

Thurrock: A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish

## Standards and Audit Committee

The meeting will be held at **7.00 pm** on **16 July 2015**

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

### Membership:

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

Rhona Long, Co-Opted Member  
Jason Oliver, Co-Opted Member  
Stephen Rosser, Co-Opted Member

### Substitutes:

Councillors Robert Gledhill and Joycelyn Redsell

### Agenda

Open to Public and Press

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<b>1 Apologies for Absence</b>	
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To approve as a correct record the minutes of the Standards and Audit Committee meeting held on 17 March 2015.	
<b>3 Items of Urgent Business</b>	
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.	
<b>4 Declaration of Interests</b>	
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**Queries regarding this Agenda or notification of apologies:**

Please contact Jessica Feeney, Senior Democratic Services Officer by sending an email to [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)

Agenda published on: **8 July 2015**

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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.**

**Vision: Thurrock:** A place of **opportunity**, **enterprise** and **excellence**, where **individuals**, **communities** and **businesses** flourish.

To achieve our vision, we have identified five strategic priorities:

**1. Create** a great place for learning and opportunity

- Ensure that every place of learning is rated “Good” or better
- Raise levels of aspiration and attainment so that residents can take advantage of local job opportunities
- Support families to give children the best possible start in life

**2. Encourage** and promote job creation and economic prosperity

- Promote Thurrock and encourage inward investment to enable and sustain growth
- Support business and develop the local skilled workforce they require
- Work with partners to secure improved infrastructure and built environment

**3. Build** pride, responsibility and respect

- Create welcoming, safe, and resilient communities which value fairness
- Work in partnership with communities to help them take responsibility for shaping their quality of life
- Empower residents through choice and independence to improve their health and well-being

**4. Improve** health and well-being

- Ensure people stay healthy longer, adding years to life and life to years
- Reduce inequalities in health and well-being and safeguard the most vulnerable people with timely intervention and care accessed closer to home
- Enhance quality of life through improved housing, employment and opportunity

**5. Promote** and protect our clean and green environment

- Enhance access to Thurrock's river frontage, cultural assets and leisure opportunities
- Promote Thurrock's natural environment and biodiversity
- Inspire high quality design and standards in our buildings and public space

## Minutes of the Meeting of the Standards and Audit Committee held on 17 March 2015 at 7.00 pm

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- Present:** Councillors Simon Wootton (Chair) and Yash Gupta (Vice-Chair),  
Jason Oliver, Rhona Long and Stephen Rosser – Co-Opted Members
- Apologies:** Councillors Cathy Kent and Brian Little
- In attendance:** Sean Clark, Head of Corporate Finance  
Debbie Hanson, Ernst and Young  
Gary Clifford, Client Manager for Audit Services  
Chris Harris, Head of Internal Audit  
Lee Henley, Information Manager  
Andy Owen, Corporate Risk Officer  
David Kleinberg, Fraud Investigations Manager  
Kenna-Victoria Martin, 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.

### **36. Minutes**

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

### **37. Items of Urgent Business**

There were no Items of Urgent business declared.

### **38. Declaration of Interests**

There were no declarations of interests declared.

### **39. Risk and Opportunity Management - Benchmarking and Review of the Policy, Strategy and Framework**

The Corporate Risk Officer introduced the report to the Committee explaining that to enable Standards and Audit Committee to consider the effectiveness of the Council's ROM arrangements the report was presented on an annual basis.

It was further explained that the report provided details of how the Council's ROM arrangements compared against the ALARM/CIPFA Benchmarking Model, outlines of the current ROM activity, the proposals to maintain/improve

practice across the organisation and includes the updated ROM Policy, Strategy and Framework.

Members were informed that the results were used to calculate the overall scores for the Enabler Results, it was highlighted that the table at 2.5 of the agenda showed Thurrock's scores. It was notified to Members that the Council had attained level 4 – Embedded and integrated for the Enabler criteria and Level 3 - Working for the Results criteria.

The Committee were taken through the graphs at Appendix 1 of the report and were notified that the benchmarking had revealed that for 6 of the 7 strands the Council had reached Level 4, for 1 of the 7 strands the Council's scores were on the border of attaining the score for Level 4 and for 4 of the 7 strands the Council's score had improved slightly against the previous year's results. Overall the Council had attained a score which was similar with the average score of the benchmarking cohort for all of the 7 strands.

Members enquired as to whether the Council had the capacity to continue to improve its scores and achieve a level 5. The Risk Officer informed the Committee that he would like to see the Council achieve level 5 however given the current cost restraints it would be a challenge to reach the higher standard, which is more comprehensive. The Committee were also informed that there was some uncertainty as to whether the Council would continue with the model and are to consider a review against the RM element of the corporate governance and assurance framework for the 2015 exercise.

It was further queried as to who Thurrock Council was benchmarked against, the committee were notified that the 37 public organisations within the cohort were made up from 6 Unitary councils, 4 London Borough councils, 5 County councils, 5 District councils, 5 Scottish Unitary, 6 Metropolitan, 4 Fire, 1 Police and 1 Government Organisation.

#### **RESOLVED:**

##### **That Standards and Audit Committee**

1. **Note and comment on the results of the benchmarking exercise, the current ROM activity and proposals to maintain and improve the practice across the organisation.**
2. **That Standards and Audit Committee note and comment on the updated ROM Policy, Strategy and Framework.**

#### **40. Regulation of Investigatory Powers Act (RIPA) 2000 – Quarterly Activity Report**

The Information Manager introduced the report to the Committee, notifying them that this was the quarter 3 report, which covered the period of October 2014 to December 2014. During which the Council had processed 1 RIPA

authorisation, related to fraud, to date the Council had dealt with 3 cases related to fraud and 1 other relating to Trading Standards.

The Vice-Chair enquired as to the amount of staff that would be assigned to a fraud case and whether officers thought this was value for money. The Committee were advised that on the case in question, 6 officers were assigned and a case under RIPA investigation a cost effective decision would be taken.

Members queried if the Council won a case as to whether the outcome was publicised. Officers confirmed to Members that if the Council won a conviction then the decision would be publicised.

**RESOLVED:**

**That Standards and Audit Committee note the statistical information relating to the use of RIPA from October 2014 to December 2014.**

**41. Internal Audit Progress Report 2014-2015**

The Internal Audit Manager presented the report to the Committee, notifying them that it detailed the reports finalised since the previous progress report presented to the Committee on the 9th December 2014.

Members were informed that in the year to date, 24 reports had been issued as final, have 8 reports at draft or debrief stage and 5 reviews that are work in progress. 7 reports had received a Green assurance rating for the control frameworks within their area, 1 report received an Amber/Red assurance rating for the control framework in its area. The Committee were advised that no Amber/Green assurances had been issued.

A follow up meeting in respect of the review around the Troubled Families Programme had been carried out and the Committee were notified that a consultant had been brought in to tighten up controls and ensure sufficient evidence is available to confirm claims.

It was enquired by the Committee as to the Change Controls Serco report getting an Amber/Red assurance what action had been proposed and why had it been given such an assurance rating. Officers advised Members that the current report detailed the process on Thurrock Councils side and since it had been agreed that an extended scope be carried out to look at Serco's position. It was further explained that as high level recommendations were identified there was the possibility of high risks for Thurrock Council. Officers notified the Committee that there would be an officer at the first meeting of the municipal year to answer any questions Members may have on this report.

**RESOLVED:**

**That the Standards & Audit Committee:**

1. **Consider reports issued by Internal Audit in relation to the 2014/15 audit plan.**
  2. **Note progress against the Internal Audit Plan for 2014/15.**
- 42. Internal Audit Service Contract Update and Draft 3 month Internal Audit Plan 2015-2016**

The Head of Corporate Finance introduced the report to the Committee informing them that 7 years ago the decision was taken to outsource Internal Audit. He continued to notify Members that the current contact with Baker Tilly was coming to an end and the decision had been taken to bring the service back in-house, including transferring the Internal Audit Team back to Thurrock Council.

It was explained that as yet no major decision had been made with regards to sharing services or shaping the service overall. Members enquired whether there were any financial implications with bringing the service back under Thurrock Council; Officers assured the Committee that as yet there were no adverse financial implications.

The Internal Audit Manager gave the Committee the assurance that even though the Internal Audit Team were going through a transition they would still be delivering the same service throughout the period of development.

Members were advised that the service had a 3 month plan which included follow up work and reviews as asked for by the external audit team.

