

Thurrock - An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future

Standards and Audit Committee

The meeting will be held at **7.00 pm** on **14 March 2019**

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

Membership:

Councillors Tony Fish (Chair), Russell Cherry (Vice-Chair), Oliver Gerrish, Barry Johnson, Ben Maney and Garry Hague

Jason Oliver, Co-Opted Member

Substitutes:

Councillors Clare Baldwin, Jack Duffin, Mike Fletcher and Tom Kelly

Agenda

Open to Public and Press

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1	Apologies for Absence	
2	Minutes	5 - 8
	To approve as a correct record the minutes of the Standards and Audit Committee meeting held on 13 December 2018.	
3	Items of Urgent Business	
	To receive additional items that the Chair is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972.	
4	Declaration of Interests	
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Queries regarding this Agenda or notification of apologies:

Please contact Wendy Le, Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **6 March 2019**

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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.

Our Vision and Priorities for Thurrock

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.

1. **People** – a borough where people of all ages are proud to work and play, live and stay
 - High quality, consistent and accessible public services which are right first time
 - Build on our partnerships with statutory, community, voluntary and faith groups to work together to improve health and wellbeing
 - Communities are empowered to make choices and be safer and stronger together
2. **Place** – a heritage-rich borough which is ambitious for its future
 - Roads, houses and public spaces that connect people and places
 - Clean environments that everyone has reason to take pride in
 - Fewer public buildings with better services
3. **Prosperity** – a borough which enables everyone to achieve their aspirations
 - Attractive opportunities for businesses and investors to enhance the local economy
 - Vocational and academic education, skills and job opportunities for all
 - Commercial, entrepreneurial and connected public services

Minutes of the Meeting of the Standards and Audit Committee held on 13 December 2018 at 7.00 pm

Present:	Councillors Tony Fish (Chair), Russell Cherry (Vice-Chair), Barry Johnson, Tom Kelly (substituting for Councillor Garry Hague) and Ben Maney
Apologies:	Councillor Oliver Gerrish Councillor Garry Hague Sean Clark, Director of Finance and IT
In attendance:	Jonathon Wilson, Assistant Director, Finance Lee Henley, Strategic Lead, Information Management Andy Owen, Corporate Risk Officer Martina Lee, Ernst and Young Representative Lisa Caplin, Binder, Dijke, Otte (BDO) Stoy Hayward Representative Wendy Le, 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.

21. Minutes

The minutes of the Standards and Audit Committee held on 27 September 2018 were approved as a true and correct record.

22. Items of Urgent Business

There were no items of urgent business.

23. Declaration of Interests

There were no declarations of interest.

24. Regulation of Investigatory Powers Act (RIPA) 2000 - Activity Report April 2018 - September 2018

Presented by the Strategic Lead of Information Management, the report gave an update on the usage and activity of RIPA requests between April and September 2018. Paragraph 3.2.1 highlighted the amendments that had been made after government consultation work had taken place on surveillance activity and with the new General Data Protection Regulation that came in May 2018.

RESOLVED:

1.1 That the Standards and Audit Committee noted the statistical information relating to the use of RIPA for the period 1 April 2018 – 30 September 2018.

1.2 That the Standards and Audit Committee noted the minor changes made to the RIPA Policy (Appendix A).

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

The report was presented by the Corporate Risk and Insurance Manager who updated the Committee with the key risks and opportunities identified by the review. A new impact considered was the imminent withdrawal of the UK from the EU.

Councillor Johnson declared a pecuniary interest as he was a Director for Thurrock Regeneration LTD and the Portfolio Holder for Housing.

Referring to the Health and Social Care Transformation section on page 49 of the report, Councillor Maney pointed out that clarity was needed on the details around Orsett Hospital. NHS had confirmed that no services would be leaving Thurrock but the wording had suggested otherwise. Being a member of the Health and Wellbeing Overview and Scrutiny Committee, the Chair confirmed that some services would be leaving Thurrock and going to other hospitals such as Basildon Thurrock University Hospital. The Corporate Risk and Insurance Manager assured Councillor Maney that his comments would be taken on board for future reports.

Regarding the risks around Brexit, Councillor Maney commented that there should be evidence of exploring these risks. Thurrock could be hugely impacted as there were industries along the ports. He was aware of a task force for Brexit and queried who they reported to. The Corporate Risk and Insurance Manager noted Councillor Maney's points. In answer to Councillor Maney, the Assistant Director of Finance said the Brexit Working Group consisted of stakeholders who reported back to Members. As the UK withdrawal from the EU drew closer, activity in the group had increased.

Councillor Maney went on to ask when the Brexit Working Group had been set up and how reports had been managed. The Assistant Director of Finance replied that individual services had analysed risks within their own departments. A particular focus had been on maintaining the levels of adult social care as this would be one of the more affected areas upon the UK withdrawal from the EU. Another focus was on the external risks to Thurrock such as the ports. However, Brexit was difficult for all councils as had been seen in news forums. When the Brexit Working Group and services identified potential risks of Brexit, they would analyse how the risks would be managed.

RESOLVED:

- 1.1 That Standards and Audit Committee noted the items and details contained in the Dashboard (Appendix 1).**
- 1.2 That Standards and Audit Committee noted the 'In Focus' report (Appendix 2), which highlighted the higher priority items identified by the review.**

26. Internal Audit Service Update 2018/19

Presented by the Assistant Director of Finance, the report gave an update of the progress of the audit service. Self-assessment of the service was likely to be undertaken in the next financial year of 2019/20 and appendix 1 provided key points for the service to meet its targets. A report would be brought back to the Committee in between assessment dates.

RESOLVED:

- 1.1 That the Standards & Audit Committee:
Agreed that the structure provided members of the Standards & Audit Committee with assurance around the internal control, risk management and governance frameworks.**

27. Internal Audit Progress Report 2018/19

The Assistant Director of Finance gave an outline of the report which highlighted the work that had been undertaken on the Internal Audit Plan 2018/19. Section 3 of the report provided an indication of the 4 levels of assurance used for grading identified reports.

RESOLVED:

- 1.1 That the Standards & Audit Committee:
Considered reports issued and the work being carried out by Internal Audit in relation to the 2018/19 audit plan.**

28. Counter Fraud and Investigation Quarterly Update

The report was presented by the Head of Investigation Team which outlined the performance of the Counter Fraud and Investigation Department (CFID) over the last quarter. Paragraph 3.1 provided an overview of the progress and the CFID would continue to work through the work plan in appendix A. The plan would be brought back again in the next year.

RESOLVED:

- 1.1 That the Standards and Audit Committee noted the performance of the Counter Fraud & Investigation Department.**

29. Work Programme

There were no changes to the work programme.

The meeting finished at 7.25 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**

14 March 2019		ITEM: 5
Standards and Audit Committee		
External Audit Plan 2018/19		
Wards and communities affected: All		Key Decision: N/A
Report of: Sean Clark, Director of Finance, IT and Legal		
Accountable Assistant Director: Jonathan Wilson, Assistant Director of Finance		
Accountable Director: Sean Clark, Director of Finance, IT and Legal		
This report is Public		

Executive Summary

This report introduces the External Audit Plan for 2018/19 which will be presented by BDO.

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 2018/19 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 July 2019.

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. The significant risks identified are audit risks which are largely common to all local authorities and are set out below:

- Management Override of Controls

ISA (UK) 240 presumes that management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

There have been no identified instances of management override identified at the Council from previous audits and the system of internal control continues to address this inherent risk.

- Revenue (and expenditure) Recognition

There is risk in respect of the existence (recognition) of revenue and capital grants that are subject to performance conditions before these may be recognised as revenue in the comprehensive income and expenditure statement (CIES). There is also a risk of manipulation of expenditure recognition by inappropriately deferring expenditure to the following year.

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.

- Valuation of Property, Plant & Equipment (PPE)

There is an inherent risk over the valuation of land, buildings, dwellings and investment properties where valuations are based on incorrect assumptions or where updated valuations have not been provided for a class of assets at year-end.

There have been no significant issues noted in previous reviews by external audit and the Council continues to ensure assets are valued in accordance with the requirements of the Code of Practice.

- Pension Liability Valuation

There is a risk the valuation of the pension liability is not based on accurate membership or appropriate assumptions and hence there is an inherent risk of material misstatement.

The Council continues to liaise with Essex Pension Fund to ensure all data inputs into the valuation process are complete and accurate. This risk applies to all members of the Essex Pension Fund.

- 2.5 The external auditors have identified one further significant risk in relation to the value for money conclusion. The Council need to deliver approved savings targets and the planned investment income to maintain financial sustainability in the medium term and there remains a risk this may not be delivered.

The Council has developed a detailed medium-term financial strategy to meet the significant financial challenges over this period. This is based on a commercial approach which balances the budget over the next 4 years. The Council continues to manage this risk through appropriate due diligence and financial monitoring.

- 2.6 The proposed audit fees are set out in Appendix A. The planned fee for the main audit and VFM conclusion is £107,967 which represents a 23.3 per cent reduction on the prior year.

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**
Assistant Director of Finance

These are included in the body of the report.

7.2 Legal

Implications verified by: **David Lawson**
Assistant Director of Law and Governance

There are no specific implications from this report.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Strategic Lead of Community Development

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 – BDO Audit Planning for Thurrock Council 2018/19

Report Author:

Jonathan Wilson

Assistant Director of Finance

Finance

Report to the Standards and Audit Committee

THURROCK COUNCIL

Audit Planning: year ending 31 March 2019

IDEAS | PEOPLE | TRUST



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We have pleasure in presenting our Audit Planning Report to the Standards and Audit Committee of Thurrock Council. This report forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process with those charged with governance.

It summarises the planned audit strategy for the year ending 31 March 2019 in respect of our audit of the financial statements of the Council and consolidated entities (together the ‘group’) and use of resources; comprising materiality, key audit risks and the planned approach to these, together with timetable and the BDO team.

The planned audit strategy has been discussed with management to ensure that it incorporates developments in the business during the year under review, the results for the year to date and other required scope changes.

We look forward to discussing this plan with you at the Standards and Audit Committee meeting on 14 March 2019 and to receiving your input on the scope and approach.

In the meantime if you would like to discuss any aspects in advance of the meeting please contact one of the team.



Lisa Clampin
15 February 2019



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Partner
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Simiso Ngidi
Manager
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Assistant Manager
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SCOPE AND MATERIALITY

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This summary provides an overview of the key audit matters that we believe are important to the Standards and Audit Committee in reviewing the planned audit strategy for the Council and Group for the year ending 31 March 2019.

It is also intended to promote effective communication and discussion and to ensure that the audit strategy appropriately incorporates input from those charged with governance.

Audit scope

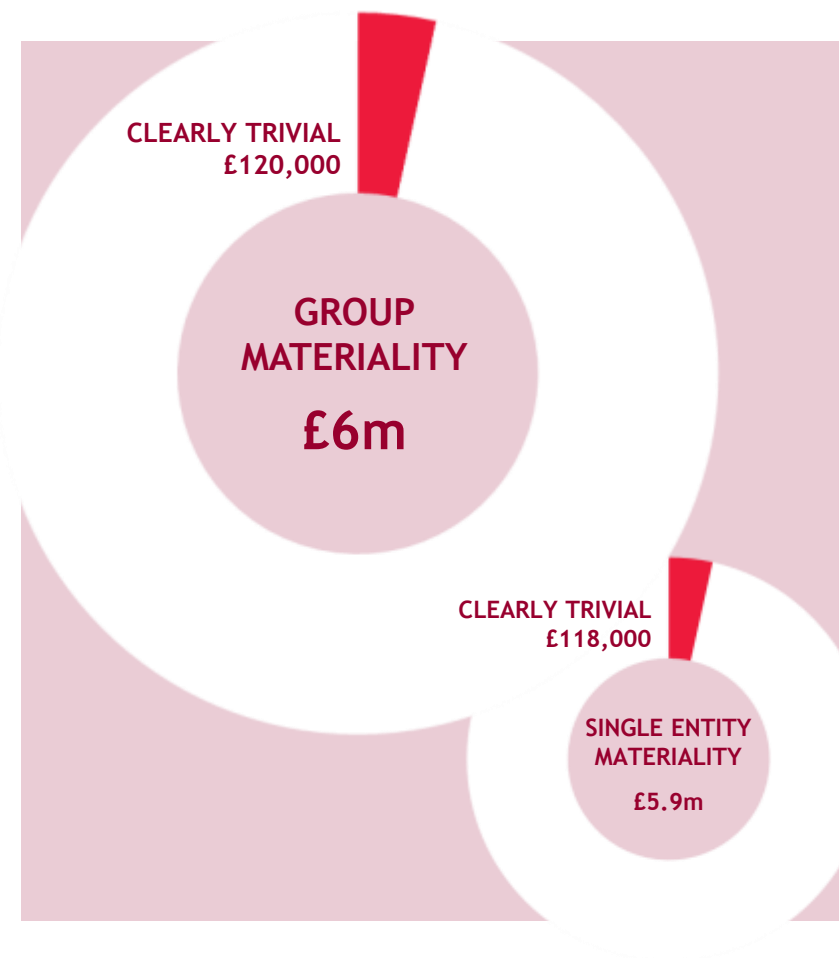
The scope of the audit is determined by the NAO's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties.

Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the NAO.

Materiality

Planning materiality for the Council and Group will be set at 1.5% of average gross expenditure for the year (prior year 1.5%) using the prior year gross expenditure. This will be revisited when the draft financial statements are received for audit.

Although materiality is the judgement of the audit partner, the Standards and Audit Committee is obliged to satisfy themselves that the materiality chosen is appropriate for the scope of the audit.



AUDIT STRATEGY

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Our Audit Strategy is predicated on a risk based approach, so that audit work is focused on the areas of the financial statements where the risk of material misstatement is assessed to be higher, or where there is a risk that the organisation has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. These areas of audit risk are those assessed as most likely to cause a material misstatement in the financial statements and will have the greatest impact on our audit strategy.

We have discussed the changes to the organisation, systems and controls in the year with management and obtained their own view of potential audit risk in order to update our understanding of the Group's activities and to determine which risks impact on the numbers and disclosures in the financial statements, or on its arrangements for securing economy, efficiency and effectiveness in its use of resources.

A lower level of materiality is applied to the areas of the financial statements that are considered to be sensitive, such as senior management remuneration disclosures, auditor's remuneration disclosures and related party disclosures.

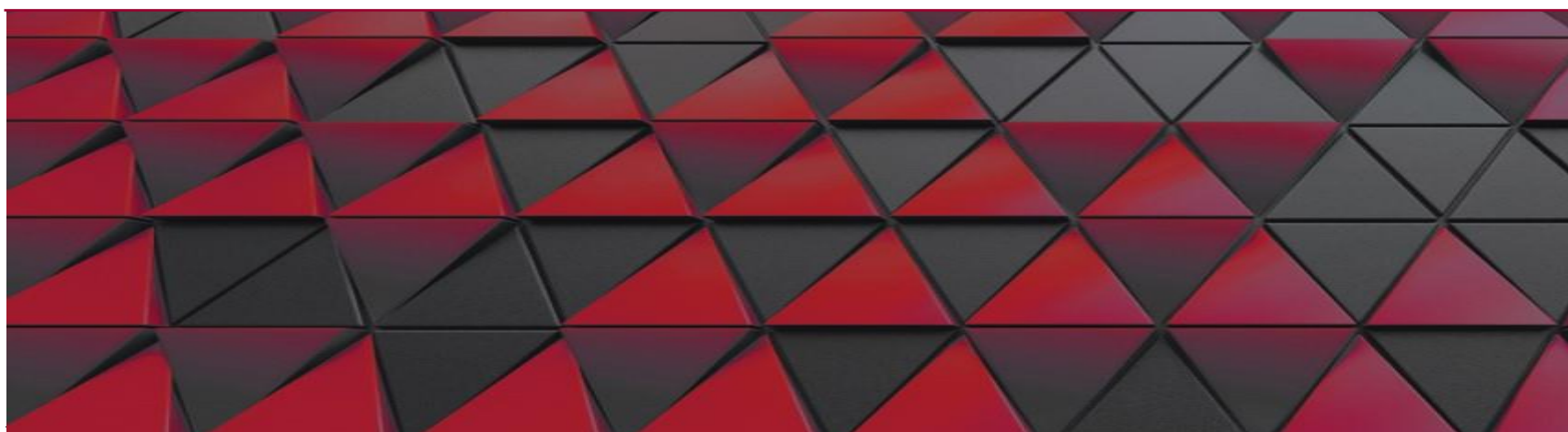
We will continue to update this assessment throughout the audit.

The table on the next page summarises our planned approach to audit risks identified.

AUDIT RISK OVERVIEW

Executive summary

Risk identified	Risk rating	Fraud risk present	Testing approach	Impact of significant judgements and estimates
Management override	Significant	Yes	Substantive	Medium
Revenue (and expenditure) recognition	Significant	Yes	Substantive	Medium
Valuation of property, plant & equipment	Significant	No	Substantive	High
Allowance for non-collection of receivables	Normal	No	Substantive	Medium
Pension liability valuation	Significant	No	Substantive	High
Classification and measurement of financial instruments (IFRS 9)	Normal	No	Substantive	Medium
Revenue from contracts with customers (IFRS 15)	Normal	No	Substantive	Medium
Adequacy of disclosures	Normal	No	Substantive	Low
Sustainable resource deployment (use of resources)	Significant	No	Detailed review	Low



INDEPENDENCE AND FEES

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Independence

We confirm that the firm complies with the Financial Reporting Council's Ethical Standard for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

Fees

	2018/19
	£
Code audit fees	102,967
Additional fees - Group consolidation (estimate)	5,000
Total audit fees	107,967
Non-audit fees	
- Housing benefits subsidy certification	⁽¹⁾ 12,650
- Teachers' Pension return certification	7,000
- Pooling Housing Capital Receipts return certification	3,500
Total non-audit fees	23,150
Total fees	131,117

⁽¹⁾ This fee is for the initial testing on the base sample of 20 cases per benefit type. Any additional testing required will be charged at £750 per set of "40+ testing" required

Amendments to the proposed fees

If we need to propose any amendments to the fees during the course of the audit, where our assessment of risk and complexity are significantly different from those reflected in the proposed fee or where we are required to carry out work in exercising our additional powers and duties, we will first discuss this with the Council.

