess, manage and monitor funds paid to families with no recourse to public funds could result in payments being made to persons who do not qualify.	✓		
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		✓	

Auditable Area	Risks	2016/2017	2017/2018	2018/2019
	targeted at the most vulnerable families resulting in a poor use of resources.			
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.			✓
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.	✓		
Virtual School for Looked After Children	The change of headteacher and external inspection process could result in non-compliance issues which need to be reviewed and addressed.		✓	
School Placed Planning	Without an effective co-ordinated strategy, the increasing population could result in a shortfall in school places and a failure by the Council to meet its statutory requirements.			✓
Catering Provision in Schools	There may not be sufficient monitoring by the Council of the quality and provision of the service to schools including the provision of free meals to infant children and the repair and maintenance of kitchen equipment.		✓	
Supervised Contact	Costs associated with supervised contact may continue to escalate due to the continued use of higher cost agency staff.	✓		
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, it could become ineffective resulting in increased numbers of teenagers coming into care.	✓		
Early Offer of Help	Review the effectiveness of the multi-agency safeguarding hub (MASH) to ensure it is providing value for money and resources are not being overly stretched resulting in lapsed controls.	✓		
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	✓		

Auditable Area	Risks	2016/2017	2017/2018	2018/2019
	costs.			
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 needs to ensure that the plans which support children with special educational needs are compliant with the new legislation and the Council are on target to complete by the target date of 2018.	✓		
Health & Safety in Schools	The Corporate Health & Safety team may not have the capacity to provide the service to schools resulting in an increase in incidents and accidents.		✓	
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	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.			✓
Care Act	One year review to ensure changes to legislation have been implemented in a timely and appropriate manner.	✓		
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.		✓	
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.	✓	✓	
Out of Area Sexual Health	If invoices do not provide sufficient detail of the services purchased, payments may be made for services that have not been supplied.			✓
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	✓		

Auditable Area	Risks	2016/2017	2017/2018	2018/2019
	persons not entitled to them.			
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 not getting the support they need, or, getting more support than they need.		✓	
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.		✓	
Housing Investment Programme	Contracts around repairs and maintenance, planned maintenance and Transforming Homes may not be managed resulting in residents not having quality housing available to them.	✓		
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.	✓		
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.		✓	
IT Business Continuity & Disaster Recovery	Key IT systems may not be able to be recovered in a timely manner in the event of a disaster resulting in the loss of key services, particularly around the young and vulnerable.		✓	
Work to be agreed as	TBA	✓	✓	✓

Auditable Area	Risks	2016/2017	2017/2018	2018/2019
part of Audit Needs Assessment process.				
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	Disposals and acquisitions may not be effectively managed resulting in loss of opportunities, funding and reputation.	✓		
Asset Based Community Development	Residents may not maximise the opportunities to develop their communities and improve their quality of life.		✓	
Highways and Environment Service	Follow-up of the recommendations resulting from the in service review by an independent consultant.	✓		
Passenger Transport (including education)	Failure to adhere to the new policies and procedures could result in non-statutory services being provided and see costs escalating above the statutory minimum.			✓
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.	✓		
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.		✓	
Building Control	The Building Control Service may not maintain a competitive place in the market and might not provide value for money.			✓
Cyclical reviews of licensing arrangements	Licences may be issued to persons who do not meet or satisfy statutory requirements		✓	
Shop Premises	Arrangements' around the management of shop premises may not be robust leading to loss of income to the Council.	✓		

Auditable Area	Risks	2016/2017	2017/2018	2018/2019
Garages	Arrangements' around the management of garages may not be robust leading to loss of income to the Council.			✓
Car Parking Service	Follow-up of the recommendations resulting from the in service review by an independent consultant.	✓		
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 new legislation resulting in increased external scrutiny by the Cabinet Office.			✓
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.		✓	
Commercial Services & Commissioning				
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.	✓		
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	Management request to determine whether the			

Auditable Area	Risks	2016/2017	2017/2018	2018/2019
	hierarchy is promptly updated to reflect changes staffing, roles and responsibilities and/or authorisation levels			
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.	✓		

Auditable Area	Outline Scope	2016/2017	2017/2018	2018/2019
Core assurance. Including areas where external audit will place reliance on our work				
Main Accounting & Budgetary Control	External audit want to be able to place reliance on testing undertaken by internal audit.	✓	✓	✓
Cash & Banking		✓	✓	✓
Accounts Payable		✓	✓	✓
Accounts Receivable		✓	✓	✓
Council Tax		✓	✓	✓
National Non Domestic Rates		✓	✓	✓
Housing Benefits		✓	✓	✓
Treasury Management			✓	✓
Adult Social Care Expenditure		✓	✓	✓
Adult Social Care Income		✓	✓	✓
Payroll		✓	✓	✓
Housing Rents		✓	✓	✓
Asset Register				✓
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 	✓	✓	✓