The Chair of the Committee enquired as to why the plan was in draft format rather than Members seeing a completed plan. Officers explained that the plan had been left as a draft to give the Committee the opportunity to make any changes or amendments. It was agreed that the Committee were happy with the proposed draft plan.

**RESOLVED:**

**That the Standards & Audit Committee:**

1. **Note the decision to TUPE transfer the Internal Audit Team from Baker Tilly back into the Council.**
  2. **Receive the 3 month Internal Audit Plan 2015/16 and agree for officers to report back to the Standards & Audit Committee at the first meeting in the new municipal year with a full Three Year Strategy and Annual Plan 2015/16.**
- 43. Counter Fraud & Investigation Service Update Report**

The Group Counter Fraud and Investigation Officer presented the report to the Committee notifying them that the provision of a corporate-wide service

targeting fraud risk was agreed by Directors Board. The new service named the Counter Fraud & Investigation Service, successfully bid for central government funding of £594 thousand to develop the service intended to share best practice and specialist resources from Thurrock Council with other public authority partners.

Members were informed that in October 2014, a Service Level Agreement was signed with Southend-on-Sea Borough Council to provide a counter fraud and investigation service jointly across both authorities. It was further advised that the service would provide expert resources to prevent detect and deter attacks on the public purse by economic crime across central and local government organisations with particular focus with Thurrock Council & Southend Borough Council.

It was sought by the Committee as to how many staff was employed within the service, Officers advised Members that staff were shared by both authorities and agency staff were also on hand if needed.

The Vice-Chair of the Committee, queried as to how with an internal and external audit teams and directors how was it possible for fraud to continue to happen. It was advised by the Head of Corporate Finance that even with the most robust of internal processes, it would not be possible to stop fraud.

**RESOLVED:**

**That the Standards & Audit Committee:**

- 1. Notes the developments being made in the counter fraud & investigation service.**
- 2. Notes the progress made in delivering the requirements of Fighting Fraud Locally and the Corporate Counter Fraud & Investigation Plan 2014/15.**

**44. External Audit Plan 2014-2015**

The Head of Corporate Finance explained to the Committee that this item would have to be brought back for it to be agreed when the Committee had a quorum.

The External Auditor, talked Members through the report and explained that it was clear that there had been an improvement within the Governance of the Council and that some of the items within the report were not unique to Thurrock. Accounting for schools was discussed and it was noted that this had the potential to be a risk; however the accounting assessment would have to be made on a school by school basis.

It was enquired by the Committee as the fee set relied on a timetabled deadline, were Officers confident that the Audit would be completed on time. The Head of Corporate Finance gave Members the assurance, that he was

confident that the team would meet the deadlines required however there were still improvements to make.

**RESOLVED:**

**That the report be noted.**

**The meeting finished at 8.55 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](mailto:Direct.Democracy@thurrock.gov.uk)**

<b>16 July 2015</b>	<b>ITEM: 5</b>
<b>Standards and Audit Committee</b>	
<b>Internal Audit Progress Report 2014/15</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-key
<b>Report of:</b> Chris Harris – Head of Internal Audit	
<b>Accountable Head of Service:</b> Sean Clark – Head of Corporate Finance	
<b>Accountable Director:</b> David Bull – Interim Chief Executive	
<b>This report is public</b>	

## Executive Summary

The Internal Audit Plan 2014/15 was discussed and noted by the Standards & Audit Committee at their meeting of 5<sup>th</sup> March 2014. This report sets out progress against the Internal Audit Plan 2014/15 and is the final progress report presented to the Standards & Audit Committee. It details reports finalised since the last progress report presented to the Committee on the 17<sup>th</sup> March 2015.

### 1. Recommendation(s)

#### 1.1 That the Standards & Audit Committee:

**Consider reports issued by Internal Audit in relation to the 2014/15 audit plan.**

### 2. Introduction and Background

2.1 The Accounts and Audit (England) Regulations 2011 require that a relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.

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 2014/15 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 Following widespread consultation with clients across all service sectors, the reports issued by Internal Audit now provide 4 levels of assurance opinion. The 4 opinions use a Red/Amber/Green assurance level and reports are now categorised as: Green; Amber/Green (positive assurance opinions); Amber/Red (some assurance but a number of weaknesses) and Red (negative assurance opinion).

- 3.2 We have summarised below (3.3 to 3.5), those reports that have been issued as final since the last progress report on 17<sup>th</sup> March 2015. The key findings of these reports are shown at Appendix 1.

- 3.3 The following reports received a **Green** assurance rating for the control frameworks in their area:

- St Thomas of Canterbury RC Primary School
- Deneholm Primary School
- Accounts Payable
- Accounts Receivable

- 3.4 The following report received an **Amber/Green** assurance rating for the control framework in its area:

- Contract Review (Manor School – now Tilbury Pioneer Academy)
- Little Thurrock Primary School
- Stifford Clays Primary School

- 3.5 The following report received an **Amber/Red** assurance rating for the control framework in its area:

- Procurement Cards

A full copy of the exception report is included at the end of Appendix 1.

- 3.6 At the request of the client, we also carried out an advisory review on key performance indicators. The main findings of this review are included in the progress report at Appendix 1.

### **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, Directors and Heads of Service before being reported to Directors Board and the Audit Committee.
- 5.2 All terms of reference and draft reports are discussed and agreed with the relevant Corporate 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 2014-15. Recommendations made are designed to further the implementation of these corporate priorities.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **S Clark**  
**Head of Corporate 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. This is not to say that audit recommendations do not have financial implications but these are for management to identify and contain within existing budgets.

### **7.2 Legal**

Implications verified by: **D Lawson**  
**Deputy Head of Legal & Deputy Monitoring Officer**

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 (England) Regulations 2011 to at least annually undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practice. The Council has delegated responsibility for ensuring this is taking place to the Standards & Audit Committee. There are no adverse legal implications relating to the reporting progress.

### 7.3 **Diversity and Equality**

Implications verified by: **R Price**  
**Community Development Officer**

There are no direct diversity implications arising from this report as it is for information purposes only.

### 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 framework. 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** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Strategy for Internal Audit 2014/15 to 16/17 and Internal Audit Plan 2014/15
- Internal Audit Reports issued in 2014/15.

### 9. **Appendices to the report**

- Appendix 1 – Internal Audit Progress Report.

#### **Report Author:**

Gary Clifford

Internal Audit Manager

Baker Tilly – provider of Internal Audit Services to Thurrock Council

## Thurrock Council

### Internal Audit Progress Report

Standards & Audit Committee meeting on 16<sup>th</sup> July 2015

## Introduction

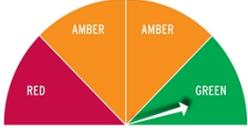
The internal audit plan for 2014/15 was presented to the Standards & Audit Committee on 5<sup>th</sup> March 2014. This report provides an update on progress against that plan since the last progress report on 17<sup>th</sup> March 2015.

### Summary of Progress against the Internal Audit Plan

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
<b>Audits to address specific risks</b>					
St Thomas of Canterbury RC Primary School	Final	Green	0	2	2
Deneholm Primary School	Final	Green	0	1	2
Procurement Cards	Final	Amber/Red	1	2	3
Contract Review - (Manor School – now Tilbury Pioneer Academy)	Final	Amber/Green	0	3	0
Little Thurrock Primary School	Final	Amber/Green	0	3	3
Stifford Clays Primary School	Final	Amber/Green	0	3	0
<b>Core Assurance</b>					
Accounts Payable	Final	Green	0	1	3
Accounts Receivable	Final	Green	0	1	2
<b>Advisory</b>					
Key Performance Indicators	Final	Advisory	2	1	0

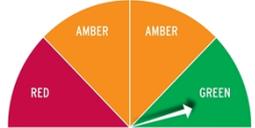
The report on Procurement Cards, which received an Amber/Red assurance opinion, has been included in more detail at the end of this progress report.