Where this requires a variation to the scale fee set by PSAA we will seek approval from PSAA. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the Standards and Audit Committee. A variation approval will be sought for the group consolidation fee once the work is complete.

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OVERVIEW

Key components of our audit objectives and strategy for the Group are highlighted and explained on the following pages.

Audit planning is a collaborative and continuous process and our audit strategy, as reflected here, will be reviewed and updated as our audit progresses.

We will communicate any significant changes to our audit strategy, should the need for such change arise.

Reporting	Objectives
Auditing standards	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the NAO.
Financial statements	We will express an opinion on the Council and Group financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2018/19 and other directions.
Statement of Accounts	In addition to our objectives regarding the financial statements, we will also read and consider the other information contained in the Statement of Accounts to consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.
Use of resources	We will report whether we consider that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
WGA	We will review the Whole of Government Accounts (WGA) return and express an opinion on the return whether it is consistent with the audited financial statements.
Additional powers and duties	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to the Council; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
Report to the Standards and Audit Committee	Prior to the approval of the financial statements, we will discuss our significant findings with the Audit Committee. We will highlight key accounting and audit issues as well as internal control findings and any other significant matters arising from the audit.

AUDIT SCOPE ENTITIES, COMPONENTS AND AUDIT RISKS

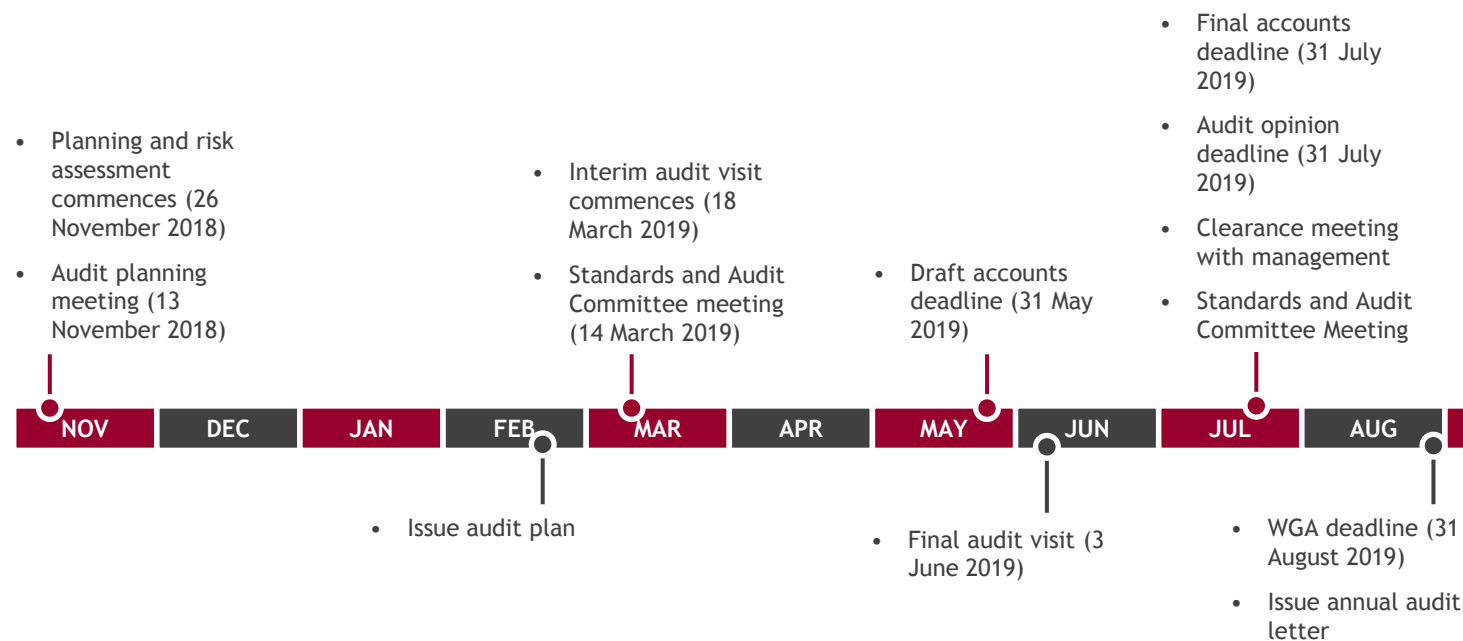
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Entity	Nature of Operations	Audit classification	Reason for classification	Audit Risks	Component Materiality	Audit strategy
Thurrock Council	Provides full range of local authority services	Significant	Size and risk	Risks 1 - 9	£5.9m	Statutory audit performed by BDO LLP
Thurrock Regeneration Ltd	Creation of new high-quality housing	Non significant component	Size	N/A	£2m	Statutory audit performed by Ernst and Young LLP
Gloriana Thurrock Homes Ltd	The rental and housing management of the developments by Thurrock Regeneration	Non significant component	Size	N/A	£2m	Statutory audit performed by Ernst and Young LLP

We have set materiality levels for each component by reference to the Group materiality and to address the risk of misstatements in each component impacting on the Group financial statements. Each component auditor will apply a materiality level for each component financial statements at a lower level than our Group component materiality.

AUDIT TIMELINE

An overview of the key dates



BDO TEAM

Team responsibilities



Lisa Clampin
Partner

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As audit engagement lead I have primary responsibility to ensure that the appropriate audit opinions are given.

In meeting this responsibility I ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to report on the financial statements and communicate as required by the ISAs (UK), in accordance with our findings.

I will ensure that we have undertaken sufficient work to assess the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources against the guidance published by the NAO.

I am responsible for the overall quality of the engagement and am supported by the rest of the team as set out here.



Simiso Ngidi
Manager

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I will work closely with Lisa to develop and execute the audit strategy. I will be a key point of contact on a day to day basis and will ensure that timelines are carefully managed to ensure that deadlines are met and matters to be communicated to Management and the Standards and Audit Committee are highlighted on a timely basis.



Matthew Weller
Assistant Manager

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I will be the assistant lead on the audit of the Council.

I work closely with Simiso to execute the audit strategy. I will provide management support for audit.

OVERVIEW

We have assessed the following as audit risks. These are matters assessed as most likely to cause a material misstatement in the financial statements and include those that will have the greatest effect on audit strategy, the allocation of audit resources and the amount of audit focus by the engagement team.

Whilst there were no significant audit issues reported in the prior year in the areas identified below as presenting a significant audit risk, we consider there to be a significant risk of material misstatement as they are subject to a higher degree of management judgement and they inherently include a high level of estimation uncertainty.

Description of risk	Significant audit risk	Normal audit risk	Overview of audit risk
1. Management override of controls			ISA (UK) 240 presumes that Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
2. Revenue (and expenditure) recognition			<p>There is a risk in respect of the existence (recognition) of revenue and capital grants that are subject to performance conditions before these may be recognised as revenue in the comprehensive income and expenditure statement (CIES).</p> <p>There is also a risk in respect of the completeness of expenditure, which could be inappropriately deferred to the following year.</p>
3. Valuation of property, plant & equipment (PPE)			There is a risk over the valuation of land, buildings, dwellings and investment properties where valuations are based on assumptions or where updated valuations have not been provided for a class of assets at year-end.
4. Pension liability valuation			There is a risk the valuation is not based on appropriate membership data where there are significant changes or uses inappropriate assumptions to value the liability.
5. Allowance for non-collection of receivables			<p>There is a risk over the valuation of this allowance if incorrect assumptions or source data are used, or an inappropriate methodology is applied.</p> <p>The implementation of IFRS 9 financial instruments has also changed the basis for estimating losses for non-collection of receivables and debt from an incurred loss model to an expected credit loss model that takes in account assumptions about the future credit losses. However, this includes only receivables and debt deemed to be financial instruments and excludes receivables under statute such as council tax, NDR and parking charges that CIPFA has stated will continue to be accounted for on an incurred loss model.</p>
6. Classification and measurement of financial instruments (IFRS 9)			There is a risk that relevant financial assets and liabilities of the Council are not classified and measured in accordance with the new accounting standard.
7. Revenue from contracts with customers (IFRS 15)			There is a risk that relevant revenue streams of the Council are not recognised in the financial statements in accordance with the new standard.

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OVERVIEW

Description of risk	Significant risk	Normal risk	Overview of risk
8. Adequacy of disclosures			Our review of the 2017/18 accounts indicated that some disclosures may not meet the requirements of the Code.
9. Sustainable finances (use of resources)			The Council will need to deliver significant savings to maintain financial sustainability in the medium term and there is a risk that these savings may not be delivered.

MANAGEMENT OVERRIDE OF CONTROLS

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ISA (UK) 240 presumes that Management is in a unique position to perpetrate fraud.

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

Risk detail

ISA (UK) 240 - The auditor's responsibilities relating to fraud in an audit of financial statements requires us to presume that the risk of management override of controls is present and significant in all entities.

Planned audit approach

Our audit procedures will include the following:

- A review and verification of journal entries made in the year, agreeing the journals to supporting documentation. We will determine key risk characteristics e.g. postings at weekends or round sum values to filter the population of journals. We will use our IT team to assist with the journal extraction;
- A review of estimates and judgements applied by Management in the financial statements to assess their appropriateness and the existence of any systematic bias; and
- Review of unadjusted audit differences for indications of bias or deliberate misstatement.



REVENUE (AND EXPENDITURE) RECOGNITION

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Under auditing standards there is a presumption that income recognition presents a fraud risk.
Significant risk
Normal risk
Fraud risk
Assess design & implementation of controls to mitigate
Significant Management estimates & judgements
Controls testing approach
Substantive testing approach
Risk highlighted by Council

Risk detail

We have rebutted this presumption in respect of much of the Council’s income streams. However, because there is a high degree of management judgement and estimation attached to accounting for revenue and capital grants that are subject to performance conditions, we consider there to be a significant risk of material misstatement occurring in respect of the existence (recognition in the Comprehensive Income and Expenditure Statement) of that income.

In the public sector the risk of fraud in revenue recognition is modified by Practice Note 10 issued by the Financial Reporting Council. This states that auditors should also consider the risk that material misstatements may occur through the manipulation of expenditure recognition. This risk is identified as being relevant to cut-off of expenditure, where testing will be focussed.

- Planned audit approach**
- Our audit procedures will include the following:
- Test an increased sample of grants included in income to documentation from grant paying bodies and check whether recognition criteria have been met; and
 - Test an increased sample of expenditure either side of year end, to confirm that expenditure has been recorded in the correct period and that all expenditure that should have been recorded at year end has been.

VALUATION OF PROPERTY, PLANT & EQUIPMENT

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There is a risk over the valuation of land, buildings and dwellings where valuations are based on significant assumptions.

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

Risk detail

Local authorities are required to ensure that the carrying value of land, buildings and dwellings is not materially different to the current value or fair value (as applicable) at the balance sheet date.

PPE values are subject to valuation changes and material judgemental inputs and estimation techniques. The Code requires management to conduct a full valuation of its land and building on a periodic basis (at least every five years). In the intervening years management is required to assess whether there has been a material change in the value of its assets that should be accounted for.

There were no significant matters reported in the prior year in respect of valuation of land and buildings. However, due to the significant value of the Council's land, buildings and dwellings and the high degree of estimation uncertainty associated with valuation, there is a risk over the valuation of these assets where valuations are based on assumptions or where updated valuations have not been provided for a class of assets at the year-end.

Planned audit approach

Our audit procedures will include the following:

- Review the instructions provided to the valuer and review the valuer's skills and expertise in order to determine if we can rely on the management expert;
- Confirm that the basis of valuation for assets valued in year is appropriate based on their usage;
- Review accuracy and completeness of asset information provided to the valuer such as rental agreements and sizes;
- Review assumptions used by the valuer and movements against relevant indices for similar classes of assets and follow up valuation movements that appear unusual; and
- Confirm that assets not specifically valued in the year have been assessed to ensure their reported values remain materially correct.

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There is a risk the membership data and cash flows used by the actuary in the roll-forward valuation may not be correct, or the valuation uses inappropriate assumptions to value the liability.

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

Risk detail

The net pension liability comprises the Council and Group's share of the market value of assets held in the pension fund and the estimated future liability to pay pensions.

An actuarial estimate of the liability is calculated by an independent firm of actuaries. The estimate is based on the roll forward of membership data from the 2016 triennial valuation exercise, updated at 31 March 2019 for factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.

Whilst no significant issues were reported in the prior year with regards to the appropriateness of the assumptions used, there is an inherent audit risk due the high level of estimation uncertainty relevant to the valuation of the liability. For example, the valuation may not be based on appropriate membership data where there are significant changes or could rely on inappropriate assumptions to value the liability.

Planned audit approach

Our audit procedures will include the following:

- Agree the disclosures to the information provided by the pension fund actuary;
- Review the competence of the management expert (actuary);
- Review the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data;
- Review the controls in place for providing accurate membership data to the actuary;
- Contact the pension fund auditor and request confirmation of the controls in place for providing accurate membership data to the actuary and testing of that data; and
- Check that any significant changes in membership data have been communicated to the actuary.

ALLOWANCE FOR NON-COLLECTION OF RECEIVABLES

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There is a risk over the valuation of the allowance for the non-collection of arrears and debt.

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

Risk detail

The Council recognises an allowance for the non-collection of receivables (arrears and debt), primarily in respect of council tax, NDR, housing benefit overpayments, housing rents and parking charges. The Council assesses each type of receivable separately in determining how much to allow for non-collection.

There is a risk over the valuation of this allowance if incorrect assumptions or source data are used, or an inappropriate methodology is applied.

The implementation of IFRS 9 financial instruments has also changed the basis for estimating losses for non-collection of receivables and debt from an incurred loss model to an expected credit loss model that takes in account assumptions about the future credit losses. However, this includes only receivables and debt deemed to be financial instruments and excludes receivables under statute such as council tax, NDR and parking charges that CIPFA has stated will continue to be accounted for on an incurred loss model.

Planned audit approach

We will review the provision model for significant income streams and receivables and debt balances to assess whether it appropriately reflects historical collection rates by age of debt or arrears and, for receivables classified as financial instruments, includes appropriate assumptions for expected credit losses.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (IFRS 9)

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There is a risk that financial instruments are not classified and measured in accordance with IFRS9.

Risk detail

IFRS 9 financial instruments has been implemented for 2018/19 and requires all relevant financial instrument assets (principally investments and loans provided to others) and liabilities (principally borrowing) to be categorised under new criteria based on their business model and contractual cash flows that will determine their classification and basis of valuation.

CIPFA has published guidance to assist with the required review and any restatement required where the classification needs to be amended.

The Council will need to undertake a review of all relevant assets and liabilities to determine the appropriate classification in the financial statements. This will need to include both the Council and component entities in the Group financial statements. There is a risk that relevant financial assets and liabilities are not classified and measured in accordance with the new accounting standard.

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

Planned audit approach

Our audit procedures will include the following:

- Review the work performed by the Council, once undertaken, to assess the new classification of financial instruments in accordance with the guidance on both the Council and the component bodies in the Group; and
- Review the disclosures required relating to the adoption of the new accounting standard.

REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)

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There is a risk that revenue from contracts with customers is not measured in accordance with IFRS 15.

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Normal risk
Fraud risk
Assess design & implementation of controls to mitigate
Significant Management estimates & judgements
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Substantive testing approach
Risk highlighted by Council

Risk detail

IFRS 15 revenue from contracts with customers has been implemented for 2018/19 and requires all relevant revenue streams to be reviewed under a new '5-step model' to determine the appropriate point at which revenue can be recognised.

CIPFA has published guidance to assist with the required review including what revenue falls within IFRS 15 or IPSAS 23 revenue from non-exchange transactions, and the process for determining the correct recognition points and amounts for revenue.

The Council will need to undertake a review of all relevant revenue streams to determine the appropriate recognition date and amounts in the financial statements. This will need to include both the Council and component entities in the Group financial statements. There is a risk that relevant revenue streams are not recognised in the financial statements in accordance with the new standard.

Planned audit approach

Our audit procedures will include the following:

- Review the work performed by the Council, once undertaken, to assess the impact of the new '5-step model' on revenue streams on both the Council and the component bodies in the Group; and
- Review the disclosures required relating to the adoption of the new accounting standard.

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There is a risk on inaccurate and incomplete disclosures as a result of errors found in review of prior year accounts

Risk detail

Our review of the 2017/18 accounts indicated that some disclosures may not meet the requirements of the Code.

Potential errors identified include disclosures in respect of long term debtors, financial instruments, cash flow statement and related parties.

Planned audit approach

Our audit procedures will include the following:

- Engaging with management on the potential issues identified to gain an understanding of the intended disclosures for 2018/19; and
- Review the presentation and disclosure in the financial statements against the Code disclosure checklist.

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

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Risk highlighted by Council

SUSTAINABLE RESOURCE DEPLOYMENT (USE OF RESOURCES)

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The Council will need to deliver it savings and achieve investment income targets to maintain financial sustainability in the medium term and there is a risk that these projections will not be met

Significant risk	
Normal risk	
Fraud risk	
Assess design & implementation of controls to mitigate	
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Risk detail

The Medium Term Financial Strategy (MTFS) covering the period from 2019/20 to 2023/24 forecasts further revenue reductions in Government funding from grants and that will continue into the future. The MTFS also acknowledges pressures from inflation, increasing pay awards and other demographic and economical pressures.

