

Minutes of the Meeting of the Standards and Audit Committee held on 24 September 2015 at 7.00 pm

- Present:** Councillors Tunde Ojetola (Chair), Graham Hamilton (Vice-Chair), Yash Gupta (MBE), Barry Johnson, Cathy Kent and Robert Ray
- Apologies:** Councillors Steve Liddiard, Rhona Long, Jason Oliver and Stephen Rosser
- In attendance:** Sean Clark, Head of Corporate Finance
Gary Clifford, Client Manager for Audit Services
Christine Connolly, Ernst and Young
Debbie Hanson, Ernst and Young
Lee Henley, Information Manager
Andy Owen, Corporate Risk Officer
Jessica Feeney, Senior Democratic Services Officer
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Before the start of the Meeting, all present were advised that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council's website.

14. Minutes

The Minutes of the Standards and Audit Committee, held on 16 July 2015, were approved as a correct record.

15. Items of Urgent Business

There were no items of urgent business.

16. Declaration of Interests

There were no declarations of interest.

17. Risk and Opportunity Register

The Corporate Risk Officer provided the Committee with a summary of the rationale for applying the high (red) ratings, which was covered in section 3 and Appendix 1 of the report. It was explained that a number of the risks were linked to demand and resource pressures and as these would not be alleviated in the short term target dates of 31/03/16 had been applied to the items, which is when the risk and management action plan documentation is due to be refreshed.

Councillor Gupta questioned how manageable the risks were. The Corporate Risk Officer informed the Committee that the risk documentation provides assurance and shows the management response arrangements for the items.

However it was accepted that some of the items are out of the direct control of the Council but the authority is doing what it can to manage the risks.

The Chair queried what the black box in the Risk and Opportunity Matrices represented and why it changed place from graph to graph. The Corporate Risk Officer explained that the black box showed the rating of the risk at the date shown in the graph. The Officer further explained that the series of graphs provide a dashboard to show the progress to manage the risk. The first graph of the series identifies the inherent rating without any controls in place, the end graph the target rating when all actions are in place and the graphs in between the quarterly movement towards the achievement of the targets for the completed reviews.

Resolved:

- 1. The Standards and Audit Committee noted the rationale for applying high (red) target ratings to the risks in question.**

18. Internal Audit Progress Report 2015/16

The Head of Internal Audit explained that the report set out the progress against the Internal Audit Plan 2015/16 and was the first progress report presented to the Standards & Audit Committee in the current municipal year.

The Committee was informed that the following reports had received the below assurance ratings for the control frameworks in their area:

Green

- Education Transport
- Warren Primary School
- Housing Benefits

Amber/Green

- Horndon-on-the-Hill Primary School
- Orsett C of E Primary School
- Somers Heath Primary School

Amber/Red

- Direct Payments (Adults)
- Direct Payments (Children)
- Supported Living (Contract Review)

It was explained that a full copy of the management summary and action plans with responses for the 3 Amber/ Red reviews were included in the Appendix.

Councillor Hamilton asked for an update regarding expenditure control; the Head of Internal Audit confirmed that procurement cards and special guardianships data had now been progressed into draft reports.

Councillor Ray questioned how many residents were receiving direct payments for Social Care; Officers confirmed that 64% of clients received direct payments. It was questioned further whether the child or parent/guardian received the payment, the Head of Internal Audit was not aware if a specific accounts were required but explained that clients whom received direct payments would be obliged to provide receipts for their expenditure. It was explained that if the payment was not direct, the Council would recompense for the client's expenditure, therefore would have access to receipts.

Councillor Gupta declared a pecuniary interest as his daughter currently received payments from the Council for Social Care.

Councillor Gupta said that he would like more information regarding missing fostering payments discussed at the last meeting and whether they had been corrected. It was confirmed that the Head of Internal Audit would follow this up outside of the meeting with Councillor Gupta.

Resolved:

- 1. That the Standards and Audit Committee considered reports issued by Internal Audit in relation to the 2015/16 draft audit plan.**

19. Regulation of Investigatory Powers Act (RIPA) 2000

The Information Manager introduced the report to Members, it was explained that the Council was advised following the RIPA inspection last year that a quarterly activity report would be brought to the Committee. The usage and activity of RIPA requests during April 2015 to June 2015 (Quarter 1) was reported as nil.

