

## **Minutes of the Meeting of the Standards and Audit Committee held on 6 July 2017 at 7.00 pm**

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**Present:** Councillors Graham Hamilton (Chair), Tony Fish (Vice-Chair), Gary Collins, Jack Duffin, Oliver Gerrish and Ben Maney

Jason Oliver, Co-Opted Member

**In attendance:** Sean Clark, Director of Finance & IT  
Gary Clifford, Client Manager for Audit Services  
Andy Owen, Corporate Risk Officer  
Charlotte Raper, Senior Democratic Services Officer

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

### **1. Minutes**

The Chief Internal Auditor advised that the minutes for Item 40: Internal Audit Progress Report 2016/17 showed the recommendation for the Item 41: Draft Strategy for Internal Audit 2017/18 to 2019/20 and Annual Internal Audit Plan 2017/18, for which there were no minutes. The draft version had been correct however it seemed there had been an issue with the publication software. The draft version was salvageable.

Councillor Collins commented upon Item 43: External Audit Plan 2016/2017, in that he had also stated the figure of £333,000 for materiality was unacceptable.

The minutes of the Standards and Audit Committee meeting held on 28 February 2017 were approved as a correct record, subject to these amendments.

### **2. Items of Urgent Business**

There were no items of urgent business.

### **3. Declaration of Interests**

There were no declarations of interest.

### **4. Regulation of Investigatory Powers Act (RIPA) 2000 - 2016/17 Activity Report**

The Director of Finance and IT introduced the report which had been brought to the Committee in the interests of transparency. Members were advised

that the report did not go into specific details regarding individual cases as many were ongoing and it could jeopardise surveillance strategies. The Director of Finance and IT also assured Members that while Senior Officers could sign off requests, the final approval was subject to Magistrates' Court. There had been a RIPA inspection and Thurrock Council had received a positive assessment with only minor amendments which had now been completed; many of these actions had already been in place but were now outlined clearly within the Council's policy. Training had also been undertaken so that additional Senior Officers were approved as Authorising Officers.

The Chair sought clarity as to the process for the Assessment. Thurrock Council had been given a "clean bill of health" as to their policy and procedure around RIPA cases. The Magistrate had also reviewed active cases. There was information within the report which had been redacted as it referenced ongoing cases.

Councillor Collins congratulated the team on their performance and the assessment outcome. The Chair echoed these comments, adding that the outcome reflected well on the Council as a whole.

The Vice-Chair questioned how subjective approvals for surveillance could be. The Director of Finance and IT clarified that Authorising Officers would meet the lead representatives from teams involved, such as fraud and trading standards. A case had to be presented explaining the proportionality of the offence; surveillance would only be viable for cases where the sentence would be either custodial or a substantive fine. Departments also had to justify what other methods had been exhausted to gather evidence before surveillance would be approved. Surveillance could either relate to an individual or a property.

Councillor Maney asked for information regarding the process and timescale for disposal of evidence for those cases which did not result in prosecution. The Director of Finance and IT advised that the Council had strict policies around the retention of records and the disposal of data but the specific information would be circulated to Members after the meeting.

The Chair asked whether RIPA surveillance was used as a 'last resort'. The Director of Finance and IT reiterated that departments had to justify their requests for surveillance by outlining that all other avenues had been explored.

#### **RESOLVED:**

##### **That the Standards and Audit Committee:**

- 1) Noted the statistical information relating to the use of RIPA for 2016/17**
- 2) Noted training activity undertaken during 2016/17**

**3) Noted the findings of the positive RIPA inspection**

**4) Noted the changes made to the RIPA policy**

**5. Refresh of the Strategic/Corporate Risk and Opportunity Register**

The Interim Insurance & Risk Manager presented the report which was brought before the Committee bi-annually providing details of how key risks and opportunities faced by the Council were identified and managed.

Councillor Gerrish referred to Risk 14 – Sickness Absence. This was ranked as substantial / very likely and Councillor Gerrish asked whether it created a major hole within the Council's budget. The Director of Finance and IT assured Members that there were only fairly modest savings to be made. Within his directorate there had been a considerable reduction in the number of frequent, short-term absences but there had been a number of longer-term absences following surgeries. While these were different concerns it was deemed to be the less harmful option.

Councillor Gerrish asked what plans were in place to get back on track for the issue in a broader sense. The Interim Insurance & Risk Manager referred to P91-92 of the agenda which outlined the management action in place.

Mr Oliver noted that only one risk was expected to reduce and asked whether the Executive Team was placing enough emphasis on managing risk. The Director of Finance & IT outlined that in certain areas, such as the number of cases within Adults or Children's Social Care, there was very little the Council could do. These risk factors were recognised, and the Authority would do what it could however it was very possible that the situation would not improve. Therefore the Executive Team had opted to focus more on those high-risk areas in which it had more control, to facilitate a positive change.

The Chair highlighted that there was no risk category within the report around Industrial Action and asked whether this could be looked at. The Committee heard that there were a whole range of business risks and while Industrial Action was a potential risk it was not flagged as a corporate and strategic priority. There were prompts to highlight potential issues facing the Council and if any of these became apparent they would be considered under the regular review process. For example, the register had been completed prior to the tragic events at Grenfell Tower. Fire risk within Council tower blocks had been on the risk-radar but following events would be reviewed and prioritised in response.

The Vice-Chair queried how such a risk would be categorised within the report. The Committee was advised that would fall into the category of Fire and Fire Safety – high-rise. Judgements would be made around types of cladding, building regulations and building controls, if necessary. The Vice-Chair raised the matter of the ongoing humanitarian issues alongside fire safety and was advised that these issues would factor in the management

response arrangements for the risks and would be picked up through business continuity and emergency planning and response arrangements, which were regularly reviewed.