The Council has set a balanced budget (surplus) for 2019/20 up to 2022/23 with a deficit budget for 2023/24. The Council’s net pressures, before investments and savings, are £24m over the 5 years of the current MTFS. Delivery of the Council’s commercial investment strategy is key to the achievement of the MTFS.

The Council has reported net pressures of £0.4m for 2018/19 as at the end of December 2018. The current MTFS has identified savings of £2.2m for 2019/20 to produce a balanced budget.

The financial and commercial management challenges faced by the Council are notable, in particular the dependence upon delivery of material commercial investment income in 2018/19 and 2019/20. As a result we conclude that there is a significant risk in respect of sustainable resource deployment.

- Planned audit approach**
- Our audit procedures will include the following:
- Review the assumptions used in the MTFS and assess the reasonableness of the cost pressures and the amount of Government grant reductions applied;
 - Review the monitoring of the delivery of the budgeted savings;
 - Review the investment plans and the adequacy of those plans; and
 - Sample a number of savings scheme and plans for detailed review.

OTHER MATTERS REQUIRING FURTHER DISCUSSION

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Fraud

Whilst the Directors have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit and includes making enquiries of Management and those charged with governance.

We have not been made aware of any actual alleged or suspected incidences of fraud. We request confirmation from the Audit Committee on fraud and a discussion on the controls and processes in place to ensure timely identification and action.

Predecessor auditors

We have reviewed the work performed by the predecessor auditor. We will perform additional audit procedures on some of the comparatives where we have concluded that sufficient reliance can not be placed on the predecessor auditor's work.

Significant estimates

We will report to you on significant estimates. We will seek to understand and perform audit testing procedures on accounting estimates and judgements including consideration of the outcome of historic judgements and estimates. We will report to you our consideration of whether Management estimates and judgements are within an acceptable range.

Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We understand that internal audit reviews have been undertaken across a range of accounting systems and governance subjects. We will review relevant reports as part of our audit and consider whether to place any reliance on internal audit work as evidence of the soundness of the control environment.

Laws and regulations

We will consider compliance with Laws and regulations. The most significant of these for your business includes VAT legislation and Employment Taxes. We will make enquiries of Management and review correspondence with the relevant authorities. Specialist teams within BDO will review VAT and employment tax compliance.

Accounting policies

We will report to you on significant qualitative aspects of your chosen accounting policies. We will consider the consistency and application of the policies and we will report to you where accounting policies are inconsistent with CIPFA Code of Practice on Local Authority Accounting 2018/19, applicable accounting standards or other direction under the circumstances.

OTHER MATTERS REQUIRING FURTHER DISCUSSION

Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for Management override or concealment or fraud. Our audit approach includes the consideration of related party transactions throughout the audit including making enquiries of Management and the Standards and Audit Committee.

Financial statement disclosures

We will report to you on the sufficiency and content of your financial statement disclosures.

Any other matters

We will report to you on any other matters relevant to the overseeing of the financial reporting process. Where applicable this includes why we consider a significant accounting practice that is acceptable under the financial reporting framework not to be the most appropriate.

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IT General Controls (ITGCs) are the policies and procedures that relate to many IT applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. They commonly include controls over data center and network operations; system software acquisition, change and maintenance; access security; and application system acquisition, development, and maintenance.

ITGCs are an important component in systems of internal control, and sometimes have a direct impact on the reliability of other controls.

IT assurance is embedded in our audit strategy to ensure the IT systems provide a suitable platform for the control environment and is undertaken in conjunction with our IT Assurance team. Our testing strategy includes a tailored range of data analytics, system configuration and IT environment testing.

We will also obtain an understanding of the information system, including the related business processes relevant to financial reporting, to include:

- Oracle
- Northgate
- Logotech and
- Controcc.

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INDEPENDENCE

Under ISAs (UK) and the FRC’s Ethical Standard we are required, as auditors, to confirm our independence.

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ending 31 March 2019.

Details of rotation arrangements for key members of the audit team and others involved in the engagement are set out in the appendices.

We have not identified any relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC’s Ethical Standard or the IESBA Code of Ethics as appropriate and are independent of the Group.

We also confirm that we have obtained confirmation of independence from non BDO auditors and external audit experts involved in the audit comply with relevant ethical requirements including the FRC’s Ethical Standard and are independent of the Council and the Group.

Non-audit services

Details of services, other than audit, provided by us to the Group during the period and up to the date of this report are set out in the summary of fees table.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

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SUMMARY

Fees summary for year ending 31 March 2019

	£	£
Code fees	102,967	
Additional fees - Group consolidation (estimate)	5,000	
Total audit fees		107,967
Non-audit fees		
- Housing Benefit Subsidy certification	(1) 12,650	
- Teachers' Pension return certification	7,000	
- Pooling Housing Capital Receipts return certification	3,500	
Total non-audit services		23,150
Total fees		131,117

(1) This fee is for the initial testing on the base sample of 20 cases per benefit type. Any additional testing required will be charged at £750 per set of “40+ testing” required



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COUNCIL’S RESPONSIBILITIES

The Council’s Responsibilities and Reporting

Financial reporting

The Council is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which the Council accounts for its stewardship and use of the public money at its disposal.

The form and content of the Council’s financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Council is also required to prepare schedules or returns to facilitate the preparation of consolidated accounts such as HM Treasury’s Whole of Government Accounts.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2018/19, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.

Use of resources

Councils are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement.

In preparing its governance statement, the Council will tailor the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.

OUR RESPONSIBILITIES

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Our responsibilities and reporting - financial statements

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your consolidated and the Council's financial statements. We report our opinion on the financial statements to the members of the Council.

We read and consider the 'other information' contained in the Annual Report such as the additional narrative reports. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

Our responsibilities and reporting - use of resources

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

This means that we have regard to relevant guidance issued by the NAO and undertake sufficient work to be able to satisfy ourselves as to whether the Council has put arrangements in place that support the achievement of value for money.

What we don't report

Our audit is not designed to identify all matters that may be relevant to the Council and Standards and Audit Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.



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Those Charged with Governance

References in this report to Those Charged With Governance (TCWG) are to the Council as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Standards and Audit Committee.

In communicating with the Standards and Audit Committee, representing TCWG of the parent and the Group, we consider TCWG of subsidiary entities to be informed about matters relevant to their subsidiary. Please let us know if this is not appropriate.

Communication, Meetings and Feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered. We will meet with Management throughout the audit process. We will issue regular updates and drive the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Planning Report

The Planning Report sets out all planning matters which we want to draw to your attention including audit scope, our assessment of audit risks and materiality.

Internal Controls

We will consider internal controls relevant to the preparation of financial statements in order to design our audit procedures and complete our work. This is not for the purpose of expressing an opinion on the effectiveness of internal control.

Audit Completion Report

At the conclusion of the audit, we will issue an Audit Completion Report to communicate to you key audit findings before concluding our audit opinion. We will include any significant deficiencies in internal controls which we identify as a result of performing audit procedures. We will meet with you to discuss the findings and in particular to receive your input on areas of the financial statements involving significant estimates and judgements and critical accounting policies.

Once we have discussed the contents of the Audit Completion Report with you and having resolved all outstanding matters we will issue a final version of the Report.

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PARTNER ROTATION

These tables indicate the latest rotation periods normally permitted under the independence rules for the terms of appointment by PSAA.

In order to safeguard audit quality we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

Independence - engagement team rotation		
Senior team members	Number of years involved	Rotation to take place before
Lisa Clampin Partner	1	5 years
Simiso Ngidi Manager	1	10 years

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MATERIALITY: DEFINITION AND APPLICATION

Concept and definition

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):

- Narrative disclosure e.g. accounting policies, going concern
- Compliance with loan covenants
- Instances when greater precision is required (e.g. senior managers' remuneration and related party transactions).

International Standards on Auditing (UK) also allow the auditor to set a lower level of materiality for particular classes of transaction, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Calculation and determination

We have determined materiality based on professional judgement in the context of our knowledge of the Group, including consideration of factors such as industry developments, financial stability and reporting requirements for the financial statements.

We determine materiality in order to:

- Assist in establishing the scope of our audit engagement and audit tests
- Calculate sample sizes
- Assist in evaluating the effect of known and likely misstatements on the Group financial statements.

Reassessment of materiality

We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.

Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope.

MATERIALITY: DEFINITION AND APPLICATION

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If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.

You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

Unadjusted errors

We will communicate to you all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.

Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.

We will obtain written representations from the Audit Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.

We will request that you correct all uncorrected misstatements. In particular we would strongly recommend correction of errors whose correction would affect compliance with loan covenants, management compensation agreements, other contractual obligations or governmental regulations. Where you choose not to correct all identified misstatements we will request a written representation from you setting out your reasons for not doing so and confirming that in your view the effects of any uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as whole.

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AUDIT QUALITY

BDO’s audit quality cornerstones underpin the firm’s definition of audit quality.

BDO is committed to audit quality. It is a standing item on the agenda of the Leadership Team, who in conjunction with the Audit Stream Executive, monitors the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections. We welcome feedback from external bodies and are committed to implementing necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external regulators, the firm undertakes a thorough annual internal Audit Quality Assurance Review and as a member firm of BDO International network we are also subject to a quality review visit every three years. We have also implemented additional quality control review processes for all listed and public interest entities.

More details can be found in our Transparency Report at www.bdo.co.uk



FOR MORE INFORMATION:

Lisa Clampin

t: 01473 320716

e: lisa.clampin@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

BDO is an award winning UK member firm of BDO International, the world's fifth largest accountancy network, with more than 1,500 offices in over 160 countries.

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14 March 2019		ITEM: 6
Standards and Audit Committee		
Certification of Claims and Returns Report 2017/18		
Wards and communities affected: All		Key Decision: N/A
Report of: Sean Clark, Director of Finance, IT and Legal		
Accountable Assistant Director: Jonathan Wilson, Assistant Director of Finance		
Accountable Director: Sean Clark, Director of Finance, IT and Legal		
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 2017/18. This will be presented by Ernst and Young and sets out the findings from the work conducted on the 2017/18 claims and returns.

1. Recommendation(s)

1.1 That the report attached at Appendix 1 is noted.

2. Introduction and Background

2.1 The Certification of Claims and Returns Annual Report 2017/18 was issued in January 2019. The report is specifically completed in relation to the Housing Benefits subsidy claim. There are two further claims and returns requiring an external audit opinion and this work has been completed by Ernst and Young. This work is completed according to the methodology set by the Department for Work and Pensions (DWP) and the findings are included within this report.

2.2 The certification of the Housing Benefit subsidy claim was completed in November 2018. 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 2017/18. The Housing Benefit claim was audited against a DWP methodology and the summary of the findings are set out below.

- 3.2 The total value of the Housing Benefits subsidy claim was £52.2m – the audit work identified amendments totalling £3,613 as well as two minor errors.
- 3.3 It is pleasing to note the overall quality of the claim is high and the fee for the work on the Housing Benefits subsidy claim continues to fall.
- 3.4 The total proposed fee for the audit of the Housing Benefit claim is £15,664 which represents a decrease of 8.9 per cent relative to 2016/17. This reflects the continued improvement in the processes supporting the completion of the claim compared with the prior year.
- 3.5 Ernst and Young also audit the Teachers' Pension claim and the Pooling of Capital Receipts return. The work is ongoing and has not identified any significant issues to date.
- 3.6 The total fee for this work is proposed to be £19,500 – an increase of 5 per cent compared with the prior year.

4. Reasons for Recommendation

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

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

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

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: **Jonathan Wilson**
Assistant Director of Finance

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

7.2 Legal

Implications verified by: **David Lawson**

Assistant Director 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

Implications verified by: **Roxanne Scanlon**
**Community Engagement and Project
Monitoring 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 and Returns – Annual Report 2017/18

Report Author:

Jonathan Wilson
Assistant Director of Finance
Corporate Finance

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Certification of claims and returns annual report 2017-18

Thurrock Council

January 2019

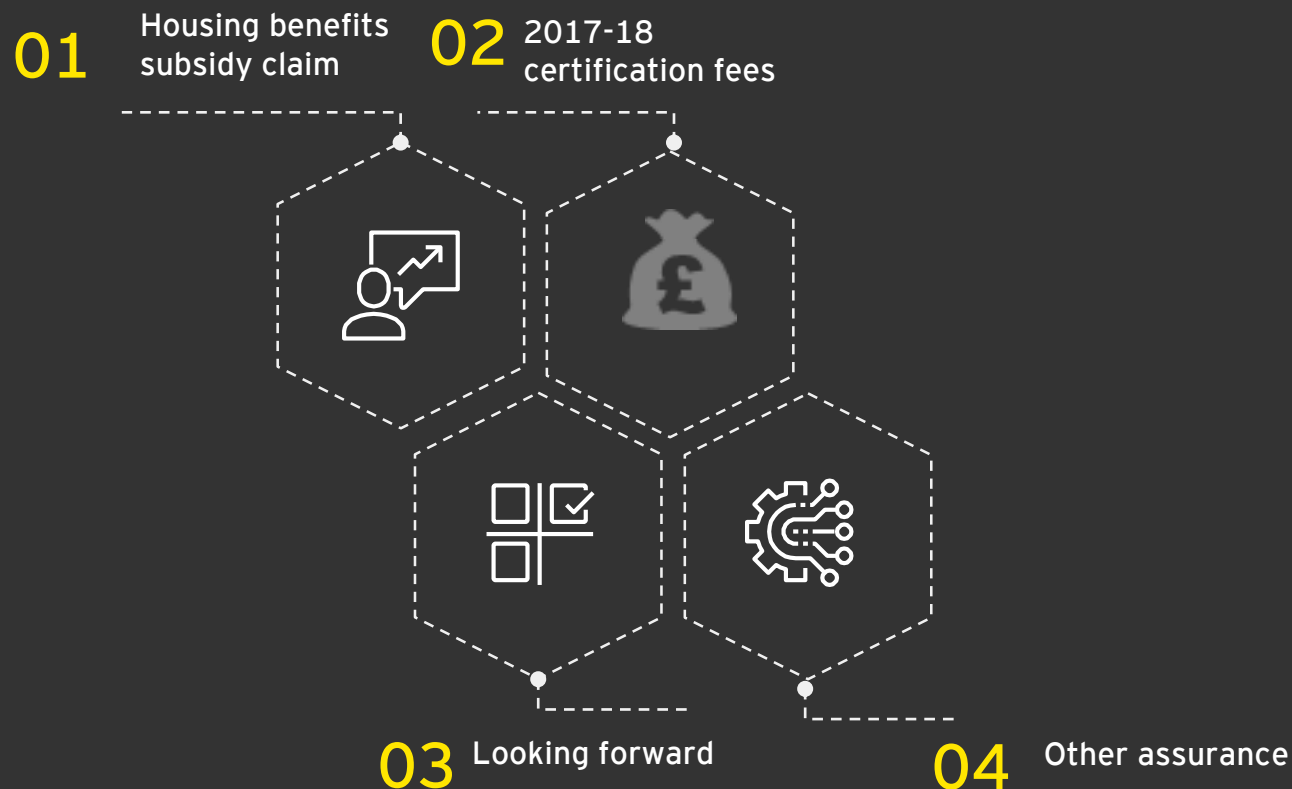
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Building a better
working world

APPENDIX 1

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.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 (updated February 2017)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Standards and Audit Committee and management of Thurrock Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Standards and Audit Committee, and management of Thurrock Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Standards and Audit Committee, and management of Thurrock Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Certification report



01 - Housing benefits subsidy claim

The Council 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 reporting accountants 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 certification of previous years claims.

Scope of work	Results
Value of claim presented for certification	£52,161,431
Amended/Not amended	Amended - subsidy reduced by £3,613
Qualification letter	Yes
Fee - 2017-18	£15,664
Fee - 2016-17	£17,148

There were no errors in the initial testing in 2017/18. However, we were required to carry out extended testing in two areas due to errors in the calculation of wages identified in last year's claim. Extended testing in the first area identified errors which the Council has amended within the benefits system during 2018/19. These adjustments (a net understatement of £172.80 in the claim) will be reflected 2018/19 claim.

We have reported the extrapolated value of the error found in extended testing in the second area in a qualification letter. The value of the error was £1.50 within one case with a value of £2,820.20. The extrapolated impact was an overstatement of £56.68 in the claim. The DWP will decide whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

Other testing identified errors which the Council amended with a small net impact on the claim, reducing subsidy by £3,613.

Certification report

02 - Fees

Claim	2017-18 Actual fee	2017-18 Scale fee	2016-17 Actual fee
Housing benefits subsidy claim	15,664	15,664	17,148

PSAA set the 2017/18 scale fee on the actual fee for 2015/16. We have delivered the work within this fee.

03 - Looking forward

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body. Following a request for quotes in November 2018 the Council has appointed another firm to act as reporting accountants in relation to the housing benefit scheme.

04 - Other assurance

The Council has also engaged us to act as reporting accountants, outside of the PSAA regime, in relation to the following schemes:

- ▶ Teachers' Pensions - £13,500 indicative fee (as per prior year)
- ▶ Pooling of Housing Capital Receipts - £6,000 indicative fee (as per prior year)

Based on the work completed as at the time of this report, we have not identified any significant issues from this work that need to be brought to the attention of Members.

