

Minutes of the Meeting of the Standards and Audit Committee held on 16 July 2015 at 7.00 pm

Present: Councillors Tunde Ojetola (Chair), Graham Hamilton (Vice-Chair), Yash Gupta (MBE), Cathy Kent and Robert Ray

Jason Oliver, Co-Opted Member

Apologies: Councillor Barry Johnson
Co-Opted Members Barry Johnson, Rhona Long and Stephen Rosser

In attendance: Sean Clark, Head of Corporate Finance
Gary Clifford, Client Manager for Audit Services
Chris Harris, Head of Internal Audit
Debbie Hanson, Ernst and Young
Lee Henley, Information Manager
Andy Owen, Corporate Risk Officer
Kenna-Victoria Martin, Senior Democratic Services Officer
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

Councillor Ojetola advised the Committee that the last meeting held on the 4 February 2015 had been inquorate.

The Minutes of Standards and Audit Committee, held on 4 February 2015, were approved as a correct record.

2. Items of Urgent Business

There were no items of urgent business.

3. Declaration of Interests

Councillor Cathy Kent declared a non-pecuniary interest in respect of the meeting as her child was a pupil at St Thomas's School up until last summer.

Councillor Hamilton declared a non-pecuniary interest in respect of the meeting as he was a landlord.

4. Internal Audit Progress Report 2014/15

The Internal Audit Manager introduced the report to Members informing them that the report set out the progress against the Internal Audit Plan 2014/15

and it detailed reports finalised since the last progress report presented to the Committee on the 17th March.

Officers informed Members of the following:

- Internal audit provided four levels of assurance opinion on reports carried out, this followed widespread consultation with clients across all services;
- Four areas within the Council had received a Green assurance rating, with regards to control frameworks, with 3 receiving an Amber/Green opinion and Procurement Cards receiving Amber/Red; Members said it was good to see the green ratings.

Members were taken through Appendix 1 to the report, which included the advisory review of Key Performance Indicators and the following points were highlighted:

- Nine audits had been carried out and completed; a final report had been published and issued to all the relevant Services.
- It was confirmed that procurement cards will be reviewed again as part of the 2015/16 annual audit plan the end of the year

Members queried if officers could explain the process of obtaining a procurement card. The Head of Finance explained that procurement cards were introduced to help remove the need for petty cashes that, in turn, reduced risk and that, every penny spent on a procurement card was published on to the website. It was explained that the majority of cards carried a maximum value of £1,000 and expenditure should be manually approved on the system by the user's manager but is automatically approved if this is not carried out. The Head of Finance explained to Members they can block certain purchases on the procurement cards such as alcohol, although blanket blocking would not be possible as Officers use procurements cards when working with vulnerable adults as they assist with shopping for essentials.

RESOLVED:

- 1. To note the considered reports issued by Internal Audit in relation to the 2014/15 audit plan.**
 - 2. That a procurement report will come back to September's Standards and Audit Committee incorporated in the internal audit plan.**
- 5. Internal Audit Annual Report - Year ended 31st March 2015**

Baker Tilly informed the Committee that they were responsible for forming an opinion on the Council's arrangements around the internal control, risk management and governance frameworks.

Members were taken through the report by Baker Tilly and while doing so, they addressed the following key points:

- The Committee were notified that the internal auditors had tested the internal control of the Council and two negative assurance opinions had been issued. Progress had been made in the high risk recommendations, with all being implemented.
- It was highlighted that the governance audit reviews of Serco change controls and members expenses resulted in positive opinions around governance arrangements.
- The Committee was informed that a Risk Management review was being carried out by the London Borough of Barking and Dagenham (LBBB) therefore, no overall assurance opinion was provided.

A Member questioned Officers whether the Council could be dependent on the risk management audit carried out last year by LBBB. The Internal Audit Manager assured the Committee that a review was going to be carried out for 2015/2016. The Council's Risk Management Officer confirmed that if issues were to arise at LBBB they would not affect Thurrock Council.

Councillor Ojetola highlighted the concerns that the London Borough of Havering had identified regarding the Schools Catering Contract which was managed under a service level agreement. The Committee were advised that evidence had been provided to the London Borough of Havering, who undertook interviews with relevant staff, subsequent to which service managers resigned from their posts and the catering service was brought back in house.