**Key Findings from Internal Audit Work**

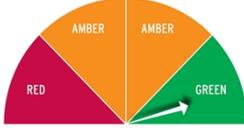
<p><b>Assignment: St Thomas of Canterbury RC Primary School</b></p>	<p><b>Opinion: Green</b></p>	
<p><b>Headline Findings:</b> Our review of St Thomas of Canterbury RC Primary School identified 2 medium and 2 low recommendations around the adequacy of the control framework. The 1 recommendation from the previous review had been implemented.</p>		
<p><b>Action and Response</b></p>	<p><b>Responsible Officer</b></p>	<p><b>Date</b></p>
<p><b>Action</b> - All Purchase Orders raised which are in excess of £5k must be signed by the Chair of Finance in addition to the Headteacher's signature as per the school's financial regulations. To ensure appropriate authorisation of expenditure is taking place, all items must be supported by an official authorised order before the purchase is made. This will ensure management reports are kept up to date and accurately reflect the school's financial position. <b>Response</b> - All purchase orders over £5k will be passed to the Finance Committee for a signature from the Chair. More controls are to be put in place to ensure the office staff are aware of orders placed.</p>	<p>Finance Manager Headteacher</p>	<p>April 2015</p>
<p><b>Action</b> - The Overtime form completed by the Deputy Headteacher needs to be made clearer to show exactly how many hours the teachers have worked. Assumptions are made that the Finance Manager is aware of the normal hours of members of staff. <b>Response</b> - The Headteacher and the Deputy will look at developing and producing a clearer document such as a new spread sheet exclusively for the overtime claims.</p>	<p>Headteacher</p>	<p>April 2015</p>
<p><b>Assignment: Deneholm Primary School</b></p>	<p><b>Opinion: Green</b></p>	
<p><b>Headline Findings:</b> Our review of Deneholm Primary School identified 1 medium and 2 low recommendations around the adequacy of the control framework. The 4 recommendations from the previous review had all been implemented.</p>		
<p><b>Action and Response</b></p>	<p><b>Responsible Officer</b></p>	<p><b>Date</b></p>
<p><b>Action</b> - The IT inventory needs to be signed as accurate on an annual basis. All IT equipment should be included on the inventory. This ensures the school have an up to date record in the event of a claim for theft, damage or loss of equipment. <b>Response</b> - All IT equipment will be added to the inventory.</p>	<p>IT Technician</p>	<p>April 2015</p>

<p><b>Assignment: Contract Review (Manor School – now Tilbury Pioneer Academy)</b></p>	<p><b>Opinion: Amber/Green</b></p>	
<p><b>Headline Findings:</b> Our contract review of Manor School – now Tilbury Pioneer Academy, identified 3 medium recommendations around the application of the control framework. There had been no previous contract review in this area.</p>		
<p><b>Action</b> - Strategy group meetings need to be evidenced to record key decisions and any critical actions undertaken. Whether this is by email or through formal minutes, the evidence needs to be retained on the electronic or paper file. This will enable the Authority to have a clear audit trail of its actions and those actions can be implemented, monitored and resolved in a timely manner.</p> <p><b>Response</b> - Strategy group meetings were held throughout the project but actions were recorded through emails and were not subsequently stored electronically. In future all meeting notes (whether formally recorded or emails) will be held as a pdf in the electronic project file.</p>	<p>Strategic Lead - Operational, Resources and Libraries Unit</p>	<p>April 2015</p>
<p><b>Action</b> - A more comprehensive risk assessment is required to breakdown the risk areas into more specific categories to identify project related risks. This will help the project team to monitor specific issues that may arise and instigate early intervention and an escalation processes when necessary, more effectively.</p> <p><b>Response</b> - A risk register was compiled for the project and was regularly reviewed albeit that this was not routinely recorded within meeting notes. In future risk registers should be expanded to include all commercial and project related risks together with the technical risks related to the building.</p>	<p>Strategic Lead - Operational, Resources and Libraries Unit</p>	<p>April 2015</p>
<p><b>Action</b> - Document retention improvements are required to ensure that the final versions of the tender documents and supporting procurement paperwork are available centrally and easily accessible, in line with the Authority’s document retention policy. This will ensure that the Authority has the confidence that the winning tender was correctly assessed and not open to legal challenge.</p> <p><b>Response</b> - The documents in question were anticipated to have been held by procurement colleagues who had overseen the selection process for the contractor. In future the project team should hold an electronic copy of all relevant documentation and consider the need to hold a separate hard copy as permitted through the document retention policy.</p>	<p>Strategic Lead - Operational, Resources and Libraries Unit</p>	<p>April 2015</p>

<p><b>Assignment: Little Thurrock Primary School</b></p>	<p><b>Opinion: Amber/Green</b></p>	
<p><b>Headline Findings:</b> Our review of Little Thurrock Primary School identified 3 medium and 3 low recommendations around the adequacy of the control framework. Of the 5 recommendations from the previous review, 4 had been implemented, with 1 being repeated in this review.</p>		
<p><b>Action and Response</b></p>	<p><b>Responsible Officer</b></p>	<p><b>Date</b></p>
<p><b>Action</b> - To ensure appropriate authorisation of expenditure is taking place, all items must be supported by an official authorised order before the purchase is made This will ensure management reports are kept up to date and accurately reflect the school’s financial position. <b>Response</b> - Staff will be made aware that items must not be ordered until a purchase order is raised by the office.</p>	<p>Primary School Manager</p>	<p>April 2015</p>
<p><b>Action</b> - Copies of Disclosure and Barring Service clearance (DBS) or the entry number must be recorded and kept on file. This ensures staff are not employed who have not been cleared. <b>Response</b> - An application will be made for the missing DBS clearance.</p>	<p>Primary School Manager</p>	<p>April 2015</p>
<p><b>Action</b> - It is recommended that either another member of staff is trained in the administration of the school dinner money processes. This will help ensure arrears do not build up as they did in the absence of the Finance Officer. <b>Response</b> - Training will be given to other members of staff.</p>	<p>Primary School Manager</p>	<p>April 2015</p>

<p><b>Assignment: Accounts Receivable</b></p>	<p><b>Opinion: Green</b></p>	
<p><b>Headline Findings:</b> Our review of Accounts Receivable identified 1 medium and 2 low recommendations around the adequacy of the control framework. The 1 recommendation from the previous review had been implemented.</p>		
<p><b>Action</b> - Budget Holders should be made aware of their responsibility to raise Debt Recovery Single Invoice Request Forms in a timely manner. In the Council’s Constitution, this is stated as 5 working days from the service being provided. If the situation does not improve, the Debt Recovery team should consider monitoring problem areas and escalating through Heads of Service. If invoices for debts are not raised promptly by departments, there could be an increased risk of disputes and bad debts. <b>Response</b> - Agreed. The Debt Manager will contact the Head of Corporate Finance and ask for a reminder to be circulated to all budget holders.</p>	<p>Debt Manager</p>	<p>End of March 15</p>

<p><b>Assignment: Stifford Clays Primary School</b></p>	<p><b>Opinion: Amber/Green</b></p>	
<p><b>Headline Findings:</b> Our review of Stifford Clays Primary School identified 3 medium recommendations around the adequacy of the control framework. There were no previous recommendations as this was the first review since the junior and infant schools were amalgamated into a primary school.</p>		
<p><b>Action and Response</b></p>	<p><b>Responsible Officer</b></p>	<p><b>Date</b></p>
<p><b>Action</b> - All Governors and applicable members of staff must sign a declaration of interest upon appointment. The Headteachers form should include a declaration around his son's roles in the school. This ensures all business transactions are transparent. <b>Response</b> - These were newly appointed. The records will be updated.</p>	<p>Clerk</p>	<p>April 2015</p>
<p><b>Action</b> - If the mentoring role is to be made permanent, the school should consult with, and seek guidance from, their HR Advisors to determine the correct process is being followed, including whether the job has to be advertised. Due to the relationship between the Headteacher and the current mentor, he should remove himself from the decision making process. This will ensure the process is transparent and not open to challenge. <b>Response</b> - This is all being managed by HR Team. This role has never existed within the school previously. Once job spec is agreed, will go out to advert, in line with the recruitment policy. Headteacher will not be involved as Deputy's appoint at this level.</p>	<p>Headteacher/ Deputy Headteacher/ Finance Manager</p>	<p>April 2015</p>
<p><b>Action</b> - Budgets must be submitted to the Finance team within a maximum of 2-3 weeks after month end. This ensures they can provide additional support if necessary, in a timely manner. <b>Response</b> - The Finance Team have been busy with the work required to go to Academy</p>	<p>Finance Manager</p>	<p>April 2015</p>