About EY

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ED None

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14 March 2019		ITEM: 7
Standards and Audit Committee		
Complaints and Enquiries Report – April 2018 to September 2018		
Wards and communities affected: All		Key Decision: N/A
Report of: Lee Henley, Strategic Lead of Information Management		
Accountable Assistant Director: David Lawson, Assistant Director of Law and Governance		
Accountable Director: Jackie Hinchliffe, Director of HR, OD and Transformation		
This report is Public		

Executive Summary

- The number of complaints received for the reporting period is 860. For the same period last year the figure was 893, therefore the reporting period represents a slight reduction in 33 corporate complaints.
- Details of the top 10 complaint areas are detailed within Appendix 1.
- A summary for Adult Social Care complaints is attached as Appendix 2.
- A summary for Children Social Care complaints is attached as Appendix 3.
- During the reporting period, 46% of complaints have been upheld. This is a decrease in performance compared with the same period last year which identified 39% of complaints as being upheld.
- For the reporting period, 87% of complaints were responded to within timeframe. This is below the 95% target.
- A total of 299 MP/MEP enquiries were received, of which 87% were responded to within the timeframe.
- A total of 2030 member enquiries were received, with 95% responded to within timeframe. The average time taken to respond to members enquiries across all Directorates was 4 days.
- The reporting period has seen an increase in compliments received.

1. Recommendations

1.1 To note the statistics and performance for the reporting period.

2. Introduction and Background

2.1 This report sets out the council's complaints statistics for the period 1 April 2018 to 30 September 2018.

2.2 Adult Social Care (ASC) and Children's Social Care (CSC) have separate statutory complaints procedures.

2.3 Top 10 complaint themes have been produced and are attached as Appendix 1. The Corporate Complaints Team work with services to establish the root cause for complaints received, to identify reasons for complaint escalation and to establish the reasons why complaints are upheld.

2.4 Ombudsman Enquiries

2.4.1 The table below provides a summary of formal enquiries where the Local Government and Social Care Ombudsman (LGSCO) and/or the Housing Ombudsman (HO) have reached a formal decision on cases within the reporting period. Findings and recommendations from all enquiries are shared with respective Directors and Assistant Directors.

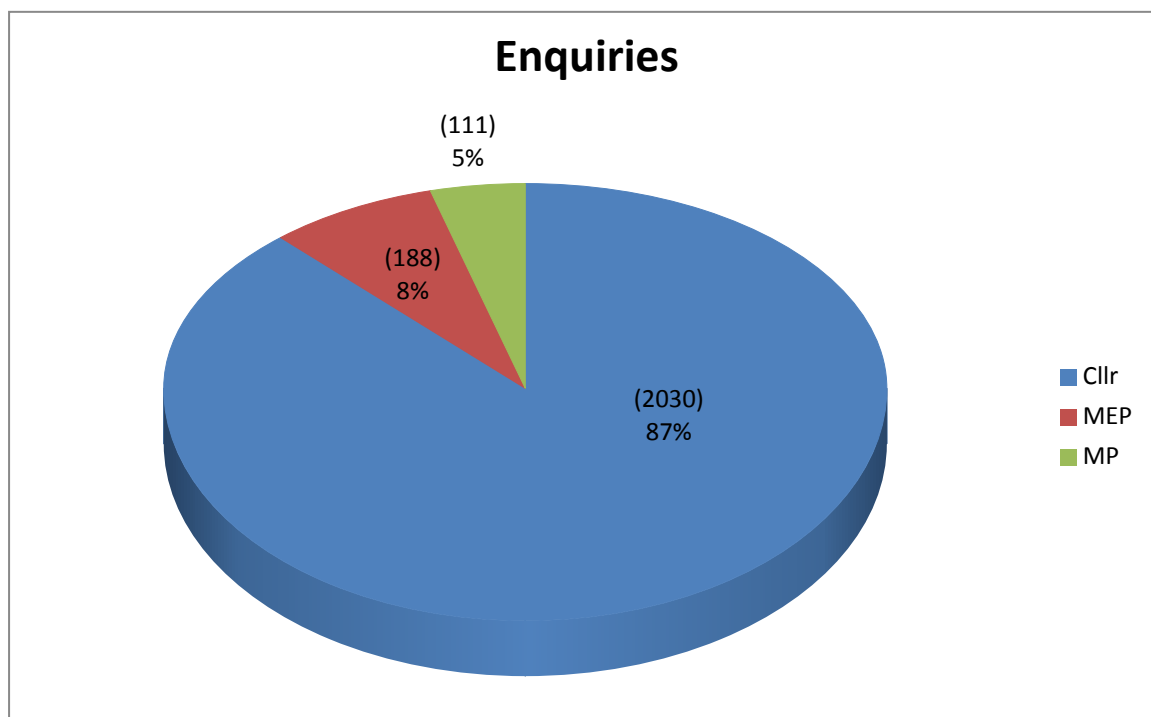
Area	Issue Nature	Ombudsman Findings	Financial Remedy
Housing Repairs (HO)	Property condition and repairs	No Maladministration	N/A
Housing Estates Services (HO)	Caretaking Services	No Maladministration	N/A
Housing Repairs (LGSCO)	Delays in Repairs (Mears)	No Maladministration	N/A
Adult Social Care (LGSCO)	Personal Care	Local Settlement	£150
Planning Enforcement (LGSCO)	Failure to enforce against a neighbours building work	Maladministration Causing Injustice	N/A
Adult Social Care (LGSCO)	Financial control passed to 3 rd Party	Maladministration Causing Injustice	N/A
Highways (LGSCO)	Refusal to add additional Street lighting	Maladministration Causing Injustice	N/A
Procurement (LGSCO)	Public Notice Contract	No Maladministration	N/A
Housing – Private Housing	Failure to investigate possible HMO	No Maladministration	N/A

Enforcement (LGSCO)			
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2.5 MP and Member Enquiries

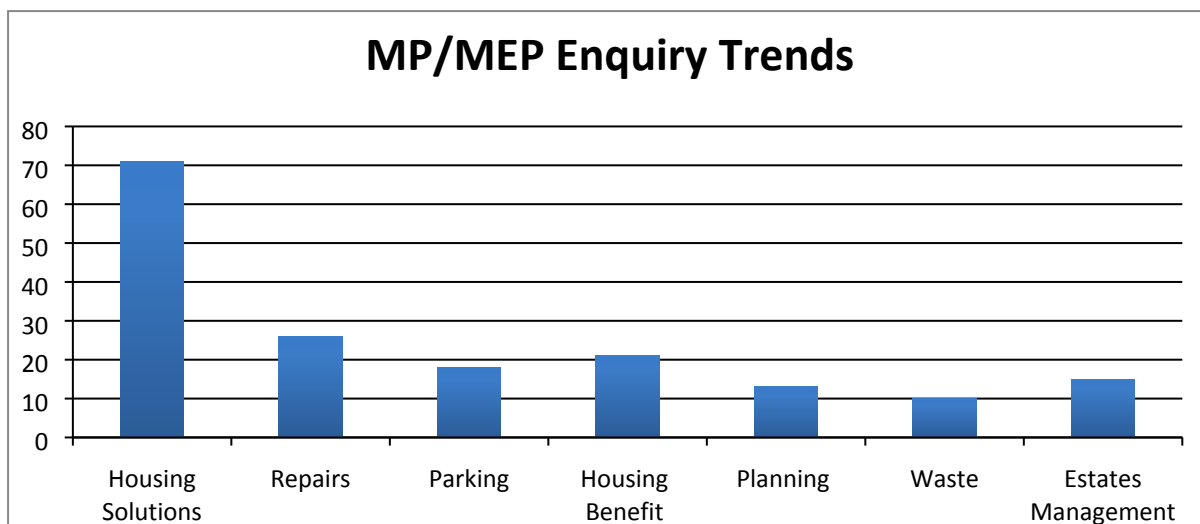
2.5.1 During the reporting period enquiries were received as follows:

- 2030 member enquiries were received, with 95% responded to within timeframe. The average time taken to respond to members enquiries across all Directorates was 4 days.

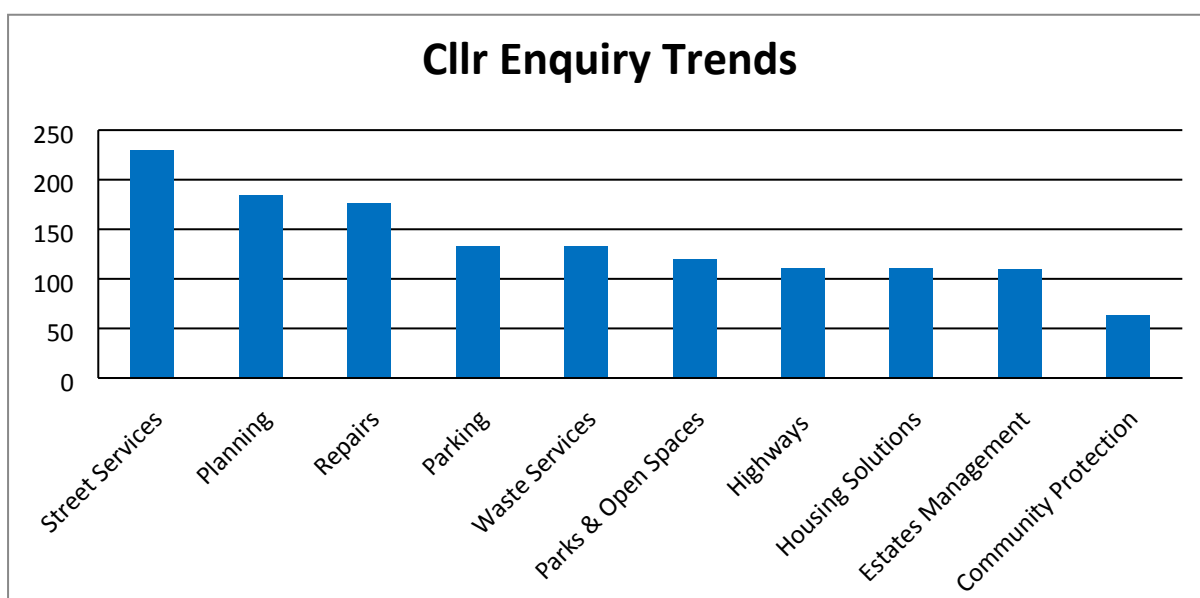


- A total of 299 MP/MEP enquiries were received, of which 87% were responded to within the timeframe.

2.5.2 MP/MEP enquiry trends and common themes are outlined below:



2.5.3 Councillor enquiry trends and common themes are outlined below:



2.6 Learning lessons from complaints

2.6.1 The most important aspect of any complaints management framework is the ability to demonstrate that the council can show evidence that it is learning from complaints received. Appendix 1 shows top 10 complaint themes and a summary of high level learning from upheld complaints which has been identified by the Directorates.

2.7 Complaint investigation costs

Complaints which escalate through the complaints procedure can result in additional costs to the council in terms of officer time. Based on analysis it has been estimated that a stage 1 complaint costs £40, a stage 2 complaint costs £70 and a stage 3 complaint costs £120. As such complaint investigation costs for the reporting period are as follows:

Note – This is based on complaints closed (so will be different to the complaints received figure in the Executive Summary)

Complaint stage	No of complaints	Associated cost
Stage 1	538	£21520
Stage 2	227	£15890
Stage 3	29	£3480

2.8 Alternate Dispute Resolution

Alternate Dispute Resolution (ADR) has been embedded within the corporate complaints process for several years and is implemented as a mechanism to resolve complaints swiftly should the complainant request escalation. This involves assessment of the presenting issues by the Statutory & Corporate Complaints Manager and appropriate recommendations being made. It can also include mediation with the complainant, the service or advising of onward referral to the appropriate Ombudsman.

Complainants are seeking resolution and welcome the involvement of a neutral third person who will be able to assist both the complainant and the service in negotiating a settlement to their complaint.

Costs for independent investigations for both children and adult social care services differ depending upon complexity of the case, length of the investigation and in particular the need for independent persons in addition to an independent investigating officer for children's services. However, initial data analysis has shown that on average these costs are:

Adult Social Care	...	£3000 per complaint investigation
Children's Social Care	...	£1800 per stage 2
	...	£1000 per stage 3

Within the reporting period there were no ADR's undertaken.

2.9 Compensation

2.9.1 Records confirm that within the reporting period financial compensation payments have been made by the council as outlined below:

Area	Complaint Stage	Financial Remedy
ASC – Social Care Field Work	LGSCO	£150
Childrens Services – Education and Welfare	Stage 3	£2050
		Total £2200

2.10 Children's Social Care (CSC)

- Appendix 3 provides a summary dashboard for CSC.

- Children's Social Care operates a statutory complaints procedure. For the reporting period, 23 Stage 1 complaints were recorded since the start of April.

Of those complaints closed during this period 7 complaints were upheld, 3 complaints were partially upheld and 8 complaints were not upheld. 5 were ongoing. This is compared to last year's mid-year figures of 24 Stage 1 complaints closed, 5 complaints upheld, 7 complaints partially upheld and 14 complaints not upheld.

- No complaints progressed to Stage 2 independent investigation.
- No complaints progressed to a Stage 3 review panel.
- Other representations received are shown below:
 - 25 compliments (16 External, 9 Internal)
 - 6 MP Enquiries
 - 16 Member Enquiries
 - 13 MEP Enquiries
 - 19 Initial feedbacks

2.11 Adult Social Care (ASC)

- Appendix 2 provides a summary dashboard for ASC.
- Adult Social Care operates a statutory complaints procedure. For the reporting period, 20 complaints were recorded since the start of April
- Of the complaints closed during this period, 10 complaints were upheld, 1 was partially upheld and 6 complaints were not upheld whilst 3 remain under investigation. This is compared to last year's mid-year figures of 14 complaints investigated of which 8 complaints were upheld, 2 partially upheld and 4 complaints not upheld.
- Other representations received are shown below:
 - 4 MP Enquiries
 - 40 Member Enquiries
 - 6 MEP Enquires
 - 95 compliments (88 External, 7 Internal)

2.12 Complaint channels

2.12.1 There are various means for complainants to register expressions of dissatisfaction. The top themes for the reporting period are shown below:

Digital channel (email, social media, website)	77%
Complaints Form	18%
Telephone	3%
Letter	2%
In Person	0%

2.13 Compliments

- 2.13.1 The council received a total of 420 external compliments within the reporting period from residents and visitors compared to 124 from last year. Breakdown is below:

Area	Volume
Housing	19
Environment & Highways	69
Finance & IT	0
Strategy, Communications & Customer Service	206
HR, OD & Transformation	3
Legal	0
Place	18
Children's	1
ASC	88
CSC	16
Total	420

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 Customer and Demand 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: **Jonathan Wilson**
Assistant Director of Finance

The financial implications are set out in the report.

7.2 Legal

Implications verified by: **David Lawson**
Assistant Director of Law and Governance

- 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**
Strategic Lead of Community Development

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

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 – Top Ten Complaints Areas – All Directorates
- Appendix 2 – Adult Social Care Complaints Dashboard 2018/2019
- Appendix 3 – Children's Social Care Complaints Dashboard 2018/2019

Report Authors:

Lee Henley,
Strategic Lead Information Management,
HR, OD and Transformation.

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Appendix 1

SIX MONTH COMPLAINT SUMMARY:

2018/2019

Top Ten Complaints Areas – All Directorates

High level summary:

Areas receiving the highest number of service or staff complaints are outlined below with the individual learning for each area grouped by directorate below. **(Last year's equivalent performance/data for April-Sept is in brackets)**

- Overall numbers for complaints within Housing areas are lower than at this point last year.
- The reporting period is showing a high percentage of upheld complaints for Missed Bin collections

Issue & Directorate	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Missed Collections - Env & Highways	125 (102)	78% (78%)	13 (8)	13 (8)	69% (88%)	15% (13%)	1 (0)	1 (1)	100% (100%)	0% (0%)
Repairs – Housing	95 (80)	42% (32%)	8 (9)	20 (23)	28% (38%)	0% (3%)	1 (3)	1 (3)	0% (0%)	0% (0%)
Estate Management – Housing	29 (56)	45% (25%)	10 (6)	29 (24)	24% (21%)	7% (6%)	1 (3)	1 (3)	0% (0%)	0% (0%)

Issue & Directorate	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Housing Solutions	35 (40)	40% (27%)	3 (10)	19 (29)	37% (36%)	0% (3%)	1 (3)	2 (3)	0% (0%)	0% (0%)
Council Tax – Finance	23 (55)	13% (37%)	3 (9)	7 (18)	14% (25%)	0% (10%)	2 (4)	2 (4)	50% (0%)	14% (0%)
Planning – Place	14 (32)	21% (18%)	4 (8)	9 (13)	22% (7%)	0% (0%)	5 (6)	5 (6)	40% (0%)	22% (0%)
Non Return of Bins - Env & Highways	20 (22)	80% (48%)	5 (7)	5 (7)	80% (17%)	20% (0%)	1 (2)	1 (2)	100% (100%)	0% (33%)
Cemeteries - Env & Highways	21 (13)	62% (46%)	2 (1)	3 (2)	33% (100%)	50% (50%)	1 (0)	1 (0)	100% (0%)	100% (0%)
Transforming Homes – Housing	10 (24)	50% (46%)	3 (1)	10 (7)	30% (60%)	0 (0%)	3 (1)	5 (1)	0% (0%)	0% (0%)
Housing Benefit, Legislation & Control – Finance	18 (15)	17% (38%)	3 (2)	4 (2)	0% (0%)	0% (0%)	1 (1)	2 (1)	50% (0%)	0% (0%)

- Complaints for this area cover both the internal Quality Assurance team & Contractors.