Auditable Area	Outline Scope	2016/2017	2017/2018	2018/2019
	assurance providers. <ul style="list-style-type: none"> • 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 2016/2017

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
Internal Audit plan 2016/2017				
Corporate/Thematic Reviews				
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	On-going	TBA
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.	Advisory	On-going	TBA
Safeguarding	To ensure there are robust checking processes in place when recruiting into roles involving interaction with vulnerable adults or children.	Assurance	Jun 16	TBA
No Recourse to Public Funds	Review of the process for assessing entitlement and allocating funds to persons who appear to be in need but have no access to the benefits system.	Assurance	Oct 16	TBA
Children's Services				
Cyclical School Visit Programme	Cyclical school visits programme to review financial management arrangements.	System	On-going	TBA
Cyclical visits to Nursery Schools	Cyclical nursery school visits programme to review financial management arrangements.	System	On-going	TBA
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	July 16	TBA
Supervised Contact	To review the Council's arrangements around supervised contact due to increasing costs of employing high cost agency staff.	Assurance	Aug 16	TBA
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.	TBA
Adolescent Social Work Team	Following restructure, management requested a review to ensure the service is operating effectively and outputs are resulting in a reduction in teenagers coming into care.	Assurance	Jun 16	TBA
Early Offer of Help	Management request to look at the effectiveness, efficiency and economy of the multi-agency safeguarding hub (MASH).	Assurance	Sept 16	TBA
Procurement in Schools	Thematic review across a sample of schools to determine procurement arrangements and compliance with Council and School's regulations.	System	Apr/May 16	TBA

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
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.	Assurance	Feb 17	TBA
Adults, Housing & Health				
Better Care Funding	Review to ensure there are robust arrangements around the financial management and reporting arrangements.	Assurance	Oct 16	TBA
Care Act	Management request to carry out a first year review to ensure changes in legislation have been actioned.	Assurance	Aug 16	TBA
Provider Services – Collection of Residential Care Home Income	Management concern that as the Council cannot back charge for resident contributions, invoices are raised promptly and charges are supported by an appropriate financial assessment.	Assurance	Jun16	TBA
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	Nov 16	TBA
Financial Top-ups	Payments made to clients outside of the care account have been properly assessed, authorised and are monitored.	Assurance	Oct 16	TBA
Housing Allocations	With the increased emphasis on the length of waiting lists for Council properties, it is vital to ensure that the Council's policy is fair and is being complied with.	Assurance	Apr/May 16	TBA
Gas Safety Inspections	To confirm regular inspections are being made in line with legislative and Council requirements.	Assurance	Apr/May 16	TBA
Electrical Safety Inspections	To confirm regular inspections are being made in line with legislative and Council requirements.	Assurance	Apr/May 16	TBA
Leaseholder Charges	Management request to provide assurance that charges are being correctly calculated, fairly applied and are in line with guidance.	Assurance	Jan 17	TBA
Housing Investment Programme	Review the governance and financial monitoring and reporting arrangements around the repairs and maintenance, planned maintenance and the Transforming Homes programmes.	Assurance	Jan 17	TBA
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.	Advisory	Oct 16	TBA

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
Risk Management	A maturity review to consider the approach to risk appetite and identifying controls and assurances on key risks.	Advisory	Apr/May 16	TBA
VAT	Non-compliance with relevant legislation could result in the Council breaching HMRC rules and result in fines and penalties.	Assurance	July 16	TBA
IT Audit work TBA following audit needs assessment.	In 2015/16, a framework agreement was entered into with the London Borough of Croydon for the provision of specialist IT auditors. An initial ANA is to be carried out in 2016/17 to identify a work programme for IT audit moving forward.	TBA	TBA once ANA completed	TBA
Environment & Place				
Community Safety	The Council complies with relevant legislation and discharges its responsibilities under section 17 of the Crime and Disorder Act relating to the duty to consider crime and disorder implications the Act.	Assurance	Sept 16	TBA
Gloriana Thurrock Ltd	At the request of the Standards & Audit Committee, 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	On-going	TBA
Asset Management – Disposals & Acquisitions	Review a sample of acquisitions and disposals to ensure that procedures are being followed and there are appropriate governance and reporting arrangements in place.	Assurance	Oct 16	TBA
Highways and Environment Service	Follow up of the in-service review to determine implementation status of recommendations as requested by senior management.	Follow up	May 16	TBA
Purfleet Regeneration Project	Review of the governance, reporting structure and financing arrangements.	Assurance	Jun 16	TBA
Shop Premises	The management of shop premises leased by the Council are robust, there is an inspection process in place and occupiers the Council receives the correct rates.	System	Jul 16	TBA
Car Parking Service	Follow up of the in-service review to determine implementation status of recommendations as requested by senior management.	Follow up	May 16	TBA
Street Services	Following the restructure of the service, a review to ensure that there are appropriate policies and procedures, street cleaning performance indicators have been developed and are monitored and there are action plans in place to address issues.	Assurance	July 16	TBA
Library Visits	Cyclical library visits programme to review financial management arrangements.	System	On-going	