<p><b>Assignment: Accounts Payable</b></p>	<p><b>Opinion: Green</b></p>	
<p><b>Headline Findings:</b> Our review of Accounts Payable identified 1 medium and 3 low recommendations around the adequacy of the control framework. The 4 recommendations from the previous review had all been implemented.</p>		
<p><b>Action</b> - It is recommended that the Accounts Payable team continue to highlight non-compliance and make recommendations to the Council via reporting and communication with the relevant Business Relationship Manager for the service. The Accounts Payable Team should continue to work with the Council to put controls in place where possible to ensure orders are raised before invoices are received and the correct receipting process is being followed, including educating suppliers, training Requisitioners and switching off express receipting. Any decision made to change the process should be discussed and agreed with the client.</p> <p><b>Response</b> - The Creditors Team remain committed to identifying non-compliance, and regularly highlight and take actions to rectify this where within our control. We are currently working closely with Dionne Knight in the Commercial Team (Thurrock) to re-implement the Oracle iProcurement module. This will bring additional controls and exception reporting in this area. A programme for training requisitioners and other key Procurement staff is also planned as it is within the scope of this work.</p>	<p>Accounts Payable Section Manager / Procurement Strategy, Policy and Compliance Manager</p>	<p>April 15</p>

<p><b>Assignment: Key Performance Indicators</b></p>	<p><b>No Opinion</b></p>	<p><b>Advisory</b></p>
<p><b>Headline Findings:</b> The review of Key Performance Indicators identified 2 high and 1 medium recommendation. In total, 4 new indicators were reviewed and 5 were followed up from the previous report. The review identified the following issues:</p> <ul style="list-style-type: none"> <li>• Checks were not carried out on the accuracy of the data relating to the adoption indicators prior to submission, particularly around the dates entered for the “Average time between a local authority receiving court authority to place a child and the local authority deciding on a match to an adoptive family (days)”;</li> <li>• The treatment of outstanding arrears for people moving to smaller properties was not in line with the Council’s own policy and a signed return was not submitted to the Performance Officer; and</li> <li>• There was no formal clear definition of the term “Apprentice” (previous recommendation). There were inaccuracies in the numbers quoted and a signed return was not submitted to the Performance Officer.</li> </ul> <p>All of the recommendations were accepted by management and it was stated that actions had been put in place for 2 of the recommendations, with the 3<sup>rd</sup> having already been actioned. These will be checked as part of the follow up process in 2015/16.</p>		

# PROCUREMENT CARDS

## 1 Executive Summary

### 1.1 Introduction

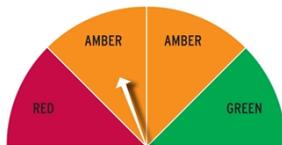
An audit of Procurement Cards (P-Cards) was undertaken as part of the approved internal audit periodic plan for 2014/15.

Procurement Cards are issued to all employees with a job role that identifies that they have a business need. All cards are subject to approval from the Head of Service and the Head of Corporate Finance. Transactions are uploaded onto the Royal Bank of Scotland's online system – Smart Data Online (SDOL) on a daily basis. All reviews and approvals of transactions are input into the system. Each employee is responsible for their card and is assigned a monthly and single transaction limit.

The audit was designed to assess the controls in place to manage the following objectives and risks:

<b>Objective</b>	The Council has appropriate processes in place to ensure that the setting up and use of purchase cards is authorised, controlled and monitored.
<b>Risk</b>	Failure to properly authorise, control and monitor the setting up and use of purchase cards could result in inappropriate expenditure not being identified and challenged.

### 1.2 Conclusion



**Taking account of the issues identified, whilst the Council can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.**

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

- There is a Purchasing Card Policy but it was not signed or reviewed on a regular basis.
- All application forms had either been signed by the Head of Corporate Finance or an email authorisation had been received.
- Purchase cards request forms were not always completed correctly.
- There were procurement card forms, signed by the cardholder, retained on the file.
- Individuals can view and check their monthly statements on-line. However, transactions were not always reviewed and approved.
- Transaction limits were not being monitored to determine if they were appropriate.
- Bank Statements were not signed to indicate that they had been checked.
- Cards cannot be used to withdraw cash.
- Reports were not presented to Directors on a regular basis.
- A check of leavers revealed they had been removed from the system and cards returned.

### 1.3 Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following limitations were agreed:

**Limitations to the scope of the audit:**

- The scope of this audit was limited to reviewing processes in place and conclusions are based upon results of sample-testing.

- We did not carry out detailed testing on the appropriateness of purchases. This will be undertaken as a separate review in 2015/16.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

## 1.4 Recommendations Summary

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

### Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	Medium	Low
Design of control framework	0	1	0
Application of control framework	1	1	3
<b>Total</b>	<b>1</b>	<b>2</b>	<b>3</b>

The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	Medium	Low
Inappropriate expenditure on procurement cards	1	2	3
<b>Total</b>	<b>1</b>	<b>2</b>	<b>3</b>

## 1.5 Additional Feedback

**The following staff gave their time and co-operation during the review, and we would like to record our thanks:**

Treasury Management Officer  
Finance Assistant

## 2 Action Plan

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.1	The policy should be signed off by a Senior Manager within the Council to demonstrate that it has been reviewed and approved. It should be version controlled with the date of last review and the date the next review is due.	Low	Y	Reviews will take place and H.O.S will sign	A.S.A.P	Treasury Management Officer (TMO) and Head of Corporate Finance
1.2	Purchase cards should only be issued where the Treasury Management Team has received a fully completed procurement card request form. Forms not completed correctly or where no authorisation is received should be returned to the applicant.	Medium	Y	Agreed	From Now On	T.M.O
1.3	It is recommended that transaction limits are periodically reviewed by the authorising managers and Finance Department and adjusted according to need. This reduces the risk of the cards being used to by-pass the ordering process.	Low	Y	This will be investigated	T.B.A	T.M.O
1.4	All transactions must be reviewed by the cardholder approx. 2 days after the transaction took place, which will enable	High	Y	Managers will be made aware to approve all transactions.	A.S.A.P	T.M.O All Manager's with staff with

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	the Manager to approve the transaction. The cardholder must also ensure the scanning facility is used to record receipts as this makes it easier for Manager's to review and approve the expenditure.					Purchase Cards
1.5	The Treasury Management Officer should sign bank statements received to confirm that they have been reviewed and analysed.	Low	Y	Agreed Bank Statements will be signed in the future	From now on	T.M.O
1.6	Cardholders and Line Managers must be made aware of their responsibilities for reviewing and approving transactions. It is recommended that the Treasury Management Team produce regular reports to Directors/Heads of Service detailing the unapproved transactions. These reports should then be used to inform cardholders of their responsibilities and make them aware that the cards can be withdrawn if they fail to comply.	Medium	Y	Agreed, appropriate report will be developed for Directors. The Executive Assistant will be reintroducing checks on procurement cards to ensure there is an appropriate description and notify the Director/Head of Service if there is persistent non-compliance.	A.S.A.P	T.M.O/Executive Assistant

### 3 Findings and Recommendations

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all audit testing undertaken.

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
<b>Risk 1: Inappropriate expenditure on procurement cards</b>					
1.1	The Council has a Purchasing Card Procedure guide for Cardholders. The Policy includes: Manager's responsibilities; Cardholder's responsibilities; Administrator responsibilities; Purchasing Card Process; Supplier and Categories of Spend; Transactional Limits and Monthly Spend Limits; Billings; Card Security; and Unwanted Cards and Leavers.	Yes	Internal Audit obtained a copy of the Purchasing Card Policy. It was confirmed with the Treasury Management Officer that this had been developed in December 2013 in consultation with the Corporate Finance but it is not dated.  In discussion with the Treasury Management Officer it was confirmed that the document was produced by a staff member of Serco. The policy had not been signed off by a senior member of the Council to show that it had been reviewed and approved.	The policy should be signed off by a Senior Manager within the Council to demonstrate that it has been reviewed and approved. It should be version controlled with the date of last review and the date the next review is due.	Low
1.2	Budget holders must request purchasing cards by completing a procurement card request form. These are available from the Treasury Management Team. The Purchasing Card request forms includes: - Organisation Details. - Cardholder details. - Authorisation details.	Yes	Initially, there were 36 cardholders when the new system came into effect in December 2013. Since then, others have been added following completion of the application process. Internal Audit obtained the lists of cardholders provided by the Council's bank and a sample of 25 was selected. The file held by the Treasury Management Team was checked to ascertain if each sampled employee had a Purchasing Card Cardholder request form completed and retained. The following was found: <ul style="list-style-type: none"><li>• Cardholders do not have a facility to make cash withdrawals.</li><li>• 24 cardholders had a £1000 limit and 1 had a £3000 limit. However, it was noted that those with higher limits were located off site (4 in total – 2 at Grangewaters and 2 at Collins House).</li><li>• The procurement card request forms do not require a signature from either the person</li></ul>	Purchase cards should only be issued where the Treasury Management Team has received a fully completed procurement card request form. Forms not completed correctly or where no authorisation is received should be returned to the applicant.	Medium