Comparative Data: April-Sept 2018 vs. April – Sept 2017	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
April – Sept 2018	95	42%	8	20	28%	0%	1	1	0%	0%
April – Sept 2017	80	32%	9	23	38%	13%	7	7	0%	0%
Difference	+15	+10%	-1	-3	-10%	-13%	-6	-6	N/A	N/A

Analysis – key themes / concerns	Comments to explain: <ul style="list-style-type: none"> • Provide suggested progress going forward or • Provide a summary of positive impact 	Additional commentary from the Complaints Team
<p>42% of Stage 1 complaints were upheld (based on 95 Received) These relate to delays in the completion of works, missed appointments & lack of contact from staff.</p>	<p>Learning action plans are produced on a monthly basis and monitored as part of operational and governance meetings to ensure all newly identified learnings are embedded accordingly.</p> <p>More upheld complaints are now case specific with contractors including technical or equipment failures, or issues with duplicate call slips being created.</p>	<p>Continued monitoring is required due to the slight increase in complaint volumes and a 10% increase in overall upheld rates</p>
<p>Stage 2 Complaints met the expected Benchmark with only 28% upheld, an improvement on last year (at 38%)</p>	<p>Continuing application of learning actions from previous years complaints have lowered the number of escalations and overall number of direct staff complaints. This included ensuring residents are contacted regularly with updates on repair timelines or reasons for any delays and any follow on works are progressed correctly.</p> <p>In addition to this, an action plan has been implemented with the contractor (Liberty Gas) which is also subject to monitoring as part of performance/contract meetings.</p>	<p>Positive improvement on this measure</p>

- Complaints for this area encompass all issues raised against the ASB, Caretaking & Tenancy Management teams.

Comparative Data: April-Sept 2018 vs. April – Sept 2017	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
April – Sept 2018	29	45%	10	29	24%	7%	1	1	0%	0%
April – Sept 2017	56	25%	6	24	21%	6%	3	3	0%	0%
Difference	-27	+20%	+4	+5	+3%	+1%	-2	-2	N/A	N/A

Analysis – key themes / concerns	Comments to explain: <ul style="list-style-type: none"> • Provide suggested progress going forward or • Provide a summary of positive impact 	Additional commentary from the Complaints Team
<p>45% of Stage 1 complaints upheld (of 29 received)</p> <p>Complaints received related to lack of communication from staff or lack of clarity in information provided</p>	<p>All Estates Officers, including team leaders have been provided with additional customer care training covering the appropriateness of advice issued and ensuring that feedback is provided to residents in a timely manner to prevent service requests/contact slips becoming complaints.</p> <p>Other issues related to errors in letters sent to residents which were corrected and reissued as soon as they were identified.</p>	<p>Significant reduction in complaints volumes which is a positive</p>
<p>24% of Stage 2's (of 29 received) were upheld, below the KPI, these were mostly direct staff complaints regarding lack of contact</p>	<p>Of those complaints upheld it has been identified that there were staffing pressures in the ASB team. Steps have been taken to address this.</p>	

- Complaints for this area encompass all issues regarding Registrations, Allocations & Homelessness and Prevention Teams

Comparative Data: April-Sept 2018 vs. April – Sept 2017	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
	35	40%	3	19	37%	0%	1	2	0%	0%
	40	27%	10	29	36%	3%	3	3	0%	0%
	-5	+13%	-7	-10	+1%	-3%	-2	-1	N/A	N/A

Analysis – key themes / concerns	Comments to explain: <ul style="list-style-type: none"> • Provide suggested progress going forward or • Provide a summary of positive impact 	Additional commentary from the Complaints Team
<p>40% of Stage 1 complaints upheld (of 35 received)</p> <p>Complaints received relate to administrative errors, delays in processing applications and lack of communication with residents</p>	<p>Additional training has been provided to officers in cases of administrative errors to prevent a recurrence of the same issues. This largely relates to changes in priority banding or initial applications to the Housing register or Homeless services.</p> <p>Automated responses have been added to the team inbox to provide residents with a timescale expected for a formal response and managers are now monitoring calls to ensure follow up works are complete when agreed by a caseworker.</p>	<p>Whilst overall complaints volumes have dropped, the upheld level has increased,</p>
<p>37% of Stage 2's were upheld (of 19 received) and related to lack of communication by staff or caseworkers.</p>	<p>Complaints volumes were largely due to staffing pressures within the Homeless team. Additional staff are now in post.</p> <p>Existing staff have been retrained on customer service skills relating to the handling of calls and the quality or written correspondence.</p>	<p>Complaint volumes have dropped which is a positive.</p>

- Complaints for this area encompass both Transforming homes and Adaptation works to properties.

Comparative Data: April-Sept 2018 vs. April – Sept 2017	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
April – Sept 2018	10	50%	3	10	30%	0	3	5	0%	0%
April – Sept 2017	24	46%	1	7	60%	0	1	1	0%	0%
Difference	-14	+4%	+2	+3	-30%	N/A	+2	+4	N/A	N/A

Analysis – key themes / concerns	Comments to explain: <ul style="list-style-type: none"> • Provide suggested progress going forward or • Provide a summary of positive impact 	Additional commentary from the Complaints Team
<p>50% of Stage 1 complaints upheld (of 10 received). Complaints received were related to quality of work by contractors and delays in completion of works.</p>	<p>Each upheld case had specific issues and as such no direct themes can be taken from these (e.g. contractors leaving windows open in a property whilst working without asking the residents permission, or failing to sign off works when completed.) These were all addressed with the contractor's management teams and staff and none of these specific issues have reoccurred.</p> <p>Staff are also closely monitoring works through to completion where delays are occurring with contractors, to ensure the resident is fully aware of any issues which may occur and prevent further complaints occurring.</p>	<p>Overall complaints volumes at Stage 1 have dropped which is a positive.</p>
<p>30% of Stage 2's were upheld (of 10 received) and related to poor quality of work & customer service levels</p>	<p>Percentage of upheld complaints compared to last year has reduced showing the new contractors taken on for this year have performed better.</p> <p>Where complaints are upheld, these are discussed with contractor to prevent them from happening again (e.g. snagging left unfixed, appropriate signage not being used etc.)</p>	
<p>Number of Stage 3 complaints received has jumped significantly from 1 to 5.</p>	<p>More complaints were escalated or received directly at S3 than in the previous year, however none of these were upheld on the basis of the evidence presented.</p>	<p>.</p>

ENVIRONMENT & HIGHWAYS – COMPLAINT DASHBOARD APR-SEPT 2018

Missed Collections

Comparative
Data: April-
Sept 2018 vs.
April – Sept
2017

April – Sept
2018

April – Sept
2017

Difference

S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
125	78%	13	13	69%	15%	1	1	100%	0%
102	78%	8	8	88%	13%	0	1	100%	0%
+23	0%	+5	+5	-19%	+2%	+1	0	0%	0%

Analysis – key themes / concerns	Comments to explain: <ul style="list-style-type: none"> • Provide suggested progress going forward or • Provide a summary of positive impact 	Additional commentary from the Complaints Team
78% of Stage 1 complaints were upheld (of 125 received)	<p>Multiple methods are being employed across all crews including issuing written instructions for teams, additional training for supervisors and crews and monitoring periods.</p> <p>However the percentage of complaints upheld remains the same as last year's figures and is due to factors such as high staff turnover, use of agency staff or other operational difficulties.</p>	The suggested Bartec system for logging contaminated or non-presented bins along with instantly flagging any other issues would potentially help in responding to missed collections before they can escalate to a formal complaint.

- Cemeteries did not feature at all in last year's reporting, however due to the high temperatures across the summer multiple complaints were received regarding the upkeep of the cemeteries and quality of works being completed.

Comparative Data: April-Sept 2018 vs. April – Sept 2017	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
	21	62%	2	3	33%	50%	1	1	100%	100%
	13	46%	1	2	100%	50%	0	0	0%	0%
	+8	+16%	+1	+1	-67%	0%	+1	+1	+100%	+100%

Analysis – key themes / concerns	Comments to explain: <ul style="list-style-type: none"> • Provide suggested progress going forward or • Provide a summary of positive impact 	Additional commentary from the Complaints Team
<p>62% of Stage 1 complaints were upheld (of 21 received). Issues were mostly to do with the condition of the cemeteries</p>	<p>This year's complaints were largely due to a wet spring followed by a hot and dry summer leading to complaints regarding the length of grass/presentation of the cemeteries.</p> <p>All staff are being put forward to attend an accredited cemeteries operative training course and a reorganisation of the service is being considered to change the way the teams are deployed.</p>	

ENVIRONMENT & HIGHWAYS – COMPLAINT DASHBOARD APR-SEPT 2018

Non Return of Bins

Comparative Data: April-Sept 2018 vs. April – Sept 2017	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
April – Sept 2018	20	80%	5	5	80%	20%	1	1	100%	0%
April – Sept 2017	22	48%	7	7	17%	0%	2	2	100%	33%
Difference	-2	+32%	-2	-2	+63%	+20%	-1	-1	0%	-33%

Analysis – key themes / concerns	Comments to explain: <ul style="list-style-type: none"> • Provide suggested progress going forward or • Provide a summary of positive impact 	Additional commentary from the Complaints Team
80% of Stage 1 complaints were upheld (of 20 received)	The same methods have been adopted to that of missed bin collections.	

Comparative Data: April-Sept 2018 vs. April – Sept 2017	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
April – Sept 2018	23	13%	3	7	14%	0%	2	2	50%	14%
April – Sept 2017	55	37%	9	18	25%	10%	4	4	0	0
Difference	-32	-24%	-6	-11	-11%	-10%	-2	-2	+50%	+14%

Analysis – key themes / concerns	Comments to explain: <ul style="list-style-type: none"> Provide suggested progress going forward or Provide a summary of positive impact 	Additional commentary from the Complaints Team
13% of Stage 1 complaints were upheld (of 23 received). This is below the KPI.	Where complaints have been upheld these have largely been due to administrative errors. Staff have been provided with further training or advice to prevent individual errors occurring.	The number of overall complaints along with the % held have dropped significantly. This is positive

FINANCE & IT – COMPLAINT DASHBOARD APR-SEPT 2018
Housing Benefit
**Comparative
Data: April-
Sept 2018 vs.
April – Sept
2017**

 April – Sept
2018

 April – Sept
2017

Difference

S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
18	17%	3	4	0%	0%	1	2	50%	0%
15	38%	2	2	0%	0%	1	1	0%	0%
+3	-21%	+1	+2	N/A	N/A	0	+1	+50%	N/A

Analysis – key themes / concerns	Comments to explain: <ul style="list-style-type: none"> • Provide suggested progress going forward or • Provide a summary of positive impact 	Additional commentary from the Complaints Team
17% of Stage 1 complaints were upheld (of 18 received). This is below the KPI	<p>Of those complaints upheld these were all based around administrative errors in the processing of a claim. In all instances the staff were retrained in the specific areas in which the error occurred to prevent a reoccurrence</p> <p>Most of the complaints received and not upheld, were due to:</p> <ul style="list-style-type: none"> • Confusion by the complainant due to the complexity of the benefits system and how issues such as overpayments are explained. • The roll out of universal credit as residents did not realise that the council no longer pay their benefits 	Positive improvement in the reduction of upheld complaints

Comparative
Data: April-
Sept 2018 vs.
April – Sept
2017

April – Sept
2018

April – Sept
2017

Difference

S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
14	21%	4	9	22%	0%	5	5	40%	22%
32	18%	8	13	7%	0%	6	6	0%	0%
-18	+3%	-4	-4	+15%	N/A	-1	-1	+40%	+22%

Analysis – key themes / concerns	Comments to explain: <ul style="list-style-type: none"> • Provide suggested progress going forward or • Provide a summary of positive impact 	Additional commentary from the Complaints Team
21% of Stage 1 complaints were upheld (of 14 received). The complaints related to a lack of actions taken by the Enforcement team, delays and lack of communication with applications and difficulty obtaining information	Of the few complaints upheld, staff were reminded of the timescales for responses or given retraining in the specific area where the error occurred (e.g. ensuring the email addresses we have for contacts is correct to prevent responses failing to reach recipients).	The significant reduction in overall complaints received is a positive.
40% of Stage 3 complaints were upheld (of 5 received).	This only related to 2 upheld complaints. In one instance it became apparent that the investigating officer was provided with incorrect information to not uphold the stage 2 complaint. This decision was overturned at stage 3.	

ADULT SOCIAL CARE COMPLAINTS DASHBOARD 2018/2019

SUMMARY

A high level summary on 6 months feedback is detailed below together with root causes and a comparison to this time last year. For those complaints that have been concluded as upheld, the service has identified learning outcomes. A key performance indicator is the timeliness of responses for those complaints that are due a response in month.

Types of feedback: This is classified into four groups:

- *Initial feedback* – low risk, non-complex types of feedback that can be resolved quickly and without the need to be investigated through the statutory complaints procedure
- *Low Intervention* – minor inconvenience or discomfort, lack of information or information not in appropriate format, access issues, late payments or financial issues etc.
- *Medium intervention* – moderate harm e.g. delayed assessment, failure to meet care needs, loss of property etc.
- *High intervention* – as above but involving more than one organisation, events resulting in serious individual harm etc.

Feedback:	Initial Feedback	Low Intervention	Medium Intervention	High Intervention	No. withdrawn	Total to be investigated	Cases closed in period*	% of complaints upheld in period	% timeliness of response for those due in month
April – Sept 2018	12	18	2	0	0	20	17	65%	94%
April – Sept 2017	28	14	5	0	1	18	14	71%	93%
Difference	-16	+4	-3	N/A	-1	+2	+3	-6%	+1%

*Number closed may differ due to length of time required to close a complaint (i.e. those from September will likely be closed in October)

Root cause analysis and associated learning:

Complaints are analysed and the top three themes are identified below. Learning from upheld complaints is recognised by the service as part of complaint resolution. The Complaints Team will ensure the case studies are shaped as appropriate and that learning is embedded.

Root cause analysis and learning from upheld complaints:	Root Cause 1 and associated learning	Root Cause 2 and associated learning	Root Cause 3 and associated learning
April – Sept 2018	Missed appointments & Quality of Care	Decision Making	Financial issues with 3 rd party providers
Learning	Change of procedure and staff training	Staff training, change of procedure	Staff training for contractors.

CHILDREN SOCIAL CARE COMPLAINTS DASHBOARD 2018/2019

SERVICE SUMMARY:

A high level summary on 6 months feedback is detailed below with a comparison to last year's data together with root causes. For those complaints that have been concluded as upheld, the service has identified learning outcomes. A key performance indicator is the timeliness of responses for those complaints that are due a response in month.

Feedback:	Initial Feedback	S1 complaints	S1 escalation	S2 complaints	S2 escalation	S3 complaints	No of ADR cases	Cases closed*	% of complaints upheld – closed in month	% timeliness of response for those due in month
Apr – Sept 2018	19	23	0	0	0	0	0	18	56%	100%
Apr – Sept 2017	16	26	0	0	0	0	5	24	50%	81%
Difference	+3	-3	N/A	N/A	N/A	N/A	-5	-5	+6%	+19%

*This figure *may* be different from the total received, due to the time taken to investigate a complaint (i.e 5 complaints would be due a response in October, having been received in late September.)

Cases which required Alternative Dispute Resolution (ADR) are managed by the Complaints Team.

Root cause analysis and associated learning:

Top three themes are identified below for the reporting period, learning from upheld complaints is recognised by the service as part of complaint resolution. The Complaints Team will ensure the case studies are shaped as appropriate and that learning is embedded.

Root cause analysis and learning from upheld complaints:	Root Cause 1 and associated learning	Root Cause 2 and associated learning	Root Cause 3 and associated learning
Learning for Apr – Sept 2018	Communication Internal changes to rota spreadsheets to reflect contact in the community. Staff given reflective practice sessions to attune themselves with how service changes affect users.	Decision Making Both sides of families to be contacted where children only live with one parent to ensure equal sharing of information.	Savings / Assessment / Delays / Missed contact (1 of each.) Policy to be drafted to address the issue of savings for children in care. Further training to be provided to staff to remember the impact that professional opinion and timekeeping has on cases.

14 March 2019		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: N/A
Report of: Andy Owen, Corporate Risk and Insurance Manager		
Accountable Assistant Director: Jonathan Wilson, Assistant Director of Finance		
Accountable Director: Sean Clark, Director of Finance, IT and Legal		
This report is Public		

Executive Summary

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

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

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

1. Recommendations

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

2. Introductions and Background

- 2.1 Risk and Opportunity Management is an integral part of the Council's Corporate Governance and Performance Management arrangements and the Council has a statutory responsibility under the Account and Audit Regulations to put in place arrangements for the management of risks.**

2.2 The Council has for a number of years used the ALARM/CIPFA Risk Management Model to test the Council's performance against best practice.

2.3 The ALARM/CIPFA Model 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

2.4 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.

2.5 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
A	4/4	LEADERSHIP & MANAGEMENT	75/100
1	✓	Information and decision making	24/32
2	✓	Escalation and reporting systems	10/12
3	✓	Accountability and management responsibility	24/32
4	✓	Leading risk management implementation	17/24
B	2/2	POLICY & STRATEGY	75/100
1	✓	Risk management policy	50/60
2	✓	Strategy	25/40
C	4/4	PEOPLE	74/100
1	✓	Culture	20/25
2	✓	Responsibility	14/20
3	✓	Skills and guidance - capability	24/35
4	✓	Communication	16/20
D	3/3	PARTNERSHIPS & SHARED RESOURCES	70/100
1	✓	Partnerships and shared services	35/50
2	✓	Finance	20/30
3	✓	Tools	15/20

ENABLERS			Score
E	6/6	PROCESSES	74/100
1	✓	Links to business/service processes overview	25/35
2	✓	Risk Identification and Analysis	25/30
3	✓	Risk response	10/15
4	✓	Risk reporting and review	4/5
5	✓	Information Risk	5/5
6	✓	Service Continuity	5/10
RESULTS			Score
F	2/2	RISK HANDLING & ASSURANCE	71/100
1	✓	Risk handling	43/60
2	✓	Assurance	28/40
G	2/2	OUTCOMES & DELIVERY	70/100
1	✓	Risk management contribution to overall performance	40/60
2	✓	Contribution to specific outcomes	30/40
Additional Questions			
-			Go to additional questions

Comparison to Alarm's National Performance Model for Risk Management

ENABLERS LEVEL KEY	
Level 5 - Driving	85%+
Level 4 - Embedded and integrated	70%+
Level 3 - Working	45%+
Level 2 - Happening	20%+
Level 1 - Awareness	0+

Your Score-->

RESULTS LEVEL KEY	
Level 5 - Driving	85%+
Level 4 - Embedded and integrated	70%+
Level 3 - Working	45%+
Level 2 - Happening	20%+
Level 1 - Awareness	0+

Your Score-->

2.6 The Council has retained Level 4 - Embedded and integrated for the Enabler and 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 2018:

Strand	Year							
	2011	2012	2013	2014	2015	2016	2017	2018
A. Leadership & Management	62	62	72	73	75	75	75	75
B. Policy & Strategy	34	63	73	75	75	75	75	75
C. People	59	68	69	71	71	71	71	74
D. Partnership & Shared Resources	56	56	65	70	70	70	70	70
E. Processes	67	70	72	74	74	74	74	74
F. Risk Handling & Assurance	53	64	66	66	66	66	71	71
G. Outcome & Delivery	60	65	68	68	70	70	70	70

3.2 The review has revealed that:

- For all 7 strands the Council has retained Level 4 – embedded and integrated (70%+).
- For 6 of the 7 strands the Council's score is the same as the previous year's results. The current ROM activity to maintain the practice resembles those identified for last year. No significant changes were identified by the review and this has led to the same scores as the previous year.
- For 1 of the 7 strands (People) the Council's scores have improved slightly and the following aspects have contributed to the increased score:
 - Skills & Guidance - Innovation and Risk training module developed and provided to senior managers by Passe-Partout Consulting Ltd, through the Leadership and Management Development Programme.
 - Information Risk – Appropriate arrangements in place to respond to information risks and no issues escalated to the Information Commission Office (ICO), as outlined in the Access to Records Report presented to Standards and Audit Committee September 2018.