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
Legal				
Traded Services with LBBB and Brentwood Councils	Review to determine that the financing and recharging of the service is in line with the contractual arrangements.	Assurance	Sept 16	TBA
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.	System	Jun 16	TBA
Commercial Services & Commissioning				
Procurement – Spend under £75K	Analyse procurement spend under £75K to determine if the Council’s Constitution and relevant purchasing rules have been complied with including seeking value for money.	Compliance	Sept 16	TBA
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	Aug 16	TBA
HR, OD & Transformation				
Sickness Management	To ensure that the arrangements around sickness management, both long and short term, are robust and managers monitor and manage sickness in line with the policy.	Assurance	Oct 16	TBA
HR Leavers Process	A start to finish review of the leavers process within HR and IT to ensure that when staff leave, the correct areas are informed and appropriate actions taken to ensure they are not overpaid, cannot access systems etc.	Assurance	Sept 16	TBA

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
Core assurance				
Oracle – General Ledger	<ul style="list-style-type: none"> • Reconciliation • Journals • Access arrangements 	System	Oct 16	TBA
Cash and Banking	<ul style="list-style-type: none"> • Policies and Procedures • Banking arrangements • Cash Reconciliation • Authorisation process • Monthly bank reconciliations • Exceptions 	System	Nov 16	TBA
Accounts Payable	<ul style="list-style-type: none"> • Ordering & authorisation • Invoice matching • Separation of duties • Payment processing • BACS transfers • Reconciliation 	System	Jan 17	TBA
Accounts Receivable	<ul style="list-style-type: none"> • Processes and procedures • Reconciliation • Write-offs • Recovery • Analysis 	System	Jan 17	TBA
Council Tax	<ul style="list-style-type: none"> • Processes and procedures • Reconciliation 	System	End Mar 17	TBA
National Non Domestic Rates	<ul style="list-style-type: none"> • Processes and procedures • Reconciliation 	System	End Mar 17	TBA
Housing Benefits	<ul style="list-style-type: none"> • Processes and procedures • Processing of forms • Entitlement checks • Reconciliation • Year-end balancing 	System	Dec 16/Jan 17	TBA
Treasury Management	<ul style="list-style-type: none"> • Payment runs • Reconciliation 	System	Dec 16	TBA
Payroll	<ul style="list-style-type: none"> • Starters/Leavers • Authorisation • System access • Amendments • Exception reporting • Reconciliation • Suspense accounts 	System		TBA
Adult Social Care Expenditure	<ul style="list-style-type: none"> • Policies and Procedures • Ordering and Authorisation process • Monthly reconciliations • Exceptions 	System	Nov 16	TBA

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
Adult Social Care Income	<ul style="list-style-type: none"> • Policies and Procedures • Authorisation process • Write Offs • Recovery • Monthly reconciliations 	System	Nov 16	TBA
Housing Rents	<ul style="list-style-type: none"> • Tenant checks • System access controls • Reconciliation • Calculations of payments 	System	Sept 6	TBA

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
Other Internal Audit Activity				
National Fraud Initiative	There may be some minor involvement in the administration of this but now passed to the Counter Fraud & Investigation Directorate to lead.	N/A	As required	As used
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.	N/A	As required	As used
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Follow up	Ongoing	Delivered as per Standards & Audit Committee work plans
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 and Essex Audit & Counter Fraud Group meetings. • Preparation of the Annual Governance Statement 	N/A	Ongoing	As used

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15 March 2016	ITEM: 12
Standards and Audit Committee	
Internal Audit Progress Report 2015/16	
Wards and communities affected: All	Key Decision: Non-key
Report of: Gary Clifford – Internal Audit Manager	
Accountable Head of Service: N/A	
Accountable Director: Sean Clark – Director of Finance & IT	
This report is public	

Executive Summary

The Internal Audit Plan 2015/16 was discussed by the Standards & Audit Committee at their meeting of 8th July 2015. This report sets out progress against the Internal Audit Plan 2015/16 and is the third progress report presented to the Standards & Audit Committee in the current municipal year. It details audit reviews issued as final since the last progress report presented to the Committee on the 8th December 2015.