Councillor Duffin queried P74 around strategic opportunities. He noted that Gloriana had consistently been rated at 9, however the forecast rating was 12 and asked officers to explain the leap. The Committee heard that, with regards to opportunity, the Council hopes to push ratings upward and there was work within the Action Plan around the St Chad's site and Belmont Road. There had been issues with the very first site, from which the department had learnt. The Director of Finance & IT added that the site had been difficult to dispose of but now there were 128 design award-winning dwellings on site providing revenue returns and an expected capital receipt. Members were assured that the Strategic / Corporate Risk & Opportunity Register was a living document; at the next assessment it would be possible to note Members' concerns and adjust the forecast if necessary.

With regard to the ICT Disaster Recovery risk Councillor Collins asked when the provision for 100 concurrent users to be facilitated at Southend would be available. Members were assured that the provision was already in place and the actual figure was closer to 200. User spaces would be allocated to essential users such as staff within Children's and Adults' Social Care at first.

Councillor Collins referred to Risk 19 regarding incidents of civil disorder, which had a rating of 12, and asked whether there were any incidents recorded. The Director of Finance & IT advised that there were none to his knowledge.

Councillor Collins also queried the risk of Child Sexual Exploitation. There was a demand for service increase regarding intervention, so he asked if there were any statistics to inform Members as to how the number of cases was progressing. The Committee heard that the Children's Services area would need to provide any information.

Mr Oliver requested a report be brought to the Committee to provide an update regarding progress for General Data Protection Regulations (GDPR). Local Authorities had huge expectations of increased standards and the punitive results could be costly. He wanted a sense of assurance that Thurrock Council was on the right track. Officers agreed that an update report would be presented to the Committee.

The Chair queried whether there were risk assessments for the Council's investment in the solar farm project and for the risk of flooding. The Director of Finance & IT assured the Committee that, as with any investment, thorough checks were undertaken and related risks were understood. The conclusion had been reached that there were considerable assurances and the matter had been through legal services and external parties as part of the due diligence process. The Interim Insurance & Risk Manager outlined that anything related to flooding and the relevant precautions would form part of the Council's Emergency Planning & Response arrangements.

*Councillor Gerrish left the meeting at 7:40pm.*

**RESOLVED:**

**(1) That Standards and Audit Committee note the items and details contained in the Dashboard (Appendix 1).**

**(2) That Standards and Audit Committee 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.**

**6. External Audit Fee Letter 2017/2018**

The Representative from Ernst and Young presented the report which was an indicative fee letter. He assured Members that the fee was not set by Thurrock Council or Ernst and Young.

The Chair asked whether there was any agreed tolerance, given that the fee was indicative, and what impact the materiality figure had upon the fee. There was no acknowledged tolerance, the fee was set and the impact of any unexpected changes would be agreed between the Director of Finance & IT and Ernst and Young.

Councillor Collins queried the materiality figure. The representative from Ernst and Young outlined that materiality was based upon the turnover of the Authority and was unrelated to the fee. Councillor Collins asked why there was so high a tolerance when other businesses would be expected to balance their books down to the penny. The Committee was advised that without a materiality tolerance the external auditors would have to test every single item within the Council's accounts which would hugely increase the annual fee. The Director of Finance & IT confirmed that the Council's accounts were balanced "to the penny", but the external auditors assessed whether transactions were properly allocated in disclosures, for example if a transaction had a Housing cost code rather than a Regeneration cost code.

**RESOLVED:**

**The Committee noted the report.**

**7. Chief Internal Auditor's Annual Report - Year ended 31st March 2017**

The Chief Internal Auditor Introduced the report which provided members with assurance around the council's overall governance, risk management and internal control frameworks. The report formed one of the sources of assurance that would assist the council in preparing an informed annual governance statement.

Councillor Collins asked why the two indicators in red were so. The Committee was advised that the reports had previously been presented to the Committee and could be circulated to Members outside of the meeting.

Mr Oliver asked that the 2 high and 3 medium recommendations be brought back before the Committee, and it was agreed that they would form part of the follow up report.

**RESOLVED:**

**That the Standards & Audit Committee considers and comments on the Chief Internal Auditor's Annual Report – Year ended 31<sup>st</sup> March 2017.**

**8. Internal Audit Progress Report 2017/18**

The Chief Internal Auditor introduced the report which included draft reports and those considered "work in progress". As discussions were ongoing these reports would be presented at a future meeting of the Committee.

Councillor Collins queried the resourcing issue within the Community Safety team. The Committee heard that the team was very small and there had not been enough people at the time.

Mr Oliver highlighted that it had been more than a year since Thurrock Council had exited its contract with Serco for IT services. He suggested a potential review of ICT. The internal audit team lacked the required expertise and so IT audit work was contracted to Croydon Council. An audit needs assessment would be undertaken within the next year.

The Chair queried the extent of stationary purchases outside of the agreed contract. The Committee was assured that it was a relatively small figure of £12,000 over 4-5 months. The need was there it had simply been ordered from a different supplier.

**RESOLVED:**

**That the Standards & Audit Committee consider reports issued and the work being carried out by Internal Audit in relation to the 2017/18 audit plan.**

**9. Work Programme**

Members were asked if they wished to amend the work programme in any way. Aside from the suggestions made during the debate there were no amendments.

The Director of Finance & IT did highlight that the September Agenda was presently incredibly long. Officers would liaise outside of the meeting to see what amendments could be made.

**The meeting finished at 8.25 pm**

Approved as a true and correct record

**CHAIR**

**DATE**

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