3.3 A summary of the current ROM activity and proposals to maintain and further embed the practice across the organisation are included in Appendix 1.

3.4 The challenge facing the Council is to ensure that adequate ROM arrangements remain in place and form part of the decision making process both at operational and strategic levels.

3.5 As part of the review the ROM Policy, Strategy and Framework has been refreshed and some minor changes made to update the document. The updated ROM Policy, Strategy and Framework are included in Appendix 2.

4. Reasons for Recommendation

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

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

- 5.1 The results of the annual review, outline of the current ROM activity and proposals to maintain and improve the practice across the organisation were be reported to Directors Board 26th February 2019, via Performance Board representatives 12th February 2019.

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: **Dammy Adewole**
Management Accountant, Central Services

There are no direct financial implications as a result of this report. 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**
Assistant Director of Law and 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: **Roxanne Scanlon**
Community Engagement & Project Monitoring 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.

8. Background papers used in preparing the report:

- ALARM/CIPFA Risk Management Model - Review papers.

9. Appendices to the report:

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

Report Author:

Andy Owen,
Corporate Risk and Insurance Manager
Finance

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

ROM Priorities	Summary of Current ROM Activity
<ul style="list-style-type: none"> • Review and Update the ROM Policy, Strategy and Framework • Maintain Strategic/Corporate level ROM • Maintain and further develop Service level ROM, including project and partnership ROM. • Continue to embed ROM and build skill/capacity for ROM across the Council. 	<ul style="list-style-type: none"> • ROM Policy, Strategy & Framework updated and reported to Standards & Audit Committee 6th Mar 2018, via Directors Board 13th Feb 2018 and Performance Board representatives 29th Jan 2018. • The revised ROM Policy, Strategy & Framework presented to Department Management Teams March 2018 to maintain ROM awareness across the Council. • Review and reporting arrangements for the Strategic/Corporate Risk and Opportunity Register compiled and Performance Board and Department Management Teams made aware of the 2018/19 arrangements Mar 2018. • In Quarter 1 Refresh of the Strategic/Corporate Risk and Opportunity Register undertaken during Apr to Jun 2018 and reported to Standards & Audit Committee 19th Jul 2018, via Directors Board 12th Jun 2018 and Performance Board 4th Jun 2018. • In Quarter 2 Review of the Strategic/Corporate Risk and Opportunity Register items undertaken during Jul - Aug 2018 by Directorates and progress against plans monitored by Directorate Management Teams. • Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register undertaken during Sept to Nov 2018 and reported to Standards & Audit Committee 13th Dec 2018, via Directors Board 13th Nov 2018 and Performance Board 29th Oct 2018. • In Quarter 4 Review of the Strategic/Corporate Risk and Opportunity Register commenced Jan 2018 and to be reported to Directors Board 12th Mar 2019 via Performance Board 1st Mar 2019. • Support provided to Performance Board for the review of Service/Team Planning arrangements for 2018/19. ROM section of Service Plan template/guidance for 2018/19 updated and Service Plans (including risk and opportunity registers) developed Mar 2018. • Guidance and templates for project level ROM reviewed and updated and provided on ROM page of the Council's Intranet. • Partnership ROM reviewed and principles that should be applied by services when working with Partners or Third Parties incorporated in the Finance Procedure Rules of the Constitution. • Department Management Teams made aware of the ROM arrangements/guidance available Mar 2018. • ROM information regularly updated and made available on the ROM page of the Council's Intranet. • Innovation & Risk module developed and provided to senior management by Passe-Partout Consulting Ltd, through the Leadership & Management Development Programme. • Risk management arrangements reviewed against the ALARM/CIPFA RM Model (including review of the ROM Policy & Strategy). Report to be presented to Standards and Audit Committee 14th Mar 2019, via Directors Board 26th Feb 2018 and Performance Board representatives 12th Feb 2019.

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 - by Mar 2019. • Update Department Management Teams of the revised ROM Policy, Strategy and Framework to maintain awareness of the ROM arrangements across the Council - Mar 2019. • Review the reporting timeframe/arrangements for Strategic/Corporate Risk and Opportunity Register - by Mar 2019. • Update Department Management Teams of the review and reporting arrangements for the Strategic/Corporate Risk and Opportunity Register - Mar 2019. • 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 - Mar to Jul 2019. • Undertake In Quarter 2 Review of the Strategic/Corporate Risk and Opportunity Register. Items to be reviewed by Directorates and progress against action plans monitored by Directorate Management Teams - Jul to Aug 2019. • Undertake Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register and report to Standards & Audit Committee via Directors Board and Performance Board representatives - Sept to Dec 2019 • Undertake In Quarter 4 Review of the Strategic/Corporate Risk and Opportunity Register and report to Directors Board and Performance Board representatives - Jan to Mar 2019 • Provide support to Directors Board, Performance Board, Directorate Management Teams and Services to further embed the Business Planning, Performance Management and Risk& Opportunity Management Frameworks (i.e. development and ongoing monitoring of risk/opportunity registers as part of the service planning and performance management review arrangements) - Feb to Dec 2019 • Continue to work with services to identify key projects/partnerships and embed risk & opportunity management arrangements. • Continue to raise ROM awareness with Department Management Teams. • Maintain regular updates of ROM Information on the ROM page of the Council's Intranet - Apr 2019 to Mar 2020. • Annual review of ROM arrangements against good practice (e.g. ALARM/CIPFA RM Model) and reporting of developments/outcomes to Standards & Audit Committee via Directors Board and Performance Board - Dec 2019 to Mar 2020

Risk and Opportunity Management Policy and Strategy

December 2018

Title:	Risk and Opportunity Management Policy and Strategy.
Purpose:	Outlines the overarching ROM framework for Thurrock Council.
Owner:	Andy Owen, Corporate Risk & Insurance Manager
Approved by:	N/A
Date:	December 2018
Version:	1.7
Status:	Draft
Review Frequency:	Annual
Next Review Date:	December 2019
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 (CR&OM) 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 Authority to ensure compliance.

Staff Governed by the Policy and Strategy

The Risk and Opportunity Management Policy and Strategy apply to all staff including and not limited to temporary 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. Effective risk and opportunity management makes sound business sense and is good management practice.

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

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• Defining Risk and Opportunity Management	6
• Corporate Risk and Opportunity Management (CR&OM)	6
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Risk & Opportunity Management Policy

Risk needs to be managed 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 (CR&OM) 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 is reviewed on an annual basis by CR&OM. Standards and Audit Committee Members are consulted as part of this process. The Risk and Opportunity Management Policy was approved by Cabinet and any major changes to the document will be submitted to Cabinet for re approval.

Adherence to the requirements set out in the Risk and Opportunity Management Policy and Strategy is monitored by CR&OM and reported to Standards and Audit Committee, via Directors Board 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, CR&OM has been issued the remit of developing and embedding an enterprise-wide risk and opportunity management framework.

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

The Risk & Opportunity Management Framework

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

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

Key Risk and Opportunity Management Objectives

In order to realise the organisational benefits of managing risk/opportunity and deliver upon their remit of developing and embedding a risk and opportunity management framework, CR&OM 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 the risks to and the opportunities for the achievement of strategic and operational priorities, objectives and plans.
3. To ensure risks and opportunities are considered and discussed as part of the councils key decision making processes.
4. To ensure all programmes and projects in the council have a robust approach to risk and opportunity management.
5. To ensure officers consider the risks and opportunities associated with partner organisations, delivery agents and the voluntary sector.
6. To ensure officers consider the management of risk and opportunity within the procurement and commissioning process.
7. To integrate and embed risk and opportunity management throughout the working culture of the Council by providing support, guidance and training to officers.
8. To monitor adherence to the Risk and Opportunity Management Framework and report on performance to Standards & Audit Committee, via Directors Board and Performance Board.

Defining Risk and Opportunity Management

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

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

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

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

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

Corporate Risk and Opportunity Management (CR&OM)

CR&OM sits within the Finance & IT Directorate and is led by the Corporate Risk & 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 guidance, support and training to officers across the Council on how to comply with it.

The tools that CR&OM has developed are available on the Risk and Opportunity Management page on the Council's Intranet, see: [In-Form | Finance and IT | Risk and Opportunity Management](#)

Risk and Opportunity Management in Thurrock Council

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

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

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

The following priorities will be incorporated into Corporate Risk Management's plans for 2018-2020

- 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.

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 Risk and Opportunity Management Guide, that is available via the Risk and Opportunity Management page on the Council's Intranet, see link for details: [In-Form | Finance and IT | Risk and Opportunity Management](#)

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 CR&OM.

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.

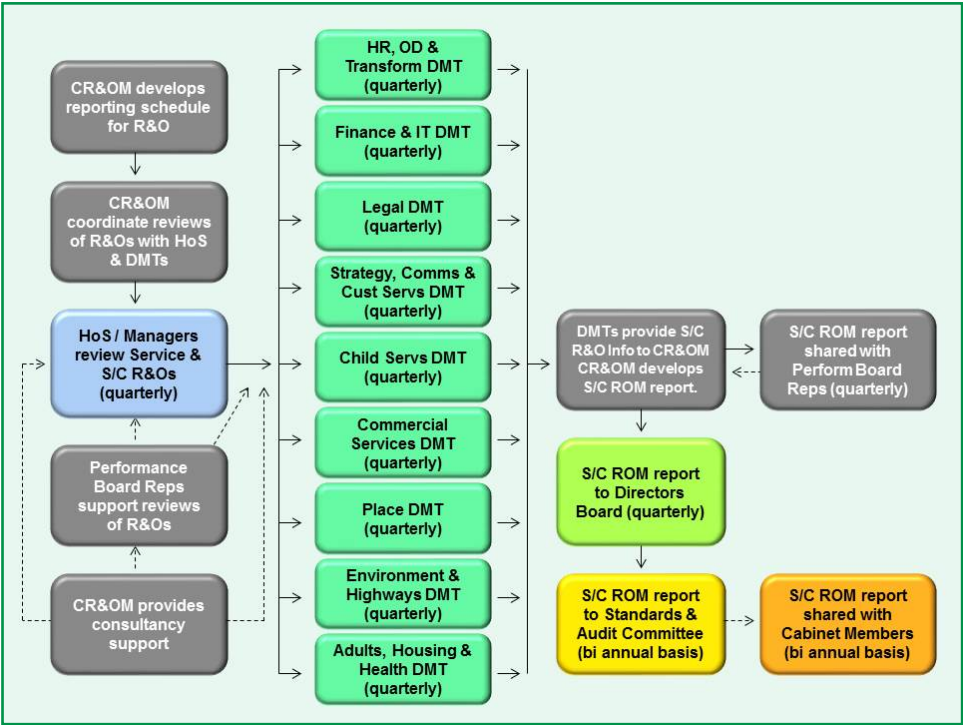
Monitoring, Reporting & Escalating Risk and Opportunity

CR&OM continually monitors the management of risk/opportunity across the Council. This is done through regular reviews of each Directorate/Departments key risks and opportunities.

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

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

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



Monitoring & reporting - strategic/corporate risk & opportunity register

Thurrock Council’s Risk and Opportunity Management Maturity – Review

The development of the risk and opportunity management framework and the level to which it is embedded in the working practices of the organisation are reviewed and/or benchmarked against good practice on an annual basis. The improvement opportunities highlighted by the review are used to inform the CR&OM 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 other documents are available on the Risk and Opportunity Management page of the Council’s Intranet, see: [In-Form | Finance and IT | Risk and Opportunity Management](#). Alternatively the details can be obtained from CR&OM via the following contact:

Andy Owen
Corporate Risk & Insurance Manager
Thurrock Council

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. Receive updates on the Strategic/Corporate R&Os and action plans 	Standards & Audit Committee and Directors Board	<ul style="list-style-type: none"> Annually or as required Bi Annual
Standards & Audit Committee	<ul style="list-style-type: none"> Oversee and challenge assurance and the ROM arrangements 	<ul style="list-style-type: none"> Review of Policy, Strategy & Framework Receive updates on the Strategic/Corporate R&Os and action plans Receive assurance on effectiveness of ROM 	Director of Finance & IT	<ul style="list-style-type: none"> Annually Bi Annual Annually
Directors Board	<ul style="list-style-type: none"> Strategic leadership group for ROM Oversee the ROM Policy, Strategy & Framework Responsible for effectiveness of R&O and assurance arrangements and any management or mitigation. Quarterly monitoring of Strategic/Corporate R&Os & associated action plans. 	<ul style="list-style-type: none"> Review of Policy, Strategy & Framework. Reviews of Strategic/Corporate R&Os and action plans. Review / Benchmarking of ROM 	Director of Finance & IT	<ul style="list-style-type: none"> Annually Quarterly Annually
Corporate Risk & Opportunity 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	<ul style="list-style-type: none"> Annually Quarterly Annually
Directors & Assistant 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 & Assistant Directors	Quarterly or as required
Directorate/Dept 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, Assistant Directors, Service Manager 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	<ul style="list-style-type: none"> Annually Quarterly Annually
Service Managers	<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 	Service Managers	Quarterly or as required by Director, Assistant 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 Director, Assistant Director, DMT or Service Manager
Employees	To manage risk effectively in their job and report hazards, risks or opportunities to their Service Manager.	Report incidents, risks and opportunities following the procedures laid down in corporate policies.	All Employees	As necessary or required.

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14 March 2019		ITEM: 9
Standards and Audit Committee		
Internal Audit Strategy 2017/18 to 2019/20 and Annual Internal Audit Plan 2019/20		
Wards and communities affected: All		Key Decision: N/A
Report of: Gary Clifford, Chief Internal Auditor		
Accountable Assistant Director: Jonathan Wilson, Assistant Director of Finance		
Accountable Director: Sean Clark, Director of Finance, IT and Legal		
This report is Public		

Executive Summary

In January/February 2017, a comprehensive Audit Needs Assessment (ANA) process was undertaken which involved attending meetings with each of the Directorate Management Teams (DMT's) to discuss the risks and priorities with Directors and senior management. As a result, a 3 year Strategy for Internal Audit 2017/18 to 2019/20 was developed. This report comments on the Internal Audit Plan for 2019/20 which has been rolled forward and represents the third year of the three year strategy.

1. Recommendation(s)

- 1.1 That the Standards & Audit Committee receive and agree the Internal Audit Strategy 2017/18 to 2019/20 and the Annual Internal Audit Plan 2019/20.**

2. Introduction and Background

- 2.1** Following the comprehensive Audit Needs Assessment (ANA) process in January/February 2017, a 3 year Internal Audit Strategy 2017/18 to 2019/20 was agreed by the Standards & Audit Committee on 28th February 2017. The annual Internal Audit Plan 2019/20 represents the work to be carried out in the third year of that strategy. As part of the planning process, Internal Audit also considered a number of other sources including the External Auditor's Annual Audit and Inspection Letter, the Annual Governance Statement, Annual Governance Report and the risks arising from the Corporate Risk & Opportunity Register. New issues and potential emerging risks were also identified and discussed with senior management during the year. We also

consider the results of our work in 2018/19 and concerns raised by the Standards & Audit Committee.

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

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

3. Issues, Options and Analysis of Options:

- 3.1 With the introduction of new software to help improve the efficiency of the team, the Chief Internal Auditor has developed an ambitious plan which should provide the Standards & Audit Committee with an increase in outputs, and as a consequence, provide greater assurance around the council's control, risk management and governance frameworks.

4. Reasons for Recommendation:

- 4.1 For the Standards & Audit Committee to satisfy itself that:
- the Internal Audit Strategy 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 As part of the planning process, the strategy and plan have been presented to the Directors Board as a draft before being brought before the Standards & Audit Committee.

6. Impact on Corporate Policies, Priorities, Performance and Community Impact

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

7. Implications

7.1 Financial

Implications verified by: **Jonathan Wilson**
Assistant Director of Finance

The Internal Audit Plan will be within the annually agreed budget for 2019/20.

7.2 Legal

Implications verified by: **David Lawson**
Assistant Director Law and Governance

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

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring 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 Strategic/Corporate Risk & Opportunity Register.

8. Background papers used in preparing this report

- The Accounts and Audit Regulations 2015.
- Public Sector Internal Audit Standards (PSIAS).
- CIPFA – PSIAS Local Government Application Note.
- Strategic/Corporate Risk & Opportunity Register.