1. Recommendation(s)

1.1 That the Standards & Audit Committee:

Consider reports issued by Internal Audit in relation to the 2015/16 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 2015/16 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 (some assurance but a number of weaknesses) 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 beginning of April 2015. The key findings of these reports are shown at Appendix 1.

- 3.3 The following reports received a **Green** assurance rating for the control frameworks in their area:

- Adult Social Care Expenditure
- Cash and Banking
- Holy Cross Catholic Primary School

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

- Arthur Bugler Primary School

- 3.5 The following report received an **Amber/Red** assurance rating for the control framework in its area:

- Bonnygate Primary School

- 3.6 We have also included all those reports that are draft reports and work in progress within the table which forms part of the introduction to the progress report at Appendix 1.

- 3.7 At the request of members of the Standards & Audit Committee, an update on the progress being made to address reports with a number of high risk recommendations or those issued with an Amber/Red opinion are also included.

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, 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, 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 2015-16. Recommendations made are designed to further the implementation of these corporate priorities.

7. Implications

7.1 Financial

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

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. This is not to say that audit recommendations do not have financial implications but these are for management to identify and contain within existing budgets.

7.2 Legal

Implications verified by: **David Lawson**
Monitoring Officer

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 the reporting progress.

7.3 **Diversity and Equality**

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

There are no direct diversity implications arising from this report as it is for information purposes only.

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** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Strategy for Internal Audit 2015/16 to 2017/18 and Internal Audit Plan 2015/16
- Internal Audit Reports issued in 2015/16.

9. **Appendices to the report**

- Appendix 1 – Internal Audit Progress Report.

Report Author:

Gary Clifford
Internal Audit Manager
Thurrock Council Internal Audit Service

Standards & Audit Committee

Internal Audit Progress Report 2015/16

Date of Committee: 15th March 2016

Introduction

The internal audit plan for 2015/16 was presented to the Standards & Audit Committee on 16th July 2015. This report provides the third update on progress against that plan since the 8th December 2015 meeting.

Table showing Reports issued as Final, Draft Reports issued and Work in Progress

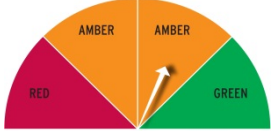
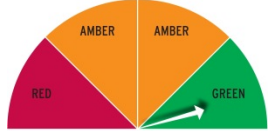
Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Arthur Bugler Primary School	Final	Amber/Green	0	3	4
Holy Cross Catholic Primary School	Final	Green	0	2	2
Bonnygate Primary School	Final	Amber/Red	0	5	5
Procurement Cards	Draft with Client	N/A	N/A	N/A	N/A
Safeguarding of Assets (Appointeeship and Deputyship)	Draft with IA Manager	N/A	N/A	N/A	N/A
Spend under £75K	Draft with IA Manager	N/A	N/A	N/A	N/A
Recruitment	Draft with IA Manager	N/A	N/A	N/A	N/A
Procurement in Schools	Work in Progress	N/A	N/A	N/A	N/A
Housing Contracts	Work in Progress	N/A	N/A	N/A	N/A
Out of Area Sexual Health	Work in Progress	N/A	N/A	N/A	N/A
Assets – Disposals and Acquisitions	Work in Progress	N/A	N/A	N/A	N/A
Core Assurance					
Adult Social Care Expenditure	Final	Green	0	2	1
Cash and Banking	Final	Green	0	0	3
Payroll	Draft with IA Manager	N/A	N/A	N/A	N/A
Adult Social Care Income	Work in Progress	N/A	N/A	N/A	N/A
Accounts Receivable	Work in Progress	N/A	N/A	N/A	N/A
Accounts Payable	Work in Progress	N/A	N/A	N/A	N/A

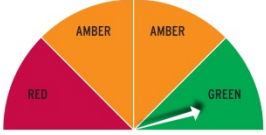
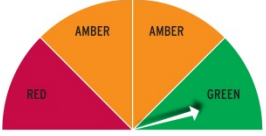
The report on Bonnygate Primary School, which received an Amber/Red assurance opinion, has been included in more detail at the end of this report.

At the request of management, the service has refocused resources on reviewing some of the major contracts and payments to consultants.

The Internal Audit Service has also been supporting the Corporate Fraud & Investigation Directorate on two on-going investigations and the National Fraud Initiative.