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
			requesting the card or their authorising manager. Authorisation from the manager is normally by way of email. However, 5 of the forms had not been authorised either by email or signature. All the original cards had been authorised by the Head of Corporate Finance, by way of an e-mail.		
1.3	The Council sets reasonable limits for monthly spending and individual transactions for each Purchase card.	Yes	<p>Internal Audit examined the transaction limits for the sample of 25 cardholders. All transaction limits were equal to the monthly credit limit. The transactions for this sample were scrutinised for the months of April and October 2014. Internal Audit found that:</p> <ul style="list-style-type: none"> <li>• 3 transactions were for over £500.</li> <li>• 4 transactions were between £200 and £500.</li> <li>• 5 transactions were between £100 and £200.</li> <li>• 16 transactions were under £100.</li> </ul> <p>This shows that 57% of the transactions were below £100.</p> <p>It would seem that transaction limits are assigned to a cardholder without any consideration as to how the card will be used, or amount required.</p>	It is recommended that transaction limits are periodically reviewed by the authorising managers and Finance Department and adjusted according to need. This reduces the risk of the cards being used to bypass the ordering process.	Low
1.4	In discussion with a member of the Finance Department, it was confirmed that the details of the expenses should be reviewed by the individual cardholders following input into the system. At this review stage the individual must go into the system and include the description. In addition the receipts or VAT invoices should be scanned, using the facility within the Banking system. Once reviewed the Manager should approve. RBS sends reminders to everyone following	Yes	<p>Internal Audit examined the Approver Summary Report, covering the period from 1<sup>st</sup> Jan to 9<sup>th</sup> Nov 2014, which was generated from the online banking system. It was found that 12.2% of transactions had not been reviewed and 36% had not been approved. The Finance Department assume that when a manager approves the expenses, they have seen the receipt. However, it was noted that the scanning facility was not being used.</p> <p>A transactions report covering the period 11<sup>th</sup> Oct to 9<sup>th</sup> Nov 2014 was also reviewed to determine the details of the expenditure. There were 72 transactions during the period and 27 (37%) had no description showing what the card had been used to purchase. Therefore, it could not be confirmed that</p>	All transactions must be reviewed by the cardholder approx. 2 days after the transaction took place, which will enable the Manager to approve the transaction. The cardholder must also ensure the scanning facility is used to record receipts as this makes it easier for Manager's to review and approve the expenditure.	High

	<b>Controls (actual and/or missing)</b>	<b>Adequate Design (yes/no)</b>	<b>Test Result / Implications</b>	<b>Recommendation</b>	<b>Categorisation</b>
	month-end to review their transactions.		all expenditure was appropriate. All transactions were within the agreed limits.		
1.5	The Treasury Management Team receives an overarching statement each month from the bank for the value of transactions for each card that was used during the reported period. The statement enables the Treasury Management Team to monitor excessive expenditure and lack of use of P-Cards.	Yes	Three months bank statements relating to overall spend per card were randomly selected and checked to ensure they were regularly received and expenditure was reviewed and analysed. However, the statements were not annotated by a signature to demonstrate that there had been a review.	The Treasury Management Officer should sign bank statements received to confirm that they have been reviewed and analysed.	Low
1.6	The Council do not produce quarterly procurement card spend reports for the attention of Senior Management.	No	In discussions with the Treasury Management Officer, it was confirmed that no escalation reports are produced for Senior Managers to notify them of potential non-compliance with the Council's Purchasing Card Policy. During this review, it was found that cardholders do not include a description, transactions are not always approved by the manager and spending limits are not periodically analysed and reviewed.	Cardholders and Line Managers must be made aware of their responsibilities for reviewing and approving transactions. It is recommended that the Treasury Management Team produce regular reports to Directors/Heads of Service detailing the unapproved transactions. These reports should then be used to inform cardholders of their responsibilities and make them aware that the cards can be withdrawn if they fail to comply.	Medium

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The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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<b>16 July 2015</b>	<b>ITEM: 6</b>
<b>Standards and Audit Committee</b>	
<b>Internal Audit Annual Report – Year ended 31 March 2015</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-key
<b>Report of:</b> Chris Harris – Head of Internal Audit	
<b>Accountable Head of Service:</b> Sean Clark – Head of Corporate Finance	
<b>Accountable Director:</b> David Bull – Interim Chief Executive	
<b>This report is public</b>	

## Executive Summary

As the provider of the internal audit service to Thurrock Council, Baker Tilly are required to provide the Section 151 Officer and the Standards & Audit Committee with an opinion on the adequacy and effectiveness of the organisation’s governance, risk management and control arrangements. In giving our 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 risk management, governance and control processes.

As your internal audit provider, the audit opinions that Baker Tilly provides the organisation during the year are part of the framework of assurances that assist the Council in preparing an informed annual governance statement.

### 1. Recommendation(s)

**1.1 That the Standards & Audit Committee receives and notes the Internal Audit Annual Report – Year ended 31<sup>st</sup> March 2015.**

### 2. Introduction and Background

2.1 The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal audit is therefore a key part of Thurrock Council’s internal control system and integral to the framework of assurance that the Standards & Audit Committee can place reliance on to assess its internal control system.

- 2.2 Under the Accounts and Audit (England) Regulations 2011 the Council is responsible for undertaking an adequate and effective internal audit of its accounting records and of its system of internal control. This responsibility has been delegated to the Head of Corporate Finance (Section 151 Officer) under the Council's Executive Scheme of Delegation and is delivered through the Head of Audit in consultation with the Head of Corporate Finance.
- 2.3 In April 2013, a revised standard for Public Sector internal Audit Standards (PSIAS) came into effect, compliance against which is seen as fundamental to demonstrating the adequacy and effectiveness of internal audit, in order to meet statutory requirements as set out in the Accounts & Audit (England) Regulations 2011. The procedures and practices that Internal Audit operates at Thurrock are designed to reflect adherence to these standards.
- 2.4 The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the Head of Internal Audit to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. Consulting services are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion.

### **3. Issues, Options and Analysis of Options**

- 3.1 During the year, internal audit have finalised and issued a total of 33 assurance reports as final. We have also issued 3 advisory reports on Extra Care, the Troubled Families Programme and Key Performance Indicators. We were requested to carry out and assist with 3 investigations involving staff employed by, or working for, the Council. We also provided advice, guidance and the administrative work around the Council's involvement in the National Fraud Initiative.
- 3.2 In total, we issued 31 reports with a positive assurance opinion and 2 reports with a red assurance opinion. The reports receiving a red opinion were the Bridge Maintenance Inspection review and the Adoption (Assessments & Payments including Special Guardianship and Residence Order Payments) review.
- 3.3 It should be noted that we have not provided an opinion on the risk management framework. The Insurance and Risk Management Team works under a shared service arrangement with the London Borough of Barking & Dagenham (LBBDD). As part of the planning process for 14/15, we contacted the LBBDD Internal Audit team and it was identified that a full review of the Risk Management Strategy and Policy, covering both LBBDD and Thurrock, was carried out in March 2014. As they had undertaken an assessment of the risk management process, we did not want to duplicate their work. However, the report from LBBDD resulted in minor changes to the Strategy and Policy. Nothing has been brought to our attention to suggest the Council needs to be concerned around the risk management environment.

3.4 We have assessed that there has been no significant change from last year for governance which remains Green and whilst we have issued 1 more red report in 2014/15 compared to 2013/14, in our opinion, the control environment remains Green.

#### **4. Reasons for Recommendation**

4.1 The Internal Audit Annual Report – Year ended 31<sup>st</sup> March 2015 is presented for the Standards & Audit Committee to note and supports the Annual Governance Statement.

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

5.1 The Internal Audit Annual Report – Year ended 31<sup>st</sup> March 2015 provides an independent opinion on the Council's governance, risk management and internal control processes. There is no consultation as it is based on work completed during the year which is widely reported to officers and members.

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

6.1 The achievement of corporate priorities is a key consideration of the Corporate Directors, senior management and internal audit when they are planning the years' work. A positive opinion in the Internal Audit Annual Report provides an independent assurance that the Authority has adequate control and risk management processes in place.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **S Clark**  
**Head of Corporate Finance**

There are no direct financial implications arising from this report.

