

Minutes of the Meeting of the Standards and Audit Committee held on 29 September 2016 at 7.00 pm

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

Apologies: Councillors Ben Maney, Terry Piccolo and Jason Oliver

In attendance: Debbie Hanson, Ernst and Young
Sean Clark, Director of Finance & IT
Matthew Essex, Head of Regeneration and Assets
Gary Clifford, Client Manager for Audit Services
Janet Cox, Strategic Lead HR & OD
Murray James, Operational Service Lead - ICT
Tina Martin, Information Management & Corporate Complaints Officer - Senior Corporate Complaints & Information Governance Officer
Mykela Pratt, Improvement Manager
Rachael Steel, Senior Complaints Officer & Information Governance Officer
Jonathon Wilson, Chief Accountant, Finance
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.

11. Minutes

The minutes of the meeting held on the 14 June 2016 were approved as a correct record.

12. Items of Urgent Business

There were no items of urgent business.

13. Declaration of Interests

There were no declarations of interest.

14. 2015/16 Access to Records Report

Members were informed that during 2015/16, the council processed 98% of Freedom of Information (FOI) requests within the legal timeframe. This was based on 980 FOI requests that were processed. The reporting period showed a significant increase in FOI requests received compared with 2014/15. The reason for this increase was that during 2014/15 a number of requests were not recorded as FOI requests and were processed as routine enquiries by service areas. However all requests were recorded

as FOI for 2015/16, as the 2014/15 approach resulted in a number of requests not being responded to by services which could have exposed the council to enforcement action by the Information Commissioners Office.

During 2015/16, 41 requests were refused in full due to the 18 hour threshold (and 13 were part refused). The council received 43 Subject Access Requests under the Data Protection legislation. 93% of these requests were processed within the allocated timeframe. This was a performance improvement compared with 2014/15.

Councillor Hamilton declared a concern regarding the time required for each FOI request, Councillor Rice queried how FOI's were impacting on services such as the Children's Service. Members were enlightened that the Information Governance Team was continuing to ensure an increased amount of data was identified for routine publication online. This work formed part of the Transparency Agenda and aimed to increase openness and accountability; whilst reducing unnecessary processing of FOI requests.

The Committee requested information regarding the departments who had refused to practice openness and accountability via online publications.

RESOLVED

That the committee noted the performance and statistics for 2015/16 for both FOI and Data Protection.

15. Annual Complaints Report 2015/16

Members of the committee were informed that a review of the complaints process had taken place and changes would take effect from August 2016. It was explained that changes included the removal of the concerns process and shorter complaint timeframes.

Members were advised that some services, by virtue of the nature of the type of service provided, received the highest volume of concerns/complaints. For the reporting period, the top five expressions of dissatisfaction related to the following services:

- Housing Repairs
- Missed Bins
- Estate Management
- Council Tax
- Housing Solutions

For the reporting period, 98% of complaints were responded to within the allocated timeframe. Members were enlightened that this performance was encouraging when considered against the backdrop of the national austerity measures and the impact of reduced resources council-wide.

Councillor Rice questioned the audit cycles and the level of detail in each stage complaint. The Senior Corporate Complaints & Information Governance Officer explained that a Customer Demand Board had been developed to encourage services to look at the reoccurring root causes of complaints. It was then confirmed that complaints were more detailed when the complaint had escalated to a stage 3, meaning that the complaints

department would explore and increase their number of requests for feedback from the specific service areas in order for service improvements to be made.

The Chair of the Committee requested an update at a future meeting demonstrating an example of where a service area had discovered a reoccurring complaint and had addressed this by making a change in the service area which resulted in a reduced number of complaints.

Councillor Duffin felt that there was insignificant process for various residents in their complaints process, it was explained that many residents highlighted their complaints to councillors as they felt this would result in their complaint being resolved within a shorter timeframe.

Councillor Duffin requested the figure of MEP complaints, The Senior Corporate Complaints & Information Governance Officer agreed to send the figures to Councillor Duffin after the committee to confirm they are correct as per the report .