Key Findings from Internal Audit Work

<p>Assignment: Arthur Bugler Primary School</p>	<p>Opinion: Amber/Green</p>	
<p>Headline Findings: Our review of Arthur Bugler Primary School identified 3 medium and 4 low recommendations around the adequacy of the control framework. Of the 8 recommendations from the previous review, 3 remain outstanding and have been repeated within this review.</p>		
<p>Action and Response</p>	<p>Responsible Officer</p>	<p>Date</p>
<p>Action - In accordance with the school's Financial Regulations, all orders over £5k must be approved by a Governor in addition to the Headteacher. All purchase orders must be raised in the first instance, before goods are received, to ensure management information reports are up to date. Response – Agreed.</p>	<p>Headteacher School Administrator</p>	<p>April 2016</p>
<p>Action - It is recommended that all portable and valuable IT equipment is locked in a secure location overnight. Whilst leaving them out would not invalidate the insurance, if they are in plain view it could increase the risk of theft. Response – Agreed - The school will look into purchasing a lock-up cabinet.</p>	<p>Headteacher</p>	<p>March 2016</p>
<p>Action – Additional Hours forms must be completed for all claims and must be clear. They should be checked by the Headteacher, to ensure correct payments are made before submission to Essex County Council. Any forms handed to the office staff that are unclear, should be handed back to the claimant to re-do, without any crossings out. This will help reduce the likelihood of error. Response – Agreed.</p>	<p>Headteacher Office Staff</p>	<p>Immediate</p>
<p>Assignment: Holy Cross Catholic Primary School</p>	<p>Opinion: Green</p>	
<p>Headline Findings: Our review of Holy Cross Catholic Primary School identified 2 medium and 2 low recommendations around the adequacy of the control framework. It was pleasing to note that all 10 recommendations (1 high, 5 medium and 4 low) from the previous report which took place in January 2011 had been implemented.</p>		
<p>Action and Response</p>	<p>Responsible Officer</p>	<p>Date</p>
<p>Action - Where the purchase order exceeds £10k, it should be signed by the Chair. This ensures the school act in accordance with their own Financial Regulations. Response – Agreed.</p>	<p>Office Manager</p>	<p>Immediate</p>
<p>Action – Greater controls required regarding the collection and monitoring of the dinner money. The school should enforce their own rule that parents must bring in a packed lunch, if the amount of arrears reaches £10. This will reduce the likelihood of arrears escalating. Response – Agreed.</p>	<p>Office Manager Admin Assistant</p>	<p>September 2015</p>

<p>Assignment: Adult Social Care Expenditure</p>	<p>Opinion: Green</p>	
<p>Headline Findings: Our review of Adult Social Care Expenditure identified 2 medium and 1 low recommendations around the adequacy of the control framework. No similar reviews had been undertaken in this service area.</p>		
<p>Action and Response</p>	<p>Responsible Officer</p>	<p>Date</p>
<p>Action - All large payments should be checked in addition to the 10% checks carried out on invoice payments. Checks to large payments ensure that they are accurate and appropriate. Response – Agreed. Going forward this has been escalated to the authorised signatories who authorise batches. There should be an additional check on large single invoices over the amount of £25k.</p>	<p>Interim Customer Finance Manager</p>	<p>Immediate</p>
<p>Action – Regular reconciliation of ContrOCC data to the General Ledger should be reinstated to ensure that the two systems agree and accurately reflect expenditure for adult social care. Response – Agreed - The process has already been started to reconcile the two systems back to April and going forward this will be a monthly exercise carried out by Corporate Finance.</p>	<p>Management Accountant Social Care & Commissioning</p>	<p>Immediate</p>
<p>Assignment: Cash and Banking</p>	<p>Opinion: Green</p>	
<p>Headline Findings: Our review of Cash and Banking did not identify any significant issues around the adequacy of the control framework. All 3 medium and 2 low recommendations from the previous reports had been implemented. There were robust controls around policies and procedures, retention of records, receipting and recording of income and the reconciliation processes.</p>		

1 Executive Summary

1.1 INTRODUCTION

An audit of Bonnygate Primary School was undertaken as part of the approved internal audit periodic plan for 2015/16.

The audit was designed to assess the controls in place to manage the following objective:

Objective	To ensure the school is administered in the most economic, efficient and effective way possible in accordance with Central Government and Local Authority guidelines.
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1.2 SCOPE OF THE REVIEW

To provide an overall opinion on the control framework and risk management arrangements within the area under review by evaluating the extent to which controls have been applied. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls to be reviewed and limitations to the scope of the work were agreed during the audit planning process:

Control activities to be tested:

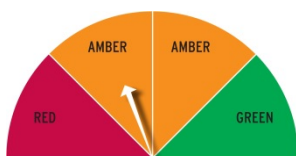
Governance, Budget setting, Income, Expenditure, IT Security.