##### **7.2 Legal**

Implications verified by: **D Lawson**  
**Deputy Head of Legal & Deputy Monitoring Officer**

The Council has a legal obligation under the Accounts and Audit (England) Regulations 2011 to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. The Council has delegated responsibility for ensuring this is taking place to the Standards & Audit Committee. In receiving and considering this report, the Council is complying with its obligations under the Regulations. There are no adverse legal implications relating to the reporting progress.

**7.3 Diversity and Equality**

Implications verified by: **R Price**  
**Community Development Officer**

There are no direct diversity 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 Annual Report and its outcomes are a key part of the Council's risk management and assurance framework.

**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):

- Internal Audit Reports issued in 2014/15.

**9. Appendices to the report**

- Annual Internal Audit Report – Year ended 31<sup>st</sup> March 2015.

**Report Author:**

Chris Harris

Head of Internal Audit

Baker Tilly – provider of Internal Audit Services to Thurrock Council

# Thurrock Council

Annual Internal Audit Report - Year ended 31 March  
2015

Presented at the Audit Committee meeting of:  
16th July 2015

Baker Tilly Risk Advisory Services LLP

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Baker Tilly Risk Advisory Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

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## 1. Introduction

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

This is achieved through a risk-based plan of work, agreed with management and approved by the Standards & Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. As such, the assurance framework is one component that the board takes into account in making its annual governance statement (AGS).

The AGS is an annual statement by the Accountable Officer, on behalf of the Council, setting out:

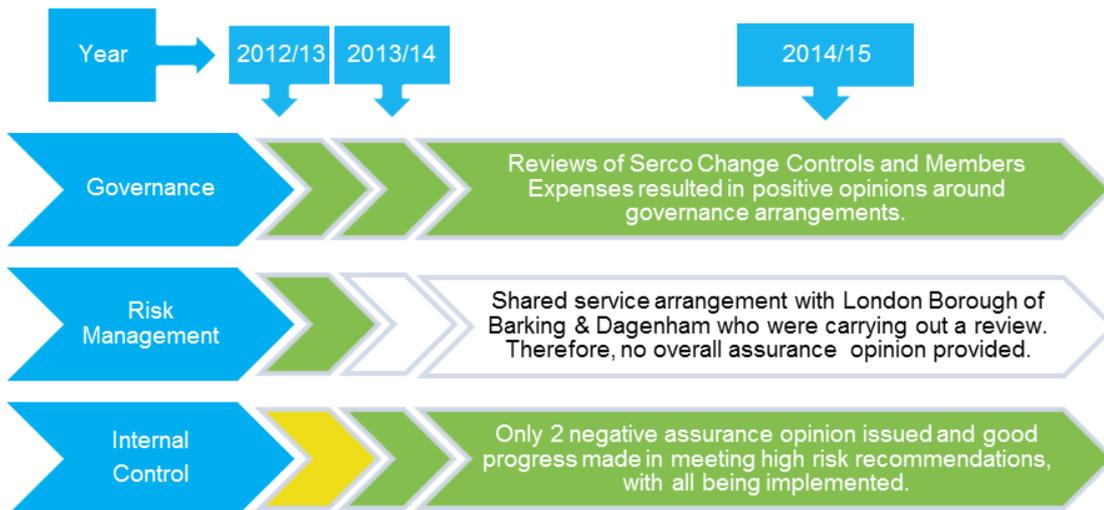
- How the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- The purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the assurance framework process; and
- The conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

## 2. The Head of Internal Audit Opinion

The purpose of our annual Head of Internal Audit Opinion is to contribute to the assurances available to the Section 151 Officer and the Council through the Standards & Audit Committee. This opinion will in turn assist the Council in the preparation of its annual governance statement.

For the 12 months ended 31 March 2015, based on the work we have undertaken, our opinion below details the adequacy and effectiveness of your organisation's risk management, internal control and governance arrangements. We also show below the direction of travel of our opinions.

Further detail supporting our opinion can be found over the page.



## 2.1 The basis of our opinion

Based on the work we have undertaken on Thurrock Council's system of internal control we do not consider that within these areas there are any issues that need to be flagged as significant internal control issues within the AGS.



### Governance

During the year, we carried out an audit of Members' Allowances. This review looked at the payments members received to ensure they were in line with the Members' Allowance Scheme which was reviewed by an independent remuneration panel in 2011. After taking account of the recommendations made by the panel, the Council decided to implement any increases and reductions in its allowances on a phased basis up to 2015, when they would be at the level recommended by the panel. We were able to provide a green assurance opinion with one medium recommendation around a member receiving a second allowance which they had been informed they were entitled to but were not.

We also carried out an advisory review around the governance and management of the process by which the Council actions change controls submitted by their strategic partner (Serco). The review identified a number of issues around the lack of clarity and documentation to support additional charges for items not covered by the original contract. As a result, the Council sought improvements which have positively enhanced the governance and control environment and provide a clearer audit trail to support the change control process.

The Council continues to face challenges to meet the savings it is required to make. It has looked at options to improve services and reduce costs through partnership working with other local authorities and through contractual arrangements with its strategic partner (Serco). It has also had to implement a programme of voluntary redundancies. These decisions were discussed with and agreed by officers and members and indicate that governance continues to be robust.

### Risk Management

The Insurance & Risk Management team operate under a shared service arrangement with the London Borough of Barking & Dagenham (LBBB). As part of our planning process for 2014/15, we held discussions with their internal audit team and were informed that a review of the Risk Management Strategy and Policy across both Councils was undertaken in March 2014. There were minor changes to both documents. Therefore, to prevent duplication of work, we did not undertake a review of risk management. As a result of the review carried out by LBBB and our work during the year, nothing has been brought to our attention which suggests the Council needs to be concerned around the risk management environment.

**Control**

During the year, we issued a total of 33 assurance reports as final. 31 of these reports received positive assurance opinions. 2 were issued with red (negative) assurance opinions. These were Bridge Maintenance Inspections and Adoption (Assessments & Payments, including Special Guardianship and Residence Order Payments). Management has reacted positively to these reports. A recovery plan has been developed to address the lack of bridge inspections and strength assessments and ensure, moving forward, that Principal Inspections are carried out in line with best practice. In respect of the Adoption report, changes have been made to improve the checking and monitoring processes for special guardianship and residence order payments to ensure they are stopped at the correct time, which should help prevent further overpayments from occurring.



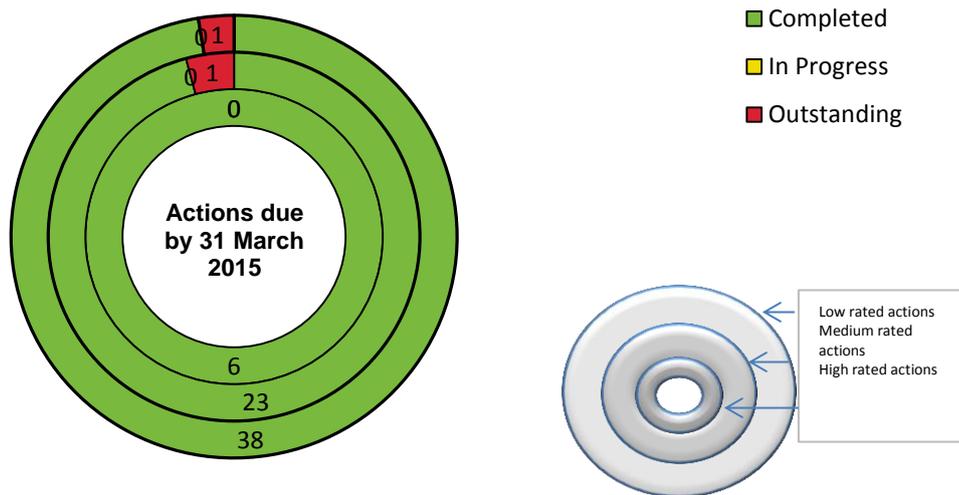
A summary of internal audit work undertaken, and the resulting opinions, is provided at appendix A.

## 2.2 Acceptance of 2014/2015 Internal Audit recommendations

All of the recommendations made during the year were accepted by management.

## 2.3 Implementation of internal audit recommendations

Our follow up of the recommendations from previous years and current audit assignments, showed that the organisation had made good progress in implementing the agreed actions.



During the year, all of the high level recommendations that had reached their implementation date had been actioned. In addition, 22 of the 23 medium recommendations had been implemented and management assurances were provided that 37 of the 38 low recommendations were completed.