RESOLVED:

Members of the Committee

- 1. Noted the statistics and performance for the reporting period.**
- 2. Noted that the Complaints Team will work alongside the newly formed Customer Demand Board to ensure root cause analysis was undertaken to identify the cause of complaints.**
- 3. Noted that where root cause analysis has already taken place, the Complaints Team would work alongside services to ensure any agreed outcomes as a mechanism to reduce complaint volumes are implemented.**

16. Audit Results Report 2015/16

Members were informed by the external auditor from Ernst and Young that the report detailed the findings of their review of the 2015/16 financial statements. It was explained that the Council had continued to work effectively with external audit and continued to improve the financial statements. The financial statements had developed to incorporate updated accounting requirements and the overall quality of the financial statements was high. Members were informed that the audit had progressed well and within a much shorter timeframe.

External audit intended, subject to completing the audit, give an unqualified opinion on the Financial Statement and Value for Money assessment.

The Director of Finance and IT addressed the committee regarding the control observations detected with Oracle. The committee was informed that an Oracle Steering Group had been established and improvements were being made.

Members of the Committee congratulated the Director of Finance and IT and the department.

RESOLVED:

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

17. Financial Statement and Annual Governance Statement 2015/16 Update

The Director of Finance and IT explained the appendices attached to the report. It was highlighted that the draft financial statement set out the financial performance for the 2015/16 financial year and the Council's financial position as at 31 March 2016.

The Annual Governance statement explained how the Council complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, 2011 and 2015 in relation to the publication of a statement on internal control.

The letter of representation was issued by the Council to the auditor in writing as an additional form of audit evidence. It is used to let the Council's management declare in writing that the financial statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements, to the best of the management's knowledge.

All statements had been reviewed by external audit.

Members were directed to the related party transactions and the general fund within the Financial Statement. The Chief accountant made members aware of a few minor disclosure changes.

Members discussed the cap on fixed term contracts redundancy or pension strain being at £95,000, the Director of Finance and IT confirmed that this was correct and advised that this also included re-employment.

The Chair of the committee praised the department on their hard work and requested that the good work continued.

RESOLVED:

That the Standards and Audit Committee:

- 1. Had consideration to the comments within the Audit Results Report considered earlier on the agenda, approve the Financial Statement subject to any further changes presented to the committee;**
- 2. Noted the issues contained within, and approve, the Annual Governance Statement; and**

3. **Approved the letter of representation on behalf of the Council to be signed by the Chair of the committee once the audit is near completion.**

18. Internal Audit Report - Acquisition and Disposal of Land and Buildings (excluding Council Houses)

The Committee was informed that an audit of the acquisition and disposal of land and buildings (excluding Council houses) was undertaken as part of the approved 2016/17 internal audit programme. The audit concentrated on the acquisition and disposal of assets from March 2012 up until March/April 2016 during which time there were 30 individual transactions.

The audit reported its findings in June 2016 and identified a number of shortcomings in the governance, management and monitoring of land and property acquisition and disposals across both the General Fund and HRA. The audit ultimately rated the controls of acquisition and disposal activity as high risk and concluded that the Council could not 'take assurance that the controls on which it relies to manage the risks are suitably designed, consistently applied or effective'.

The report set out an action plan developed in response to the issues identified. Members were informed that the recommendations made through the audit had been accepted in full and the action plan recorded the significant progress which had already been made in implementing new governance and management arrangements as well as the changes to internal processes which would be used in future to ensure that there is no repeat of the identified failings.

Councillor Rice asked for confirmation that all sales of assets went through Cabinet before approval, the Head of Regeneration and Assets explained that all assets went through Cabinet although in the past one had been completed before cabinet's approval.

RESOLVED

1. **Members noted the findings of the Internal Audit report and considered the sufficiency of the measures which have been put in place through the action plan to address the identified shortcomings.**
2. **Members noted the findings of the Internal Audit report and considered the sufficiency of the measures which have been put in place through the action plan to address the identified shortcomings.**

19. Internal Audit Report - Recruitment & Selection Process

Members were informed that an audit of recruitment & selection was undertaken as part of the approved 2015/16 internal audit programme. Due to the termination of the Serco contract from 1st December 2015 some work was deferred until 2016/17. The audit examined the process and data from the sample used of 124 posts recruited to between April and September 2015.