Councillor Ray questioned how and when an investigation was determined as a RIPA authorisation. The Head of Corporate Finance explained that a RIPA activity became listed once it had been referred to and approved by an authorised officer. It was clarified that a RIPA was not authorised once the investigation was complete. It was questioned by Councillor Ray if the council would receive a higher number of RIPA's from authorising investigations at Southend Council. It was confirmed by the Head of Finance that RIPA activity would be recorded as part of Southend Council statistics,

Resolved:

- 1. To note the statistical information relating to the use of RIPA from April 2015 to June 2015.**

20. Annual Complaints Report 2014-15

The Information Manager advised the Committee that there was a total of 1616 complaints received within the reporting year 2014/15, this was a decrease compared to 2013/14. It was added that the decrease was linked to the introduction of the concerns stage across all service areas in January 2014.

It was explained to the Committee that the combined total of complaints and concerns received for the reporting period was 4102; this was an increase compared to 2013/14. It was added that the top four expressions of dissatisfaction were related to Housing repairs, Estate Management, Council Tax, and Missed Waste Collections. Members were informed that 98% of complaints were responded to within the timeframe during 2014/15.

The Information Manager informed the Committee that 758 MP enquiries were received in 2014/15 with 92% responded to within timeframe, which represented a slight dip in performance compared to 2013/14. Councillor Ojetola questioned why there was a performance dip for 2014/15. The Information Manager clarified that there was a significant increase in MP enquiries and a high volume of those were for housing who due to the volume received were not able to respond to all with timeframe.

Resolved:

- 1. To note the statistics and performance for the reporting period 2014/15.**

21. 2014/15 Access to Records Report

The Information Manager introduced the report to the Committee making the following key points;

- During 2014/15, the Council processed 98% of Freedom of Information (FOI) requests within the legal timeframe.
- There had been a decrease in the number of FOI requests logged during the reporting period. This was due to the council implementing processes in order to reduce the volume of requests that were logged and processed as FOI requests. 430 requests were diverted away and processed as routine enquiries by services areas and the Information Governance Team.
- Based on data captured within the FOI database, it has been estimated that the average FOI request takes 3 hours 20 minutes to process.
- The council refuse requests when it is estimated that the time taken to process the request exceeds 18 hours. During 2014/15, 26 requests were refused.
- During 2014/15, the Council received 21 requests where the fee was paid and the full SAR (Subject access requests) process implemented. Of the 21 requests, 71% of requests were processed within the statutory timeframe.

- The Information Governance Team respond to complaints received regarding FOI and Environmental Information Regulations (EIR) requests. During 2014/15 there were 2 FOI/EIR complaints that were escalated to the Information Commissioner's Office (ICO).

Members had no data protection concerns and no questions.

Resolved:

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

22. Audit Results Report for the Year Ended 31 March 2015

The Head of Corporate Finance introduced the report which set out the external auditors detailed findings from their review of the 2014/15 financial statements. It was added that the Council had continued to work effectively with external audit to build on the positive improvements noted in the 2013/14 financial statements. Members were informed that the issues identified in the prior year had been addressed and the overall quality of the financial statements had been reviewed and improved in 2014/15 and the audit had progressed well and in a shorter timeframe to date. The Ernst and Young Auditor informed the Committee that they would sign the Audit report off the following week.

Ernst and Young highlighted how they had difficulty in reviewing and testing some of the year estimates for debtor and creditor balances it was added that this was due to the method used by the Council to account for these balances. It was explained that rather than raising a new debtor/creditor in year and reversing this out of the accounts after the year end when paid, the balances led to difficulties in identifying which balances represented genuine current year assets or liability at year end for audit testing. It was added that Ernst and Young did not identify any specific errors in the year end debtors or creditors position. It was advised that management should review the approach to raising year end debtors and creditors to ensure clear audit trails. The Chair questioned why this was an insufficient process, the Committee was informed that to gain consistency the council should have one approach to recording debt and creditor balance as it had shown difficult to review and test.

Ernst and young confirmed that the Council had responded well and felt satisfied with the current arrangements in place for criteria 1 (arrangements for securing financial resilience) in relation to the level of budget gap for future year reflected in the Councils Medium Term Financial Strategy (MFTS).

Councillor C Kent thanked and showed appreciation for the Officers and all their hard work.

The Chair of the Committee asked for clarification regarding the budget review panel. The Head of Corporate Finance explained that the Panel consists of the leader and deputy leader of each political party, their aim would be to build an understanding and gain ideas which would then follow the democratic procedure.