Members expressed concern that the risk management and audit process had not identified this issue sooner and were keen that such reporting mechanisms were strengthened so that similar matters could not happen again in future.

RESOLVED:

1. **To note that the Standards & Audit Committee receives and notes the Internal Audit Annual Report – Year ended 31st March 2015.**
 2. **The section 151 Officer will report to Committee how the Council gain assurances with partners.**
6. **Strategy for Internal Audit 2015/16 to 2017/18 and Annual Internal Audit Plan 2015/16**

The Internal Audit Manager introduced the report to the Committee and explained that the Council's Internal Audit Service was outsourced to Baker Tilly in October 2006. This contract expired on 31 March 2015. As a result, a decision was taken by Directors Board to TUPE transfer the Internal Audit Team back into the Council from the 1 April 2015. An initial 3 month Draft Audit Plan 2015/16 was presented to the Standards & Audit Committee

meeting held on 17 March 2015, with a full 3 year Strategy and Annual Plan 2015/16 being presented to the first meeting of the municipal year.

The Internal Audit Manager explained that the Strategy and Annual Plan had been consulted with all services with the exception of Planning Transport and Regeneration and the Chief Executive. He explained that any in year changes or additions are to be agreed with the Section 151 Officer and Chair of the Standards and Audit Committee.

Councillor Ray highlighted the risk regarding Community Safety that was published within the internal Audit Strategy 2015/16- 2017/18. The Councillor asked for clarification on what section 17 of the Crime and Disorder Act involved as this was the reasoning for the risk. Chris Pickering the Legal Representative explained the legislation and the chair requested that reports should be clearer in future.

RELOVED:

- 1. To note the report as the final framework for the Strategy for Internal Audit 2015/16 to 2017/18 and Annual Internal Audit Plan 2015/16.**
- 2. To note that the final plan be circulated as information to members of the Committee.**

7. Bridge Maintenance Inspections

The Standards and Audit Committee highlighted the findings from an Audit of the Bridge Maintenance Inspections undertaken as part of the approved internal audit periodic plan. The report identified deficiencies in the inspection and maintenance regime in place to ensure the safety, integrity and adequacy of structures within the highway for use by the public. In order to remediate the deficiencies, the Highways and Transportation team was implementing the action plan. The action plan detailed the recommended control measures and improved risk management which was now put in place for the Council to meet its statutory duties.

A Member questioned when bridge maintenance inspections became a statutory obligation, The Head of Planning and Transportation Ann Osola explained that it became a statutory obligation when Thurrock Council became a Unitary Council. The Committee was informed that four bridges and structures had been inspected and assessed to date.

RESOLVED:

To note the content of the report

8. SGO & Adoption Allowances - Financial Control Measures

An internal audit report had identified overpayments and the future risk of this within the system for providing Adoption and Special Guardianship Order Allowance Payments.

The Section 151 Officer explained to the committee that there was no significant loss and that the procedures had now been strengthened. He gave details that annual questionnaires are sent to all recipients to gain an understanding of any changes to their circumstances.

A Member questioned if we had control over whether the forms were completed or not. The Section 151 Officer explained the Head of Children's Social Care had been working with Serco to engage tighter rules on the forms being completed; payments could be frozen if forms were not returned.

The Section 151 Officer explained that a 28 day notice period was given after the form had not been provided to allow the allowance to continue it would be suspended this was to avoid the potential for over payment. Extreme hardships would not occur to secure repayment of overpayment.

Councillor Hamilton asked for clarification on how much was overpaid to the adoptees, it was confirmed that one of the adoptees had a change of circumstances and was overpaid by £13,000 and another was overpaid by £18,000 as the child had stopped attending college.

It was questioned by Members whether failing to complete the questionnaire was fraud, the Internal Audit Manager confirmed that it could indicate fraud in some instances and that this would be investigated. It was further added that more checks will be carried out with regards to fostering and would be reported back to Committee.