The audit reported its findings in July 2016 and identified a number of shortcomings in the overall effectiveness and design of the control framework and in the application of and compliance with the control framework. The audit was rated as red, concluding that the council could not be assured that the controls are suitably designed, consistently applied or effective.

The report outlined the background and findings of the Internal Audit and set out an action plan developed in response to the issues identified. The recommendations made through the audit had been accepted in full and the action plan records the significant progress which has already been made in implementing new systems and management arrangements as well as the changes to internal processes which will be used in future to ensure that there is no repeat of the identified failings.

Councillor Rice highlighted the issue regarding qualification certification and professional membership details not being filed for each required employee of Thurrock Council. Councillor Rice asked for confirmation that all current members of staff have to prove their current qualifications and memberships required for their job role, it was also queried if all the previously appointed members of staff had been checked. The Improvement Manager explained to the committee that all the required employees qualifications and memberships had been checked as part of the recruitment process, with the Strategic Lead HR & OD confirming that this included those Serco staff that transitioned into the Council in December 2015.

The Chair of the Committee questioned if all those that had applied for a job at Thurrock Council received a response. The Improvement Manager explained that all those who submit applications receive a confirmation response upon receipt. Those that are not shortlisted for an interview receive confirmation of that outcome but do not receive detailed feedback due to volumes of applications received. Those who are shortlisted for an interview do receive feedback from the recruiting manager after the interview whether successful or unsuccessful.

RESOLVED

Members noted the findings of the Internal Audit report and the actions taken to respond to the issues identified and improve this critical service.

20. Disaster Recovery Update

Members were informed that the Council was currently in the process of implementing an interim Disaster Recovery (DR) solution based in the Southend on Sea Borough Council data centre which would provide access to key Council systems for a minimum of 100 concurrent users with a Recovery Time Objective (RTO) of 24 hours. It was explained further that the approach will provide a minimal degree of cover allowing the Council to meet its statutory obligations whilst a strategic infrastructure solution is developed as part of the Council's refreshed Digital and ICT Strategy.

RESOLVED:

1. **That the committee noted the Council's progress in implementing an interim disaster recovery capability to provide minimal cover in the event of a sustained loss of service in the Council's main server room.**
2. **That officers reported progress to the first 2017 meeting of the Standards and Audit committee on the strategic disaster recovery solution.**

21. Update on outstanding Internal Audit Recommendations to be implemented.

Members were informed that the Head of Internal Audit's Annual Report 2015/16 was presented to, and discussed by, the Standards & Audit Committee at their meeting of 14 June 2016. As part of the reporting process and to support the Head of Audit's annual opinion on assurance around internal controls, the follow up of issues identified during the audit process is commented on to show how management has responded to implementing the recommendations by the agreed timeframe. The report identified that there were no high level but 8 medium recommendations which had not been implemented. The Standards & Audit Committee requested that these be followed up and the results reported back to the September Committee meeting.

The recommendations that had not been implemented within the agreed timeframes were as follows:

- 1 related to Accounts Payable around the raising of purchase orders.
- 1 related to the reconciliation of the adult social care payments system to Oracle.
- 6 related to school visits covering 4 schools.

The relevant officers within the Accounts Payable team and Corporate Finance confirmed that they had addressed the issues identified within the audit review process and action has been taken to implement them.

In respect of the outstanding recommendations identified within the schools, 1 of the recommendations had been deferred whilst a decision is made on when the school will become an academy. In the case of the other 5 recommendations, internal audit had received positive email responses from the relevant staff within the school confirming that all recommendations have been actioned.

RESOLVED

That the Standards & Audit Committee Considered responses to the outstanding recommendations and agree that the follow up process provides an additional level of assurance around the internal control framework.

22. Work Programme

Members noted the work programme.

The meeting finished at 8.35 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**