The Chair of the Committee questioned whether the £3 million contingency and reserves in Adult Social Care would be assigned back into the general fund if not allocated. The Head of Corporate Finance informed the Committee that historically the Council budgeted Medium Term Financial Strategy (MTFS) at £3 million for democratic pressures, it was added that it was not just a reserve for Adults Social Care but for all services. It was further reported that the reserve was an estimate of what the Council thought was needed to deal with the demand from services.

Councillor Johnson queried why the reserves were not reducing in conjunction with the Council's budget. The Head of Corporate Finance explained that the Council could equally argue an increase in the reserves when dealing with a reduced budget. It was explained to the Committee how increasing the reserves would enable the Council more flexibility when dealing with uncontrollable demands.

Councillor Ray asked the Head of Corporate Finance to estimate how much the Council would need to increase rates to offset the budget cuts. The Head of Corporate finance estimated that the Council would need to increase Council Tax 5-6 % each year up until 2019/20 to accumulate £28 million.

Officers were pleased to note that subject to completing the audit, the external auditors intended to give an unqualified opinion on the Financial Statement; and Value for Money assessment.

Resolved:

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

23. Financial Statements and Annual Governance Statement Update

The Head of Corporate Finance informed Members that the draft financial statements had been reviewed by external audit. It was added that the audit was being finalised and Members had already considered the external auditor's interim opinion that both the Value for Money Opinion and Financial Statements would be unqualified. The Annual Governance statement was included as an appendix to the report and had also been reviewed by external audit. The Head of Corporate Finance updated the Committee with the changes to the Thurrock Council Financial Statement since submission to the Standards and Audit Committee.

Councillor Johnson asked for clarification on what entities and individuals were classed under the short-term debtor's balance sheet. The Head of Corporate Finance explained that this was not broken down into individuals, but added that it was a combination of owed Council tax or housing rent, and that timing issues can affect this figure.

Resolved:

- 1. That the Standards and Audit Committee 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. That the Standards and Audit Committee Noted the issues contained within, and approve, the Annual Governance Statement; and**
- 3. That the Standards and Audit Committee 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.**

24. Disaster Recovery Plans

The Head of Corporate Finance introduced the report to Members explaining that the report had been constructed relating to Business Continuity Planning (BCP) and Disaster Recovery (DR) interpretations:

It was explained that the Business Continuity Plan was an overarching plan relating to each service delivered by the Council. The BCP outlined how particular Services would continue to be delivered after one of the following events disrupted them:

- People - Loss of staff e.g. as a result of pandemic flu
- Premises - Denial of access to buildings e.g. in the event of a fire or flood
- Resources - Loss of access to data e.g. failure of one or more of the council's servers
- Suppliers - Products and services supplied by third parties e.g. loss of utilities including gas, water, electricity or telecommunications.

It was added that Disaster Recovery was a separate BCP that outlined how the Council would recover in the event that one of the four events above specifically affected the primary data centre at Civic Offices in Grays, Essex.

The Head of Corporate Finance highlighted that an offsite location in the event of DR invocation would be the Culver Centre. Councillor C Kent enquired if there were any other off-site locations available subject to the Culver Centre. Members were informed that all Thurrock employees could remotely work from home using Citrix on condition that the data centre was

functional. It was added that the Council was working with other authorities to look at saving a duplicate of the Council's server onto another authorities data centre.

Members were informed that a progress report would return to the committee in March.

Resolved:

1. That the Standards and Audit Committee approved that, following ICT transformation completion (3 months following transfer back), officers carry out a new Business Impact Analysis (BIA) across Directorate Services to establish realistic Recovery Time Objectives (RTO) for each Service and report back in March 2016.
2. That officers, post transfer, correlate the Recovery Time Objective (RTO*) information from the Services and determine the appropriate DR solution required in order to meet them and report back in March 2016.

* The RTO is the maximum sustainable time possible without critical ICT availability before a Service reaches an unacceptable level of risk towards:

- Endangering human life / well-being
- The Council suffering significant financial loss

3. Officers complete an appropriate DR solution that better suits the Council's modern technology, way of working and increased freedom to collaborate with other Local Authorities and report back in March 2016.

25. Work Programme

The Democratic Services Officer explained that an update on the Disaster Recovery Plans would be added to the work programme for March 2016.

The meeting finished at 9.05 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**