Limitations to the scope of the audit:

- Testing was undertaken on a sample basis only.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

1.3 CONCLUSION



Taking account of the issues identified, whilst the Governing Body of Bonnygate Primary School can take some assurance that the controls upon which it relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure the risks are managed.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

- The Financial Regulations had not been reviewed and signed in the last 12 months.
- Goods/Services had been purchased without a purchase order.
- Three quotes were not always obtained for orders over £5k.
- In one instance, payments for goods had been paid against a pro forma invoice.
- The school's inventories were not up to date and some of the school's IT equipment had not been security tagged.
- Controls around the recording of dinner money and checking of entitlement to free school meals were not robust.
- The school did not have a current registration as a data controller with the Information Commissioners Office.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	Medium	Low
Controls over the school's bank account(s) and governance may be weak resulting in financial loss to the school.	0	0	2
Procurement might not be controlled resulting in inappropriate purchases of goods and services. Repairs and maintenance might not be kept up to date and may not achieve value for money	0	3	0
Staff may not be informed of how to purchase, store or dispose of fixed assets.	0	1	1
There could be an inadequate separation of duties for making changes to personnel data.	0	0	0
Income due to the school might not be appropriately recorded and as such may not be collected in full.	0	1	1
The school's budget may not be balanced or aimed at recovering a deficit or achieving a prudent level of unspent balances resulting in inefficient use of school funds.	0	0	0
Security of school data might not be adequately controlled leading to a loss of information or breach of confidentiality.	0	0	1
Total	0	5	5

Recommendations implemented since the previous audit in this area:

Date of previous audit: 24 April 2013			
Assurance:	Fundamental	Significant	Merits Attention
Number of recommendations made during previous audit	0	0	3
Number of recommendations implemented	0	0	1
Recommendations not yet fully implemented:	0	0	2

1.5 ADDITIONAL FEEDBACK

The following staff gave their time and co-operation during the review, and we would like to record our thanks

Headteacher
Primary School Manager
Senior Admin Assistant
Admin Assistant

2 Action Plan

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
1.4	The Financial Regulations should be reviewed each year at the Governors' meetings and a copy, signed by the Chair, must be held in the office. This ensures the regulations reflect the current administrative arrangements within the school.	Low	Y	The Financial Regulations will be updated and signed at the next Governor's meeting	February 2016	Office Manager
1.5	The Consultant who attends meetings to provide advice of a financial nature should complete a Business Interest Form. This ensures there is no conflict between their role as a consultant and their business interests outside of the school.	Low	Y	The school will ensure that all Governors' attending the meetings will have completed a form	February 2016	Office Manager Chair
2.1	The Site Manager and teaching staff must be reminded of the importance of informing office staff, prior to making a purchase, so an order can be raised on the system. This then commits the expenditure and ensures senior management and the governors are receiving accurate management information on which they can base their decision making. It also ensures there is a proper authorisation process which is in line with the school's Financial Regulations.	Medium	Y	Agreed	February 2016	Headteacher Office Manager

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
2.2	The school should avoid paying for goods before delivery and only pay against a bona fide invoice, not a pro-forma. This reduces the financial risk to the school if the goods are not supplied e.g. if the company goes into liquidation.	Medium	Y	Agreed	February 2016	Headteacher Office Manager
2.4	Three quotes must be obtained for all orders over £5k. They must not be spread across a number of orders under this amount. This is in breach of the school's own Financial Regulations. In addition the Headteacher must complete the Client Details Form as soon as possible so that the school can be reimbursed through the grants awarded for lottery funded projects.	Medium	Y	Agreed	February 2016	Headteacher Office Manager
3.1	Both the IT and non-IT inventories need to be developed and put on a spreadsheet which contains the following information: order number; purchase date; make and model; serial number; price and location. It also needs to include a column for disposal date where applicable. Both these inventories should be independently reviewed and signed off on an annual basis.	Medium	Y	Agreed	February 2016	Headteacher IT Technician Office Manager
3.3	A schedule needs to be drawn up for the marking of the older IT equipment to ensure the tagging is completed as soon as possible.	Low	Y	Agreed	February 2016	IT Technician
5.1	The daily collection sheets for the recording of dinner money must be clear and dated. The total of the individual payments should be checked and agreed to the money banked. This ensures there is a clear audit trail of income banked.	Medium	Y	Agreed	February 2016	Office Manager Senior Admin Assistant