9. Appendices to this report:

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

Report Author:

Gary Clifford,
Chief Internal Auditor,
Finance.

Standards & Audit Committee

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

Date: 14th March 2019

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1 Developing the Internal Audit Strategy

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

1.1 Role of Internal Audit

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

Definition of Internal Audit: Chartered Institute of Internal Auditors.

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

1.2 Factors influencing Internal Audit coverage

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

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

Following extensive meetings held with senior management across all services last year, we have rolled forward the agreed plan for 2019/20. As this is the 3rd and final year of the current strategy, during 2019/20 we will undertake a detailed audit needs assessment across the council to determine the key priorities for services and develop a new 3 year strategy covering the period 2020/21 to 2022/23.

The plan has been presented to and discussed at Directors Board.

The plan for 2019/20 is fluid and is constantly being reviewed to ensure any changes to policy, process, legislation or priorities are reflected in the current annual plan. On-going discussions are held with senior management during the year and ad hoc reviews are undertaken where significant risks or control deficiencies are identified.

Changes to the plan can be approved by the Chief Internal Auditor and/or the Director of Finance & IT. All changes will be reported to the Standards & Audit Committee as part of the internal audit progress reporting arrangements.

The key areas / factors are summarised below.

Key areas discussed and their impact on the 2019/20 internal audit plan

- 1 We have agreed to carry out follow up visits to independently provide assurance that high level recommendations are implemented in line with target dates for reports issued in 2019/20.
- 2 The continued emphasis on achieving savings including shared service or joint working arrangements with other local authorities, income generation and more effective and efficient working practices are reflected in a number of areas within the plan.
- 3 New and changing legislation, particularly around Children's Services, Adult Social Care, Environment and Housing have 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 2019/20 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 Chief Internal Auditor and/or Director of Finance & IT and reported to the Standards & Audit Committee;
- Time to follow up previous recommendations and actions to provide the Standards & Audit Committee with assurance on the actions taken by management to address previous internal audit recommendations. High level recommendations will require further testing as they reach their implementation date. For medium and low level recommendations, we will place reliance on management responses but will follow-up as part of the next review of the service; and
- Audit management, which is used for quality control, preparation of the 3 year Strategy & Annual Plan, Annual Governance Statement, client meetings, External Audit liaison, preparation of the Chief Internal Auditor's Annual Report and attendance at Standards & Audit Committee.

2 Assurance Resources

2.1 Your Internal Audit Team

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

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

2.2 Working with other assurance providers

From 2019/20, the council's external auditors have changed from E&Y to BDO. We intend to meet with the external auditors to avoid duplication of coverage between internal and external audit.

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

2.3 Considerations for the Standards & Audit Committee

- Does the Internal Audit Strategy 2017/18 to 2019/20 (Appendix B) cover the organisation's key risks as they are recognised by the Standards & Audit Committee?
- Does the Internal Audit Plan for 2019/20 (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.

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

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

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

Auditable Area	Risks	2017/18	2018/19	2019/20
Risk based reviews				
Corporate/Thematic Reviews				
Contract Procedures	Contract procedure rules and the procurement process may be ineffective leading to inefficiency and a lack of value for money.	✓	✓	✓
Budgetary Control	Budgets may not be controlled and monitored leading to service overspends.	✓		
Corporate Health & Safety	Inadequate health and safety policies and procedures could result in an increase in incidents and accidents.			✓
Duplicate Payment Testing	If duplicate payments are not identified, the Council may be paying twice for services it only received and budgeted for once.	✓	✓	
Public Services (Social Value) Act	The Council fail to take into account the wider social, economic and environmental benefits to the local area when procuring services so may not obtain best value.		✓	
Performance Development Reviews (PDR'S)	If the PDR process is not followed, staff may be awarded an increment when their performance is below that expected and/or further training or assistance is required.	✓		
Business Continuity	The Council may not be able to provide key/critical front line services in the event of an emergency or serious disruption.			✓
BREXIT	Still not clear but may impact on NNDR (if businesses chose to trade outside the UK), increases in costs on contracts paid to foreign contractors due to falling value of the pound sterling, EU Grants and the impact on MTFs, Treasury Management etc.			✓
Children's Services				
Fostering	Inappropriate persons may be allowed to act as foster parents.			✓
Adoption (incl. Special Guardianship and Adoption Allowances)	Children may not be appropriately placed with adoptive parents who have been through a robust adoption process.		✓	
Cyclical School Visit Programme	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety.	✓	✓	✓
Children's Centres	The resources of Children's Centres may not be targeted at the most vulnerable families resulting in a poor use of resources.		✓	
Cyclical visits to Nursery Schools	Failure to manage the budget and control debt could result in overspends and impact on service provision.			✓

Auditable Area	Risks	2017/18	2018/19	2019/20
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.		✓	
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.			✓
No Recourse to Public Funds (NRPF)	Failure to correctly assess, manage and monitor funds paid to families with NRPF could result in payments being made to persons who do not qualify.			✓
School Placed Planning	Without an effective co-ordinated strategy, the increasing population from families moving into the area from London could result in a shortfall in school places and a failure by the Council to meet its statutory requirements.		✓	
Catering Provision in Schools	If the service does not offer value for money, its trading operations may be adversely affected with more schools becoming academies.		✓	
Supervised Contact	Costs associated with supervised contact provided by the Oaktree Resource Centre may not be providing value for money if they are not monitored and managed.	✓		
Troubled Families Programme	Funding claims may be rejected if there is insufficient evidence to support the services provided.	✓	✓	✓
Adolescent Social Work Team	Following restructuring of the service and the introduction of the Social Impact Bond, the outcomes for teenagers may not be monitored resulting in increased costs and more teenagers coming into care.	✓		
Section 17 Payments to Children in Need	Failure to correctly assess, monitor and manage Section 17 payments could result in them being provided to children who are not entitled to them.	✓		
Unaccompanied Asylum Seekers	Payments may be made to asylum seekers who have had their applications rejected and are no longer entitled to get assistance from the Council.		✓	
Education, Health & Care Plans	The Council may not have plans that support children with special educational needs so might not be compliant with the new legislation by the target date of 2018.	✓		
Adults, Housing & Health				
Better Care Funding – CR2	If there are not appropriate financial arrangements around authorisation and payments, funds may not be spent appropriately.	✓		
Adult's Direct Payments	Failure to correctly assess clients and monitor expenditure could result in inappropriate or improper use of the funds.		✓	

Auditable Area	Risks	2017/18	2018/19	2019/20
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.	✓		
Adult Care Packages (Mental Health)	Poor planning, management and monitoring of care packages by the South Essex Partnership Trust (SEPT) could result in vulnerable clients getting more/less support than they need.	✓		
Extra Care	Poor controls around the payment of expenditure and collection of income for vulnerable adults may result in misappropriation of funds and financial loss to the clients.			✓
Primary Care Contracts – Sexual Health	If performance is not monitored and checked, clients may not get the level of service they are entitled to under the primary care contracts for sexual health.	✓		
Financial Top-ups	If appropriate and robust checking processes are not in place, funds may be allocated to persons not entitled to them.			✓
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.			✓
Library Visits	The operational and financial management arrangements in Libraries may be inadequate which could result in poor budgetary control and misappropriation of funds.	✓		
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.			✓
Void Properties	If the correct policies and procedures are not in place, void properties may not be returned to the council housing stock in a timely manner.			✓
Disabled Facilities Grants	Grants may not be used in accordance with grant requirements.		✓	
Homelessness	New arrangements and changes to legislation mean that the Council might not be able to discharge its duties in respect of homelessness.			✓
Leaseholder Charges	Charges made to leaseholders for services provided may not be reasonable or in line with guidance.	✓		
Responsive and Planned Maintenance	Contracts around repairs and maintenance and planned maintenance may not be managed resulting in residents not having quality housing available to them and costs escalating.	✓		
Transforming Homes	Contracts around Transforming Homes may not be managed resulting in residents not having quality housing available to them and costs escalating.		✓	

Auditable Area	Risks	2017/18	2018/19	2019/20
Procurement & Provision of temporary accommodation	The arrangements to procure and provide temporary accommodation may not be robust and value for money might not be achieved.	✓		
Right to Buy	If correct procedures are not followed, incorrect discounts may be applied resulting in loss of income to the Council.		✓	
Core assurance				
Adult Social Care Expenditure	To provide assurance to external audit around key financial systems.	✓	✓	
Adult Social Care Income		✓	✓	
Housing Rents		✓	✓	✓
Finance & IT				
Insurance	There could be an increase in claims due to ineffective monitoring and use of resources.		✓	
Risk Management	Failure to identify risk as part of the business planning cycle could lead to failure of the plans and reputational damage to the Council.		✓	
VAT	The Council may not be complying with relevant VAT legislation resulting in potential fines or penalties.	✓		
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.			✓
Cyber Security	The Council may not have an appropriate management control framework around its corporate information assets increasing the threat of service disruption through cyber security attacks.	✓	✓	
Work to be agreed as part of Audit Needs Assessment process.	Suggested areas include SekChek's automated analysis quickly determines how a client's security controls compare against similar deployments using current, real world data, Physical and Environmental audit (Data centre) and Disaster Recovery	✓	✓	✓
Core assurance				
Oracle – General Ledger	To provide assurance to external audit around key financial systems.	✓	✓	✓
Accounts Payable		✓	✓	✓
Accounts Receivable		✓	✓	✓
Council Tax		✓	✓	✓
National Non Domestic Rates		✓	✓	✓
Housing Benefits		✓	✓	✓
Treasury Management		✓		✓
Asset Register			✓	

Auditable Area	Risks	2017/18	2018/19	2019/20
Commercial Services				
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.	✓		
Stationery Contract	Identified that between April 16 and Dec 16, approx. £14k spent with a stationery supplier who is not on the Council's list of stationery suppliers. Keep a watching brief to determine if spend continues to increase.	✓		
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.			✓
Public Contract Regulations 2015	If there are not robust processes in place to evidence and support decisions to award contracts, the Council may not be compliant with relevant national and local procurement regulations.			✓
Environment & Highways				
Bridge Maintenance	Ineffective Bridge Maintenance may result in expensive unplanned costs being incurred.			✓
Highways Reactive Maintenance – Requests & Responses	The Council may fail to maintain a dialogue with the residents reporting faults resulting in damage to the Council's reputation and a deteriorating local highways network.		✓	
Footway Crossings	There may not be robust arrangements around the application process, commissioning of contractors and inspection processes resulting in poor quality work, additional cost or work being undertaken without formal approval.			✓
Car Parking Service	Review of the processes for charging, collecting fines and writing off fines for on and off street parking.		✓	
Commercial Waste	New sales activity started May 16. Some invoices outstanding. Now actively seeking and winning new business. If processes are not robust, the Council may not be billing customers and getting in the income.	✓		
Home to School Transport	Failure to adhere to the policies and procedures could result in non-statutory services being provided and see costs escalating above the statutory minimum.			✓
Waste Disposal & Recycling Contracts	The process for awarding waste and recycling contracts may not be robust and in line with relevant procurement legislation and rules resulting in non-compliance and not achieving value for money.	✓		
Street Services	The street cleaning service may not be improving leading to dissatisfaction among residents and damage to the Council's reputation.		✓	

Auditable Area	Risks	2017/18	2018/19	2019/20
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.	✓		
Thurrock Regeneration Ltd	Poor corporate governance, decision making and monitoring arrangements may result in Thurrock Regeneration Ltd, the Council's wholly owned housing company, not meeting their targets for new housing.			✓
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.		✓	
Asset Management – Disposals & Acquisitions	Disposals and acquisitions may not be effectively managed resulting in loss of opportunities, funding and reputation.			✓
Trading Standards	Non-compliance with statutory requirements in respect of Trading Standards might result in dissatisfaction amongst local residents.			✓
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.	✓		
Building Control	The Building Control Service may not maintain a competitive place in the market and might not provide value for money.	✓		
Shop Premises	Arrangements' around the management of shop premises may not be robust leading to loss of income to the Council.	✓		
Thurrock Registrar's Office	The Council may not comply with legislation resulting in increased external scrutiny by the Cabinet Office.	✓		
Legal				
Register of Interests, Gifts & Hospitality	Non-compliance with the Constitution and Code of Conduct may open the Council up to accusations of impropriety.	✓	✓	✓
Member's Allowances	Allowances may not be claimed or paid in accordance with the decision of the independent panel.			✓
Strategy, Communication and Customer Services				
Performance Management (Data Quality)	Performance Management may not be embedded in the organisation resulting in poor performance, poor quality information and poor decision making.	✓	✓	✓
Core assurance				
Cash & Banking	To provide assurance to external audit around key financial systems.	✓		✓

Auditable Area	Risks	2017/18	2018/19	2019/20
HR, OD & Transformation				
Sickness Management	Target levels set for sickness may not be achieved resulting in additional costs for agency workers.		✓	✓
Recruitment Process incl. Starters	If the process is not robust, fit for purpose and complied with, inappropriate persons may be employed.		✓	
HR Data Management	The hierarchy may not be promptly updated to reflect changes staffing, roles and responsibilities and/or authorisation levels resulting in inefficient use of resources.	✓		
Leavers Process	With the move to a Virtual Desktop Infrastructure (VDI), if staff leave and are not removed from the system, they may be able to continue to access Council systems, email etc. after they have left.		✓	
Business User Allowance (BUA) and Business Travel	If processes are not robust, staff may be receiving BUA who are not entitled to it.	✓		
Mileage Claims	With the move to self-service and automated approval of mileage claims, there is a greater risk that inaccurate claims could be submitted resulting in additional cost to the council.			✓
Overtime and Additional Hours	If processes are not robust, staff may receive payments which they are not entitled to.		✓	
Off Payroll Engagement (IR35)	The Council may not be identifying personal service companies (PSC's) so will not be making the appropriate tax and NI deductions from the invoice net of any material costs.	✓		
Disclosure & Barring Service (DBS) checks	Management Request. DBS checks that are due for renewal may not be identified resulting in changes to their circumstances not being reflected which could result in inappropriate persons being employed/used.			✓
General Data Protection Regulations (GDPR)	A rolling programme of audits to cover the following: Preparation for the adoption of GDPR including arrangements around data storage (electronic and physical); confidentiality, integrity and availability of data; information governance; compliance with DPA and FOI; detection of data breaches and how they are dealt with and reported (internally and externally), organisational awareness and training; and data classification and management.	✓		✓
Geographic Information System (GIS)	If the Council does not have an up to date Local Land & Property Gazetteer and Local Street Gazetteer it may not be meeting its statutory responsibilities.	✓		
Core assurance				
Payroll	To provide assurance to external audit around key financial systems.	✓	✓	✓

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

Appendix C: Internal Audit Plan 2019/20

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Internal Audit plan 2019/20			
Corporate/Thematic Reviews			
Contract Procedures	To ensure the 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. Proposed review is the Corporate Cleaning Contract.	Compliance	September 19
Corporate Health & Safety	To ensure the council is meeting its obligations in ensuring it meets legislative requirements in respect of its employees, contractors and customers.	Compliance	August 19
Business Continuity	Review controls to ensure that procedures allow the recovery from a partial or total loss of business services in a controlled manner.	Assurance	May 19
BREXIT	The potential impacts are not clear at this stage but the council needs to ensure it is able to react to risks as they are identified.	Assurance	On-going
Children's Services			
Fostering	To review the controls around the assessment, appointment and payment of foster carers.	System	July 19
School Visit Programme	Cyclical school visits programme to review financial management arrangements.	System	On-going
Nursery School Visits	Cyclical nursery school visits programme to review financial management arrangements.	System	September 19
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	October 19
No Recourse to Public Funds (NRPF)	A 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	June 19
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.
Adults, Housing & Health			
Extra Care	A review to ensure that the financial arrangements at the Extra Care facilities are robust and protect the vulnerable adults who reside there and the staff who work there.	System	November 19

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Financial Top Ups	A review to ensure only those clients entitled to payments are receiving them and they are being used appropriately.	Compliance	June 19
Housing Allocations	To determine that local people have access to accommodation that is responsive to their needs and it is allocated in a fair, consistent and transparent way.	System	December 19
Gas Safety Inspections	To ensure regular inspections are being made in line with legislative and Council requirements.	Compliance	October 19
Electrical Safety Inspections	To ensure regular inspections are being made in line with legislative and Council requirements.	Compliance	October 19
Void properties	To review the policies and procedures surrounding the voids process.	Assurance	January 20
Homelessness	To review the arrangements of the council in meeting its statutory obligations under homelessness legislation.	Compliance	December 19
Finance & IT			
Core Protection & Appointee Team	To review the processes within the team to ensure clients monies are being managed properly where the council acts on their behalf under the Mental Capacity Act.	Assurance	June 19
IT Audit work TBA following audit needs assessment.	Work to be agreed between IT, Internal Audit and contractor on an as and when basis using the Croydon Framework Agreement.	TBA	TBA
Commercial Services			
Corporate Purchase Cards	To review the application, monitoring and management of the purchase card process following the decision to roll them out across the council to reduce the need to set up numerous suppliers for small value purchases.	Compliance	October 19
Public Contract Regulations 2015	An audit of the Council's Procurement Regulations to ensure they include the necessary changes to meet the regulations.	Assurance	January 20
Environment & Highways			
Bridge Maintenance	There is an adequate inspection and maintenance regime in place which ensures the safety, integrity and adequacy of structures within the highway for use by the public.	Assurance	October 19
Footway Crossings	To review the application, commissioning and inspection processes to ensure the customer and the council get value for money.	System	November 19