RESOLVED:

- 1. To note that committee members endorse the ceasing of any Special Guardianship or Adoption Allowance after notice has been given of failure to return the annual financial review documents to the department or the document is incomplete.**
 - 2. To note that committee members endorse continued action by the department where appropriate (extreme hardship will not occur) to secure repayment of any overpayments that have been made.**
 - 3. To note that the amended Special Guardianship Policy is applied and letters clearly setting out the responsibilities of any special guardians and their financial obligations are maintain in-line with statutory guidance and case law.**
- 9. Regulation of Investigatory Powers Act (RIPA) 2000 - 2014/15 Activity Report**

The Information Manager introduced the report to Members explaining 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 2014/15 was explained to the Committee. The Information Manager summarised the training activity during the reporting period and confirmed that a review was undertaken of the RIPA Policy and as a result of this review; no amendments to the policy were required.

RESOLVED:

- 1. To note the statistical information relating to the use of RIPA for 2014/15.**
- 2. To note training activity undertaken during 2014/15.**
- 3. To note that following on from a review of the RIPA policy by the Legal Services Department, no changes to the RIPA policy are required.**
- 4. The version control sheet is agreed.**

10. Refresh of the Strategic/Corporate Risk and Opportunity Register, In Quarter 1 Report

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. To enable the Committee to consider the effectiveness of the risk management arrangements the report is 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 between March and May to refresh the Strategic Corporate Risk and Opportunity Register.

The Chair expressed a concern with the high (red) target ratings for a number of the risks. Officers informed members that some of these risks were longer term issues and would not be managed in the short term. However a target date of the 31st March 2016 had been applied to these items, which was when the risks and whole register is refreshed. Members were also informed that some of the risks are out of the direct control of the Council and may explain why some of the target ratings were assessed at the higher level.

To further clarify the position it was agreed that a review of the risks with high (red) target ratings be undertaken and follow up report submitted to the September 2015 Committee on the findings.

A Co-opted Member questioned why business continuity planning and ICT was published as separate items in the Strategic/Corporate Risk and Opportunity Register. The Section 151 Officer explained that common themes occurred through these risks and it was a case of getting the correct balance between the two.

RESOLVED

- 1. To note that Standards and Audit Committee note the items and details contained in the Dashboard (Appendix 1).**
- 2. To note that Standards and Audit Committee note the 'In Focus' report (Appendix 2), which includes the items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.**

11. Counter Fraud & Investigation Annual Report, Policy & Strategy

It was reported to Members at the last Committee that consideration was being given to the centralisation of all anti-fraud & corruption work into one department named the Counter Fraud & Investigation Directorate ("CFID"). The rationale was to maximise the effectiveness of tackling fraud, currently delivered separately by the Fraud Investigation Department and Housing Investigation Team. This work was agreed by Directors Board and a formal restructure process had been concluded.

As of 1st July 2015 the Counter Fraud & Investigation Directorate had sole responsibility to prevent, detect and deter all instances of alleged economic crime affecting the authority including: allegations of fraud, theft, corruption, bribery and money laundering.

In support of this single centralised approach, a new Anti-Fraud and Corruption Policy had been drafted, which takes account of the current fraud landscape and best practice around the UK ensuring a coordinated approach is taken.

The Group Manager for Counter Fraud and Investigation explained that the Fraud Team joint services with Southend Council last October and was looking to work with other Local Authorities to share the team's skills and services. The Committee congratulated the service.

Councillor Gupta asked how much fraud was taking place within Thurrock; it was unknown as it was something that was ongoing. Another Member questioned the Police's involvement with fraud investigations the Group Manager for Counter Fraud and Investigation informed the Committee that the Police were involved in arrests.

RESOLVED

- 1. To note that the Committee endorses the new Anti-Fraud & Corruption Policy**
- 2. To note that the Committee notes the Counter Fraud & Investigation performance**
- 3. To note that the Committee endorses the 2015/16 Corporate Counter Fraud and Investigation Strategy**

12. Financial Statements and Annual Governance Statement Update

The Section 151 Officer informed the Committee that the 2014/15 Financial Statement and Annual Governance Statement had been submitted to Ernst and Young for audit, the results would be reported back to the Standards and Audit Committee in September.

It was explained that there was no longer a requirement to bring the documents to the Committee at this stage and that Officers will circulate the documents to members for information to enable them to review the information prior to the Committee meeting in September enabling them to approve the final statements.

RESOLVED:

Noted that the Draft Annual Governance Statement and Financial Statements have been completed and passed to Ernst and Young for auditing

13. Work Programme

The Democratic Services Officer explained that there was some new agenda items that had arose from the meeting and that she would circulate the amended work programme electronically.

The meeting finished at 9.22 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