

Minutes of the Meeting of the Standards and Audit Committee held on 14 June 2016 at 7.00 pm

Present: Councillors John Kent (Chair), Jack Duffin, Graham Hamilton and Barbara Rice

Apologies: Councillors Ben Maney

In attendance: Sean Clark, Director of Finance & IT
Gary Clifford, Client Manager for Audit Services
Lee Henley, Information Manager
Andy Owen, Corporate Risk Officer
Chris Pickering, Principal Solicitor - Employment & Litigation
Jessica Feeney, Senior Democratic Services Officer

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

1. Minutes

The minutes of the Standards and Audit Committee held on the 15 March 2016 were approved as a correct record.

2. Items of Urgent Business

There were no items of urgent business.

3. Declaration of Interests

There were no declarations of interest.

4. Terms of Reference

Members of the Committee noted the Terms of Reference.

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

The Corporate Risk Officer introduced the report and informed Members that one of the functions of the Committee under its Terms of Reference was to provide independent assurance that the Councils risk management arrangements were adequate and effective. It was explained that the report enabled the Committee to consider the effectiveness of the risk management arrangements. Members were informed that the report was presented on a bi annual basis to provide details of how the key risks and opportunities facing the council are identified and managed.

It was further explained that the Corporate Risk Officer had worked with Services, Department Management Teams, Performance Board and Directors Board to refresh the Strategic Corporate Risk and Opportunity Register.

Members discussed the changes to the General Data Protection Regulation (GDPR) which were to be implemented in 2018. The Chair of the Committee questioned how the risk would be captured in the risk and opportunity register. The Corporate Risk Officer explained that this would be captured in the quarterly reviews which were held with service directorates.

Members felt that changes to the General Data Protection Regulation was a corporate risk and requested that the relevant Overview and Scrutiny Committee scrutinised the roll out of the regulation changes.

RESOLVED:

- 1. That the Standards and Audit Committee noted the items and details contained in the Dashboard (Appendix 1)**
 - 2. That the Standards and Audit Committee noted the 'In Focus' report (Appendix 2), which includes the items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.**
 - 3. The Standards and Audit Committee requested that the relevant Overview and Scrutiny Committee scrutinised the roll out of the data protection regulation changes.**
- 6. Regulation of Investigatory Powers Act (RIPA) 2000 - 2015/16 Activity Report**

The Information Manager introduced the report to Members explaining the usage and activity of RIPA requests during 2015/16.

Members were informed that following an inspection back in November 2013 by the OSC, the Inspector expressed a preference that RIPA Activity Reports are brought to Members on a quarterly basis. However due to the low numbers of RIPA Activity the OSC confirmed that reporting to Members can take place on a six monthly basis.

The Chair of the Committee asked for clarification on what type of cases RIPA was used on. The Information Manager explained that RIPA legislates for the use of local authorities' covert methods of surveillance and information gathering to assist in the detection and prevention of crime in relation to an authority's core functions. An example of a RIPA given to the committee was trading standards and the detection of underage sales in off licences.

Jason Oliver requested that the next RIPA report was presented along with the Counter Fraud update report in November. All Members agreed that this would enable a greater understanding.

Councillor Rice questioned who authorised RIPAs. Members were informed that the Director of Finance, the Monitoring Officer and the Head of Public Protection authorised RIPA activity before its final authorisation at the magistrate's court. The Director of Finance and IT explained that when authorising the RIPA activity Thurrock must demonstrate that it is proportional and correct to do so.

RESOLVED:

That the Committee

1. **Noted the statistical information relating to the use of RIPA for 2015/16.**
2. **Noted training activity undertaken during 2015/16.**
3. **Noted that following on from a review of the RIPA policy by our Legal Services Department, no significant changes to this RIPA policy are required.**
4. **Noted that due to the low numbers of RIPA Activity, the frequency of reporting to Committee may change following consultation with the Office of the Surveillance Commissioner (OSC).**

7. Financial Statements and Annual Governance Statement Update

The Director of Finance and IT introduced the report explaining that the council had maintained the general fund balance at £8m in 2015/16 it was added that the Council had funded the financial pressures arising from the termination of the contract with the strategic services partner and the over spends in Children's Services from useable reserves.

Members were informed that in 2014/15 there was one uncorrected items relating a capital invoice received after the year-end which should have been reflected in 2015/16. While this was not material to the Council this has been accounted for in 2015/16 and forms part of the fixed assets of the Council.

Members of the Committee commended the Officers on their work.

RESOLVED:

That Members noted the Draft Annual Governance Statement and Financial Statements which were in the process of being completed in advance of the statutory deadlines in place.

8. Head of Internal Audit Annual Report - Year ended 31 March 2016

Members were informed that Under the Public Sector Internal Audit Standards, the Head of Internal is required to provide the Section 151 Officer and the Standards and Audit Committee with an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in the risk management, governance and control processes.

In total 24 reports with a positive assurance opinion and 4 reports with an Amber/Red assurance opinion were issued. The overall opinion on controls remains Green.

Following discussions with members and the Director of Finance & IT, Amber/Red assurance opinions are no longer given a positive assurance opinion to reflect that there are either high risk recommendations or a number of medium recommendations which indicate weaknesses across the service area.

Councillor Rice questioned what determined the assurance ratings. The Head of Internal Audit explained that to determine the assurance ratings meetings were held with service directors to discuss the risks, the internal audit team then focus on them risks depending on recommendation. The results are then discussed and challenged with external Audit, if there is found confidence the risk is changed slightly.

Councillor Collins questioned the work which was carried out around consultants and the termination of two contractors due to the rolling nature of their employment. The Director of Finance and IT informed members that when a consultant moved from one project to another within the same directorate, without any competitive procurement process being undertaken they were terminated.

Members discussed procurement cards. Members were informed that Internal Audit acted as a facilitator to set up a working group involving Corporate Finance and Procurement, to review the processes around the administration and use of the cards, with input around controls from Internal Audit. Councillor Hamilton asked for Clarification on the new system being developed. The Committee were enlightened that a new system was currently being developed which will enhance the controls, improve the administration and monitoring processes and will add additional safeguards around the application process and lockdown the use of the cards based on business need.

The Chair of Committee queried if the new system would detect purchases made to a company which was not listed as a supplier within the policy. It was questioned further by Councillor Rice if it would be perceived as misuse if an employee purchased the same item from a different supplier due to the reduction in cost. The Director of Finance and IT explained that the system would detect these types of purchases although members were informed that the wording of the contract would be checked.

Members requested a follow up report at the September Standards and Audit Committee on the outstanding recommendations to be implemented.

RESOLVED:

That the Standards & Audit Committee considers and comments on the Head of Internal Audit Annual Report – Year ended 31st March 2016.

9. Internal Audit Progress Report 2015/16

The Internal Audit Plan 2015/16 was discussed by the Standards and Audit Committee at their meeting of 8th July 2015. This report was the final progress report for 2015/16. It detailed audit reviews issued as final since the last progress report presented to the Committee on the 15th March 2016.

RESOLVED:

That the Standard and Audit Committee considered reports issued by internal audit in relation to the 2015/16 audit plan.

10. Work Programme

Members were informed new items had been added to the work programme and that following the Committee the updated work programme would be circulated to Members.

The meeting finished at 8.07 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