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Home to School Transport	High cost area so management requested a review to look at the arrangements around provision and compliance with statutory responsibilities.	Assurance	December 19
Place			
Thurrock Regeneration Ltd	A review to determine the robustness of the corporate governance, decision making and monitoring processes around the Council's wholly owned housing company.	Assurance	TBA
Asset Management – Disposals & Acquisitions Follow up	In line with the Internal Audit Protocol, a follow up review of the Red report issued in 2016/17.	Follow up	June 19
Trading Standards	To review the inspection and monitoring processes to ensure the council is compliant with meeting its pollution targets.	Compliance	July 19
Purfleet Regeneration Project	To review the project management and governance arrangements to ensure the project is meeting its objectives and will be completed in line with agreed timeframes.	Assurance	January 20
Legal			
Register of Gifts, Interests & Hospitality	Annual review to confirm that Officers and members register interests, gifts and hospitality as required by Council procedures and codes of conduct.	Compliance	September 19
Members Allowances	To review that the payment of Members' Allowance is as per Thurrock Council Members' Allowances Scheme.	Assurance	April 19
Strategy, Communication & Customer Services			
Performance Management (Data Quality)	Sample testing of key performance indicators taken from the balanced scorecard, both national and local to verify accuracy of data.	Advisory	On-going
HR, OD & Transformation			
Sickness Management	Follow up to determine progress against recommendations from the 2018/19 review.	Follow up	October 19
Mileage Claims	To review the processes for submitting, checking and approving mileage claims to ensure they comply with policy.	Compliance	May 19
Disclosure & Barring Service (DBS) checks	Management request to review arrangements for identifying renewals before they expire. Request includes taxi drivers and foster carers.	Assurance	July 19
General Data Protection Regulations (GDPR)	With the introduction of GDPR from May 2018, the council should have moved from the readiness phase to compliance.	Compliance	February 20

Auditable Area	Internal Audit Coverage	Audit Approach	Proposed Timing
Core financial reviews to provide assurance to External Audit			
Oracle – General Ledger	<ul style="list-style-type: none"> • Reconciliation • Journals • Access arrangements 	System	August 19
Accounts Payable	<ul style="list-style-type: none"> • Ordering & authorisation • Invoice matching • Separation of duties • Payment processing • BACS transfers • Reconciliation 	System	November 19
Accounts Receivable	<ul style="list-style-type: none"> • Processes and procedures • Reconciliation • Write-offs • Recovery • Analysis 	System	November 19
Council Tax	<ul style="list-style-type: none"> • Processes and procedures • Reconciliation • Billing • Collection & Recovery 	System	May 19
National Non Domestic Rates	<ul style="list-style-type: none"> • Processes and procedures • Reconciliation • Billing • Collection & Recovery 	System	May 19
Housing Benefits	<ul style="list-style-type: none"> • Processes and procedures • Processing of forms • Entitlement checks • Reconciliation • Raising Debts • Year-end balancing 	System	April 19
Treasury Management	<ul style="list-style-type: none"> • Payment runs • Reconciliation 	System	August 19
Cash and Banking	<ul style="list-style-type: none"> • Policies and Procedures • Banking arrangements • Cash Reconciliation • Authorisation process • Monthly bank reconciliations • Exceptions 	System	August 19
HR/Payroll	<ul style="list-style-type: none"> • Starters/Leavers • Authorisation • System access • Amendments • Exception reporting • Reconciliation • Suspense accounts 	System	January 20
Housing Rents	<ul style="list-style-type: none"> • Tenant checks • System access controls • Reconciliation • Calculations of payments 	System	September 19

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

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14 March 2019		ITEM: 10
Standards and Audit Committee		
Internal Audit Progress Report 2018/19		
Wards and communities affected: All		Key Decision: N/A
Report of: Gary Clifford, Chief Internal Auditor		
Accountable Assistant Director: Jonathan Wilson, Assistant Director of Finance		
Accountable Director: Sean Clark, Director of Finance, IT and Legal		
This report is Public		

Executive Summary

The Internal Audit Plan 2018/19 was discussed by the Standards & Audit Committee at their meeting of 6th March 2018. This progress report covers work undertaken since the last report issued on 13th December 2018.

1. Recommendation(s)

- 1.1 That the Standards & Audit Committee consider reports issued and the work being carried out by Internal Audit in relation to the 2018/19 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 2018/19 are based on an assessment of risk for each system or operational area. The assessment of risk includes elements such as the level of corporate importance, materiality, service delivery/importance and sensitivity.

3. Issues, Options and Analysis of Options

- 3.1 The reports issued by Internal Audit provide 4 levels of assurance opinion. The 4 opinions use a Red/Amber/Green (RAG) assurance level and reports are now categorised as:
- Green; Amber/Green (positive assurance opinions);
 - Amber/Red (negative assurance opinion that provides some assurance but a number of weaknesses were identified); and
 - Red (negative assurance opinion).
- 3.2 The purpose of this progress report is not only to highlight reports issued as final but to provide members with an update on work which has reached the draft report stage and work currently in progress. The status of work currently being undertaken is shown at Appendix 1.
- 3.3 During the period being reported on, we have not finalised any reports. However, it was felt that we should still update members as significant additional work has been carried out and there has been an increase in the number of reviews now at draft report stage. These reports will be finalised and presented to members as part of the next progress report and will form part of the assurance provided within the Chief Internal Auditor's Annual Report for 2018/19, which will be presented to the next meeting of the Standards & Audit Committee.

4. Reasons for Recommendation

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

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

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

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

- 6.1 The council's corporate priorities were used to inform the annual audit plan 2018-19. Recommendations made are designed to further the implementation of these corporate priorities.

7. Implications

7.1 Financial

Implications verified by: **Jonathan Wilson**
Assistant Director of Finance

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

7.2 Legal

Implications verified by: **David Lawson**
Assistant Director of Law and Governance

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

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer

There are no direct diversity or equality implications arising from this report.

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

frameworks. The Internal Audit Plan is based on risk assessments that include a review of the council's risk and opportunity register.

8. Background papers used in preparing the report:

- Strategy for Internal Audit 2018/19 to 2020/21 and Internal Audit Plan 2018/19.
- Internal Audit Reports issued in 2018/19.

9. Appendices to the report

- Appendix 1 – Internal Audit Progress Report 2018/19

Report Author:

Gary Clifford
Chief Internal Auditor
Finance

Thurrock Council

Standards & Audit Committee

Internal Audit Progress Report 2018/19

Date of Committee: 14th March 2019

Introduction

The internal audit plan for 2018/19 was presented to the Standards & Audit Committee on 6th March 2018. This report provides an update on progress against that plan.

Table showing reports issued as Final, in Draft and Work in Progress (WIP)

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Sickness Management	Draft	N/A	N/A	N/A	N/A
Key Performance Indicators (Children)	Draft	N/A	N/A	N/A	N/A
Car Parking Income	Draft	N/A	N/A	N/A	N/A
Street Cleaning	WIP	N/A	N/A	N/A	N/A
Children’s Centres	WIP	N/A	N/A	N/A	N/A
Accounts Payable	Draft	N/A	N/A	N/A	N/A
Accounts Receivable	Draft	N/A	N/A	N/A	N/A
*Fleet Management	Draft	N/A	N/A	N/A	N/A
*Stores Management	Draft	N/A	N/A	N/A	N/A
*Adoption & Special Guardianship payments	WIP	N/A	N/A	N/A	N/A
Pollution Control	WIP	N/A	N/A	N/A	N/A
Schools Catering	WIP	N/A	N/A	N/A	N/A
Payroll (including HR)	Draft	N/A	N/A	N/A	N/A

* Added to plan following management requests. Change reported as part of progress report presented to members at the December Standards & Audit Committee.

Work and other issues for which no reports are generated

The work around the payment by results funding provided as part of the troubled families programme continues.

Staff provided advice and guidance and undertook a site visit to Meals on Wheels as part of a review of the service being undertaken by Adult Social Care's Customer Finance team.

The Chief Internal Auditor is currently undertaking a review of the processes and procedures within the Homelessness team to identify any improvements following a complaint and a request by senior management.

The service continues to work with the software provider of our automated working papers to resolve some issues around the assignment brief and report. This has been time consuming but has now been completed and staff are now using the software to undertake internal audit work.

Changes to the Annual Plan

There have been 2 additional pieces of work undertaken since the last meeting around a homelessness complaint and the Meals on Wheels work detailed above.

It is anticipated there will continue to be a significant impact on resources due to the additional work being under taken on the troubled family's programme which may result in other audits being deferred or taken out of the plan.

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14 March 2019		ITEM: 11
Standards and Audit Committee		
Counter Fraud and Investigation Quarterly Update		
Wards and communities affected: All		Key Decision: N/A
Report of: David Kleinberg, Assistant Director for Fraud and Investigation		
Accountable Assistant Director: David Kleinberg, Assistant Director for Fraud and Investigation		
Accountable Director: Sean Clark, Director of Finance, IT and Legal		
This report is Public		

Executive Summary

The Counter Fraud & Investigation Department (CFID) is responsible for the prevention, detection and deterrence of all instances of alleged economic crime affecting the authority including: allegations of fraud, theft, corruption, bribery and money laundering.

CFID has developed working arrangements with other agencies to share the Council's counter-fraud culture providing specialist support and capabilities to those public bodies where necessary.

This report outlines the performance of CFID over the last quarter for Thurrock Council as a whole as well as the work the team have delivered nationally for other public bodies.

1. Recommendation

1.1 The Standards and Audit Committee notes the performance of the Counter Fraud & Investigation Department.

2. Introduction & Background

2.1 The Counter Fraud & Investigation Department's (CFID) leads the council's work to reduce loss to the council from fraud and economic crime. This work is delivered through its Proactive Work Plan and its response to reports of suspected fraud reported by internal departments, other agencies and the public. This report updates the committee on that work since July 2018.

- 2.2 The CFID service also supports other councils, police forces and government departments also requiring assistance in preventing, detecting and deterring fraud and other criminality.

3. Performance

- 3.1 CFID has made good progress in delivering the 2018/19 counter fraud work plan over the last year.

- 281 reports of suspected fraud have been received
- 21 of those cases have been closed as 'no fraud'
- 105 reports are currently under investigation
- 65 reports are being held as intelligence reports under constant review
- 56 number of intelligence reports have been disseminated
- 38 sanctions have been delivered in cases of proven fraud

- 3.2 The reports provided to the committee this year have been amended to include additional information to demonstrate the entire work of the service. This includes 'intelligence reports' and 'intelligence disseminated.'

- 3.3 *Intelligence reports* – is information received by the team of suspected fraud but is limited in being able to identify an offender or other supporting information. These reports are assessed and kept under constant review in order that any correlative or new information is matched up.

- 3.4 *Intelligence disseminated* – these reports are where CFID have provided information to service areas, about known or suspected criminality, in order to prevent crime and stop criminal attacks on the council. Recent examples have included Mandate Fraud – where a criminal mimics a 'well known' supplier and attempts to change the suppliers bank details at the council to receive money fraudulently.

4. Work Plan for 2018/19

- 4.1 CFID has a programme of proactive work it conducts to ensure the council's posture against fraud is robust and effective. **Appendix A** sets out the progress made in delivering the proactive work programme this year.

- 4.2 The work programme is a working document and if during the year changes or additions to the plan are proposed between the CFID and the Section 151 Officer, these will be brought back to the Committee.

- 4.3 The team also are now undertaking a project to join-up the intelligence picture between all the council's crime and enforcement teams. This will ensure that incidents reported or identified are prevented through early intervention and that the best opportunity to consider and take sanction and redress action is taken, where necessary.

5. National Counter Fraud Activity

- 5.1 CFID continues to assist other local authorities in the areas of Financial Investigation as well as serious and organised crime investigation, particularly where sensitive areas such as social care is targeted. This work ensures that the learning from those operations are shared for the benefit of Thurrock as well as other authorities across the country.
- 5.2 A ring-fenced commercial offering was also developed in the last quarter to offer a limited capability to companies as a forensics practice.
- 5.3 The first engagement is underway for a multinational company who is facing many of the crime threats that local authorities do. The CFID's Cyber Security and Forensic Analysis team are recognised as one of the best in the country. This engagement will see commercial-rated income brought in to the council for investment and financial sustainability.

6. Reasons for Recommendation

- 6.1 This report provides a detailed update to the Committee on the improved counter-fraud measures for the Council and how it is reducing fraud under the council's counter-fraud strategy.

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

- 7.1 All Directors and Heads of Service were consulted with the current strategy to be taken by the Council in its counter-fraud approach.

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

- 8.1 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 good corporate governance.

9. Implications

9.1 Financial

Implications verified by: **Carl Tomlinson**
Finance Manager – Management Accountant

The report provides an update on current performance. There are no financial implications arising directly from the recommendation in this report.

9.2 Legal

Implications verified by: **David Lawson**

Monitoring Officer, Assistant Director for Legal & Governance

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 department as well as the regular monitoring of compliance with the requirements of Fighting Fraud Locally discharges this duty.

9.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Development Officer

There are no specific equality and diversity implications arising from this update report.

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

None.

10. 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):

- Counter Fraud & Investigation Policy & Strategy – thurrock.gov.uk/fraud
- Counter Money Laundering Policy & Strategy – thurrock.gov.uk/fraud
- CroweClarkWhitehill Annual Fraud Indicator – crowe.co.uk

11. Appendices to the report

- Appendix 1 – Counter Fraud Work Plan

Report Author:

Michael Dineen,
Senior Manager
Counter Fraud and Investigation

Appendix A - Counter Fraud & Investigation Counter Fraud Work Plan

Risk area	Tasks	Planned for	Current status	Responsible CFID Officer	Completed Activity Date
Council-wide	Fraud risk matrix assessment to be delivered to all service areas	Oct – Dec 2018	Has been presented to Audit Committee and Director of Finance. Meetings will now be booked with Directors and relevant management with business areas	Michael Dineen <i>(Daniel Helps left the organisation)</i>	Ongoing and in progress
Council-wide	UK Bribery Act (UKBA) Compliance Review. A questionnaire will be distributed to all Managers to ensure UKBA compliance.	October 2018	Questionnaire now developed and being tested before being circulated across the council.	Michael Dineen	Completed January 2019
Council-wide	Counter Money Laundering (CML) Compliance Review. A questionnaire will be distributed to all staff to ensure CML compliance.	October 2018	Questionnaire now developed and being tested before being circulated across the council.	Michael Dineen	Completed January 2019
Proactive Fraud Drives	Conduct proactive activity to disrupt and detect fraud affecting the council.	Throughout 2018/19	Proactive work continues to be undertaken across the high-risk areas. Monthly meetings are taking place with housing to arrange pro-active	Michael Dineen	Ongoing and in progress

Appendix A - Counter Fraud & Investigation
Counter Fraud Work Plan

Risk area	Tasks	Planned for	Current status	Responsible CFID Officer	Completed Activity Date
			operations		
Investigation Review	Review of insider threat investigations with Human Resources to review action and learning points	Throughout 2018/19	Meetings booked once an insider threat is identified. A monthly meeting also takes place between CFID and HR Single Point of Contact.	Michael Dineen <i>(Daniel Helps left the organisation)</i>	Ongoing and in progress
Fraud Awareness Training	Training to be delivered to high risk areas – housing officers, housing allocations, temporary accommodation and right to buy	Ongoing to March 2019	Training now being booked with assistance from CFID business support team.	Michael Dineen / Nicola Spencer	Ongoing and in progress
Assistance to Social Care	Assistance in relation to No Recourse to Public Funds	Ongoing throughout 2018/19	CFID are providing an immediate response in NRPF cases where suspicion is identified by caseworks. This has been successful so far with a number of savings being made.	Nick Coker	Ongoing and in progress

**Standards & Audit Committee
Work Programme
2018/19**

Dates of Meetings: 19 July 2018, 27 September 2018, 13 December 2018 and 14 March 2019

Topic	Lead Officer
19 July 2018	
Regulation of Investigatory Powers Act (RIPA) 2000 - 2017/18 Activity Report	Lee Henley
Chief Internal Auditor's Annual Report – Year ended 31 March 2018	Gary Clifford
Refresh of the Strategic / Corporate Risk and Opportunity Register	Andy Owen
Internal Audit Progress Report 2017/18	Gary Clifford
Audit Results Report for the Year Ended 31 March 2018	Ernst & Young / Sean Clark
Financial Statements and Annual Governance Statement 2017/18	Ernst & Young / Sean Clark
Red Reports (as required)	
Counter Fraud & Investigation Annual Report & Strategy	David Kleinberg
Work Programme	Democratic Services
27 September 2018	

Annual Access to Records Report	Lee Henley
Annual Complaints Report	Lee Henley
Internal Audit Progress Report	Gary Clifford
Counter Fraud & Investigation Quarterly Status Report	David Kleinberg
Annual Audit Letter	Ernst & Young / Sean Clark
Red Reports (as required)	
Work Programme	Democratic Services
13 December 2018	
Regulation of Investigatory Powers Act (RIPA) 2000 – Activity Report April 2018 – Sept 2018	Lee Henley
Mid-Review of the Strategic/Corporate Risk and Opportunity Register	Andy Owen
Draft Internal Audit Strategy 2017/18 to 2019/20 and Annual Plan 2019/20	Gary Clifford
Internal Audit Progress Report 2018/19	Gary Clifford
Counter Fraud & Investigation Quarterly Status Report	David Kleinberg
Red Reports (as required)	
Work Programme	Democratic Services

14 March 2019

External Audit Plan 2018/19	Lisa Clampin (BDO)/Jonathan Wilson
Certification of Claims and Returns Report 2017/18	Martina Lee (EY)/Jonathan Wilson
Complaints and Enquiries Report – April 2018 to September 2018	Lee Henley
Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework	Andy Owen
Internal Audit Strategy 2017/18 to 2019/20 and Annual Internal Audit Plan 2019/20	Gary Clifford
Internal Audit Progress Report 2018/19	Gary Clifford
Counter Fraud & Investigation Quarterly Update	David Kleinberg
Red Reports (as required)	
Work Programme	Democratic Services

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