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
5.3	The frequency of banking income, or arrangements for storing cash, should be reviewed to ensure the cash held in the safe is not allowed to exceed the safe's rating for insurance purposes.	Low	Y	Agreed	February 2016	Office Manager Senior Admin Assistant
5.5	Monthly checks need to be carried out between the Council's free school meal pupil entitlement report and the schools own list to ensure only children who are entitled to free school meals receive them.	Low	Y	Agreed	February 2016	Office Manager Senior Admin Assistant
7.1	The school must register itself as a data controller with the Information Commissioners Office to ensure it complies with relevant legislation under the Data Protection Act.	Low	Y	Agreed	February 2016	Office Manager

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15 March 2016	ITEM: 13
Standards and Audit Committee	
Partnerships and Assurance	
Wards and communities affected: All	Key Decision: Non-key
Report of: Gary Clifford – Internal Audit Manager	
Accountable Head of Service: N/A	
Accountable Director: Sean Clark – Director of Finance & IT	
This report is public	

Executive Summary

This report provides the Standards & Audit Committee with an update following a request made by members at the Committee’s meeting on 16th July 2015. The Council are working with a large number of private, public and 3rd sector not for profit organisations on a range of projects across all departments and members wanted “The section 151 officer to report to Committee how the Council gain assurances with partners”.

1. Recommendation(s)

1.1 That the Standards & Audit Committee:

Agree that the current approach will result in more internal audit resource being focussed on reviewing the governance arrangements around partnerships which will increase the assurance provided to senior management and members.

2. Introduction and Background

2.1 The concern for members around the Council’s arrangements with its partners was raised following feedback by the Head of Internal Audit on the provision of the School Catering contract. This was detailed within the Head of Internal Audit’s Annual Report 2014/15.

2.2 This contract was with the London Borough of Havering and required them to provide the overall management and monitoring arrangements for the delivery of the service through a service level agreement (SLA). Following concerns around the management of the service, the London Borough of Havering

undertook an internal investigation and asked Thurrock to assist by providing additional information.

- 2.3 In respect of this particular SLA, all staff below manager level were employed by Thurrock Council and fulfilled an administrative function whilst staff at manager level and above were employed directly by Havering Council. As a result, the awarding of contracts for catering works in school kitchens and ensuring value for money was achieved were the responsibility of Havering.
- 2.4 In addition, it was identified that the manager employed by Havering was a budget holder against a Thurrock Council budget and could authorise expenditure up to £10k. Over this amount, expenditure had to be authorised by a more senior member of staff within Thurrock Council.
- 2.5 There are a large number of services within the Council (particularly within Children's and Adult's Services) that have commissioning arrangements in place. However, control over these budgets is retained by the service and suppliers have to provide evidence to support their invoices.
- 2.6 Other areas where similar arrangements are in place are corporate services such as Legal, the management of Insurance and Risk and the Fraud Directorate.

3. Issues, Options and Analysis of Options

- 3.1 The main issues arising from this arrangement were the governance arrangements which allowed the manager to make decisions and commit expenditure against the Council's budgets and at an operational level, a lack of appropriate reporting and monitoring arrangements being in place.
- 3.2 The governance and financial arrangements around the partnerships in Legal Services, Insurance and Risk and the Fraud Directorate have been included within the Draft Internal Plan for 2016/17.
- 3.3 Where the contract involves a partnership arrangement with a private sector organisation, internal audit does provide assurance around the governance arrangements and recommendations are followed up to ensure actions are taken to address any weaknesses. This was highlighted by our work with Housing looking at the Morrison's and Europa contracts.
- 3.4 Moving forward, Internal Audit are working with other areas in the Council e.g. procurement, fraud etc. to examine a number of high and smaller value contracts. Internal Audit are looking at the contract award process and governance arrangements for the management and monitoring of these contracts. We are also reviewing the Council's arrangements around the use of consultants in specific areas who have been used on a rolling basis. This work started in 2015/16 and resources will be allocated on a rolling basis each year.

4. Reasons for Recommendation

4.1 Whilst Internal Audit can never provide absolute assurance around the controls in place to manage and monitor these types of partnership agreements, they do review the governance arrangements as part of their audit work. However, it has been identified that there is a need to increase resources and provide additional assurance to senior management and members around the governance of partnerships.

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

5.1 This report has been discussed with the Director of Finance & IT as part of the consultation process.

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

6.1 The achievement of corporate priorities is a key consideration of members, senior management and any failure to manage these partnership arrangements could result in the Council failing to achieve its priorities.

7. Implications

7.1 Financial

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

As this report is for information, there are no direct financial implications arising from this report. However, failure to have robust governance arrangements in place could result in an increased risk of financial loss.

7.2 Legal

Implications verified by: **David Lawson**
Monitoring Officer

As this report is for information, there are no adverse legal implications arising from this report.

7.3 Diversity and Equality

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

There are no direct diversity implications arising from this report as it is for information purposes only.

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

As this report is for information, there are no other implications arising from this 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):

- Head of Internal Audit Annual Report 2014/15

Report Author:

Gary Clifford
Internal Audit Manager
Thurrock Council Internal Audit Service

Work Programme

Committee: Standards and Audit

Year: 2015/2016

Item	Date Added	Request By (Members/Officers)	Lead Officer	Progress / Update required
16 July 2015				
In Quarter 1 Review/Refresh of the Strategic/Corporate Risk and Opportunity Register	April 2015	Officers	Andy Owen	
Bridge Inspections	May 2015	Officer	Ann Osola	
2014/15 - Annual Regulation of Investigatory Powers Act Report: Final Progress Report	April 2015	Members/Officers	Lee Henley	
Internal Audit 3 year Strategy 2015/16 to 2017/18 and Annual Plan 2015/16	April 2015	Officers	Gary Clifford	
Head of Service Internal Audit Annual Report 14/15	April 2015	Officers	Chris Harris & Gary Clifford	
Counter Fraud Report	April 2015	Officers	Sean Clark	
External Audit Plan 2014-2015	May 2015	Officers	Sean Clark & Ernst and Young	Carried forward from previous meeting as agreed with chair.
Financial Accounts update 14/15	April 2015	Officers	Sean Clark & Ernst and Young	
Internal Audit: Red Reports (as required)	April 2015	Members/Officers	Relevant Director	
Work Programme	Continuous	Members/Officers	Democratic Services Officer	
24 September 2015				
Follow Up Report – Risks With High	July 2015	Members	Andy Owen	

Work Programme

(Red) Target Ratings				
Progress Report: Internal Audit	April 2015	Officers	Gary Clifford	
Regulation of Investigatory Powers Act - Quarter 1 (2015/16) Activity Report	April 2015	Officers	Lee Henley	
2014/15 - Annual Complaints Report	April 2015	Officers	Lee Henley	
2014/15 - Annual Access to Records Report	April 2015	Officers	Lee Henley	
Ernst and Young - Audit Results Report 2014/15	April 2015	Officers	Sean Clark & Ernst and Young	
Financial Statements and Annual Governance Statement Update	April 2015	Officers	Sean Clark	
Disaster Recovery Plans	May 2015	Officer	Kathryn Adedeji/ Gary Staples	Carried forward from February meeting as agreed with chair.
Internal Audit: Red Reports (as required)	April 2015	Members/Officers	Relevant Director	
Work Programme	Continuous	Members/Officers	Democratic Services Officer	

8 December 2015				
In Quarter 3 Review of the Strategic/Corporate Risk and Opportunity Register	April 2015	Officers	Andy Owen	
Regulation of Investigatory Powers Act - Quarter 2 (2015/16) Activity Report	April 2015	Officers	Lee Henley	
Progress Report: Internal Audit	April 2015	Officers	Gary Clifford	
Audit Protocol	April 2015	Officers	Gary Clifford	
Audit Charter	April 2015	Officers	Gary Clifford	
Ernst and Young - Annual Audit Letter	April 2015	Officers	Sean Clark & Ernst and Young	

Work Programme

2014/15				
Work Programme	Continuous	Members/Officers	Democratic Services Officer	
15 March 2016				
Counter Fraud Report	April 2015	Officers	Sean Clark	
Six monthly Complaints Report (April 2015 – September 2015)	April 2015	Officers	Lee Henley	
Regulation of Investigatory Powers Act - Quarter 3 (2015/16) Activity Report	April 2015	Officers	Lee Henley	
Risk and Opportunity Management - Annual Review	April 2015	Officers	Andy Owen	
Grant Certification Report 2014/15	April 2015		Sean Clark & Ernst and Young	
Draft External Audit Plan 15/16	April 2015	Officers	Sean Clark & Ernst and Young	
Draft Internal Audit Plan 16/17	April 2015	Officers	Gary Clifford	
Internal Audit Progress Report	April 2015	Officers	Gary Clifford	
Partnerships and Assurance	July 2015	Members	Sean Clark	
Work Programme	Continuous	Members/Officers	Democratic Services Officer	

To Be Allocated				
Item	Date Added	Request By (Members/Officers)	Lead Officer	Committee Date

Full details of Member's decisions can be viewed in the Minutes on the Council's Committee Management Information System - <http://democracy.thurrock.gov.uk/thurrock/>

FOR CONSIDERATION

There are currently no items for consideration.

Work Programme