## 2.4 Reliance placed upon work of other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

## 3. Our performance

### 3.1 Wider value-adding delivery

As part of our client service commitment, during 2014/15 we issued 11 news bulletins to our local authority clients.

During 2014/15, the Internal Audit team provided significant resources and knowledge in assisting the client with a number of key investigations involving current employees, or staff employed elsewhere who were working for the Council. Details of these are as follows:

- As a result of some concerns the London Borough of Havering had raised on the management of the School's Catering Contract, which they managed on behalf of Thurrock Council under a service level agreement, a joint review was initiated across both Councils. It was identified, over a period that covered several years, that financial procedures had not been complied with in the awarding of contracts for works and services. All of the evidence was passed to Havering, as the employing authority, who undertook interviews with relevant staff. As a result, all of the management providing the service resigned. Due to poor record keeping, it was not possible to prove that financial impropriety had taken place. As a result of the above, Havering could no longer continue to provide the service. Management of the service was brought back in-house and the Council appointed a permanent Catering Manager.
- We were asked to carry out an internal investigation following allegations by a member of staff that suggested managers may have been misappropriating cash. The managers were temporarily suspended so the work was considered urgent. We provided assistance to the service by reviewing the income collection process and analysing data on Oracle. As a result, nothing was found to substantiate the accusations and the service resolved the issue internally.
- Under the whistleblowing procedures, an accusation was made that a member of staff was working whilst signed off sick. We were asked to investigate and further checking revealed the employee was listed as a Director of a company providing training services and had not declared this in line with the Officers' Code of Conduct. We were involved in gathering the information and provided the service and HR with a report on our findings. As a result, disciplinary proceedings were initiated. The member of staff resigned before the proceedings were completed.
- We continued to provide the co-ordinating role for the National Fraud Initiative by setting up and providing assistance with the Council's nominated contacts to enable them to access the database and submit relevant data. Data matches were identified and the services were contacted to get them to investigate in their areas.

### **3.2 Conflicts of interest**

We Baker Tilly have not undertaken any work or activity during 2014/15 that would lead us to declare any conflict of interests.

### **3.3 Conformance with internal auditing standards**

Baker Tilly affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Advisory service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”.

### 3.4 Performance indicators

Our performance during 2014/2015 is summarised below across a range of performance indicators.

Delivery	Quality			Notes (ref)	Target	Actual	Notes (ref)
	Target	Actual	Notes (ref)				
Audits commenced in line with original timescales	Yes	No	1	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit.	Yes	Yes	
Draft reports issued within 10 days of debrief meeting	90%	80%	2	% of staff with CCAB/IIA qualifications	>50%	40%	4
Management responses received within 10 days or draft report	80%	64%	3	Turnover rate of staff	<10%	0%	
Final report issued within 5 days of management response	90%	89%		Response time for all general enquiries for assistance (2 working days)	100%	100%	
% of High & Medium recommendations followed up	95%	97%		Response for emergencies and potential fraud (1 working day)	100%	100%	

#### Notes

1. Some reviews deferred by client due to significant changes to the organisational structure and budget cuts.
2. Main reason for delay was involvement of Audit Manager on internal investigations (see 3.1 above).
3. Number of issues contributed to poor performance which included: major departmental restructures, staff redundancy; annual leave etc. Regular chasing took place to try to improve response rate. Audit Protocol and escalation process now in place.
4. Head of Internal Audit (CIPFA) and Audit Manager (PIIA and AAT).

## Appendix A: Internal Audit Opinion and Recommendations 2014/2015

Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
<p><b>Contract Review (Manor School – now Tilbury Pioneer Academy)</b> - A lack of budget and contract management may result in an over or under spend and a failure to achieve value for money.</p>	Director of Children's Services		0	3	0
<p><b>St Thomas of Canterbury RC Primary School</b> - The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety.</p>	Director of Children's Services		0	2	2
<p><b>Performance Management - Key Performance Indicators</b> - If key performance indicators are not correctly or accurately recorded, decisions may be being made based on inaccurate information.</p>	Assistant Chief Executive	Advisory	2	1	0
<p><b>Little Thurrock Primary School</b> - The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety.</p>	Director of Children's Services		0	3	3
<p><b>Stifford Clays Primary School</b> - The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety.</p>	Director of Children's Services		0	3	0
<p><b>Deneholm Primary</b> - The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety.</p>	Director of Children's Services		0	1	2
<p><b>Community Hubs</b> - Failure to locate and site the Hubs in areas where they provide the most benefit to the community could result in a lost opportunity to provide a central point of contact and assist local residents.</p>	Assistant Chief Executive		0	1	2

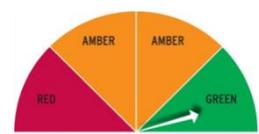
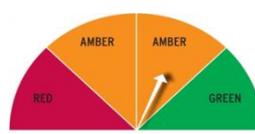
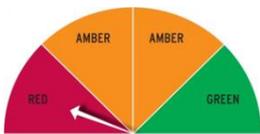
Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
<p><b>Leaseholder Charges</b> - Charges made to leaseholders for services provided may not be reasonable or in line with guidance resulting in the Council failing to recover costs of repairs.</p>	Director of Housing		0	2	1
<p><b>Charges for Non-Residential Services (Adults)</b> - The Council's charging arrangements may not be maximising income potential through the setting of fair and transparent fees for services resulting in the need to divert funds from other areas to support escalating costs.</p>	Director of Adults, Health and Commissioning		0	2	0
<p><b>Environmental Health (Pollution Control)</b> - Non-Compliance with the regulator's (DEFRA) pollution guidelines may result in non-compliance with regulations. Inspections may not be carried out, which could result in a higher risk of Industrial Pollution and potential health implications to the local community.</p>	Head of Environment		0	1	0
<p><b>Thurrock Registrars Office</b> - The Council may not comply with new legislation resulting in increased external scrutiny by the Cabinet Office. Income may not be controlled or monitored. Expenditure may not be appropriate or legitimate.</p>	Head of Legal Services		0	1	2
<p><b>Procurement Cards</b> – Failure to properly authorise, control and monitor the setting up of cards could result in inappropriate expenditure not being identified and challenged</p>	Head of Corporate Finance		1	2	3
<p><b>Public Health</b> - Failure to manage, monitor and report on new health projects could lead to poor prioritising and use of limited resources.</p>	Director of Adults, Health and Commissioning		0	0	1
<p><b>Econogas</b> - Council properties may not be inspected in accordance with legislation and/or policy.</p>	Director of Housing		0	0	4

Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
<b>Sickness Management</b> – Long and short term sickness may not be recorded, monitored or acted upon in a timely manner.	Head of HR, OD & Customer Strategy		0	2	1
<b>LiquidLogic Adults System (LAS)</b> - Lack of control in business area could result in data being accessed by unauthorised persons.	Director of Adults, Health and Commissioning		0	3	3
<b>Change Control Process (Serco)</b> - If there is not a formal, open process to action change controls with the strategic partner, the Authority could incur additional charges which may not be due or merited.	Director of Housing		1	1	1
<b>Bridge Maintenance Inspections</b> - There is adequate inspection and maintenance regime in place which ensures the safety, integrity and adequacy of structures within the highway for use by the public.	Director of Planning and Transportation		2	3	0
<b>Electrical Testing (Housing)</b> - Regular inspections may not be undertaken in accordance with legislative and Council requirements.	Director of Housing		1	0	2
<b>Troubled Families Programme</b> - Review requested following external spot checks which identified a lack of supporting evidence.	Director of Children’s Services	Advisory	8	2	0
<b>Asset Register</b> – The identification and recording of assets may not be accurate and up to date.	Head of Corporate Finance		0	1	1
<b>Adoption (Assessments &amp; Payments, including Special Guardianship and Residence Order Payments)</b> - The assessment and payments made to adopters and other third parties may not be appropriate and in accordance with Regulations.	Director of Children’s Services		3	3	0

Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
<b>Members Allowances</b> - Payment of Members' Allowances may not be made in line with Thurrock Council's Members' Allowances Scheme.	Head of Legal Services		0	1	1
<b>Extra Care</b> - Concerns raised by the Head of Adult Services and the Service Manager – Provider Services after a visit to one of the Extra Care sites to carry out a safe audit.	Director of Adults, Health and Commissioning	Advisory	5	3	0
<b>Building Control</b> - The Building Control Service may not be meeting the needs of its customers by providing an effective, efficient and economical service.	Director of Planning and Transportation		0	4	0
<b>Housing Benefits</b> - Failure to ensure accurate and timely processing and payment of Housing Benefit to eligible claimants could result in incorrect payments being made or financial hardship for the claimant.	Head of Corporate Finance		0	0	6
<b>General Ledger</b> - The Council's financial system may not be appropriately managed to so financial transactions may not be accurately recorded.	Head of Corporate Finance		0	0	1
<b>Cash Receipting</b> - Cash collection procedures, banking, access arrangements and security of cash received may not be adequately controlled.	Head of Corporate Finance		0	3	1
<b>Bank Reconciliation</b> - If regular reconciliations are not carried out, errors may not be picked up in a timely manner.	Head of Corporate Finance		0	0	1
<b>Payroll</b> - Payroll documentation may not be processed in accordance with agreed procedures resulting in incorrect or inappropriate payments being made.	Head of HR, OD and Customer Strategy		0	1	3
<b>Treasury Management</b> - If controls around the payment and reconciliation processes are not robust, the Council may not achieve the best return on its investments.	Head of Corporate Finance		0	0	1

Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
<p><b>Housing Rents</b> - There may not be adequate systems and procedures in place relating to the administration and management of the rents process.</p>	Director of Housing		0	2	1
<p><b>Council Tax</b> - Records and Accounts may not be updated to record new and amendments to properties. Liability may be incorrectly assessed and calculated. Billing might not be carried out in accordance with procedures and reconciliations to may not be carried out to confirm accuracy of the billing run. Checks and reconciliations to agree income collected, refunds made and housing benefit postings might not be undertaken.</p>	Head of Corporate Finance		0	1	1
<p><b>National Non Domestic Rates (NNDR)</b> - The Council's NNDR systems and processes in respect of property valuations may not comply with all statutory requirements resulting in inaccurate billing, failure to recover overdue debts and insufficient documentary evidence to support all payment transactions.</p>	Head of Corporate Finance		0	1	0
<p><b>Accounts Payable</b> - Purchase Orders may not be raised. Invoices may not be paid correctly and promptly. Insufficient checks and reconciliations may be carried out. Access to the Accounts Payable system may not be restricted.</p>	Head of Corporate Finance		0	1	3
<p><b>Accounts Receivable</b> - Poor controls around the administration and management of debt could result in lost income to the Council.</p>	Head of Corporate Finance		0	1	2

We use the following levels of opinion classification within our internal audit reports



Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.

Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.

Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.

Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.



## For further information contact

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<b>16 July 2015</b>	<b>ITEM: 7</b>
<b>Standards and Audit Committee</b>	
<b>Strategy for Internal Audit 2015/16 to 2017/18 and Annual Internal Audit Plan 2015/16</b>	
<b>Report of:</b> Cllr Victoria Holloway – Portfolio Holder Central Services	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-key
<b>Accountable Head of Service:</b> Sean Clark – Head of Corporate Finance	
<b>Accountable Director:</b> David Bull – Interim Chief Executive	
<b>This report is Public</b>	

## Executive Summary

In October 2006, following a tendering process, the Council’s Internal Audit Service was outsourced to Baker Tilly (formerly RSM Tenon). This contract expired on 31<sup>st</sup> 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<sup>st</sup> April 2015. Therefore, it was agreed with the Head of Corporate Finance that an initial 3 month Draft Audit Plan 2015/16 should be presented to the Standards & Audit Committee meeting held on 17<sup>th</sup> March 2015, with a full 3 year Strategy and Annual Plan 2015/16 being presented to the first meeting in the new municipal year.

### 1. Recommendations

#### 1.1 That the Standards & Audit Committee

**Receive and agree the Strategy for Internal Audit 2015/16 to 2017/18 and the Annual Internal Audit Plan 2015/16.**

### 2. Introduction and background

2.1 In March 2015, a comprehensive Audit Needs Assessment (ANA) process was started which involved attending a meeting of each of the Directorate Management Teams (DMT’s) to discuss the risks and priorities with Directors, Heads of Service and Strategic Leads. This Strategy for Internal Audit 2015/16 to 2017/18 is the result of those meetings and forms the basis for the first year of a new three year plan. As part of this year’s 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 Register. New issues and potential emerging risks were also identified and discussed with senior management and were used to inform the strategy and plan e.g. changes in welfare reform, the public health agenda,

the new Care Act etc. We also consider the results of our work in 2014/15 and concerns raised by the Standards & Audit Committee.

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

With the team coming back in-house, Internal Audit will continually revisit the Strategy and Plan to reflect changes that may occur through restructure, new legislation and changes in working practices. This will involve further meetings with Directors and Heads of Service. These meetings were scheduled to start in May and we have met with: Children's Services; Adults, Health & Commissioning; Chief Executives Delivery Unit; Housing; and HR, OD and Customer Strategy. A meeting was arranged with Highway's & Transportation Directorate but this had to be cancelled due to "Strategy Week" and the Director acting up in the Interim Chief Executive role. Therefore, the plan is not yet fully completed. However, 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 with the Head of Corporate Finance, discussed with the Chair of the Standards & Audit Committee and presented to members of the Committee as part of the progress reporting arrangements.

### **3. Issues, Options and Analysis of Options**

- 3.1 As this year requires a full ANA to be carried out, there are still further meetings to be held with some Directors and Heads of Service before we can provide a final strategy and plan for 2015/16. Once these meeting have been carried out and the strategy and plan updated to reflect management priorities, the report will be presented to Directors Board for final comments. As a result of the above, some changes will be made to the plan and it is likely that some work will be brought forward from future years to the current year and some reviews will be moved back or cancelled, as they are no longer applicable.

### **4. Reasons for Recommendation**

- 4.1 For the Standards & Audit Committee to satisfy itself that:
- the Strategy for Internal Audit 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 To date, a total of 30 Directors, Heads of Service and senior managers have been involved in discussions as part of the consultation process to ensure the draft strategy and annual plan reflects their current priorities.

## **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: **M Jones**  
**Management Accountant**

The Annual Audit Plan will be within the annually agreed budget for 2015/16.

### **7.2 Legal**

Implications verified by: **D Lawson**  
**Monitoring Officer**

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 Strategy for Internal Audit 2015/16 to 2017/18 and the Annual Audit Plan 2015/16. The Strategy and the Annual Plan will 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: **R Price**  
**Community Development 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 Corporate Risk and Opportunity Register.

## **Background papers used in preparing the report**

- Accounts and Audit (England) Regulations 2011.
- Public Sector Internal Audit Standards (PSIAS)
- CIPFA – PSIAS Local Government Application Note

## **Appendices to this report**

- Strategy for Internal Audit 2015/16 to 2017/18 and Annual Internal Audit Plan 2015/16

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## **Standards & Audit Committee**

# **Internal Audit Strategy 2015/16 to 2017/18 and Annual Plan 2015/16**

Date: 16<sup>th</sup> July 2015

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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 2015/16 – 2017/18 and the annual plan for 2015/16.

## 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: 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.

In preparing the strategy and the annual internal audit plan, we met with:

- Adults, Health & Commissioning Directorate Management Team (DMT)
- Housing DMT
- Chief Executive's Delivery Unit DMT
- Children's services DMT
- HR, OD & Customer Strategy Management Team
- Head of Corporate Finance

The key areas / factors are summarised below.

### Key areas discussed and their impact on the 2015/2016 internal audit plan

- 1 The Council continues to develop its Risk Management framework and culture. We will therefore be providing assurance that this continues to evolve in a timely and effective manner.

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- 2 We have agreed to carry out either follow up visits to independently provide assurance that recommendations have been implemented or re-audit some of these areas where we issued a red assurance opinion in 2014/15.

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- 3 The continued emphasis on achieving savings, including shared service or joint working arrangements with other local authorities is reflected in a number of areas within the plan.

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- 4 New and changing legislation, particularly around Children's Services and Adults, Health & Commissioning have been discussed and resulted in an increased programme of reviews in these service areas.

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The strategy is set out at Appendix B, with the detailed internal audit plan for 2015/16 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 Head of Corporate Finance and/or 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 Annual Governance Statement, client meetings, external audit liaison, preparation of the annual opinion 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 Internal Audit Manager.

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

We intend to meet with the External Auditor to avoid duplication of coverage between Internal and External Audit. This will also ensure that External Audit can continue to place their planned level of reliance on our coverage of financial controls.

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 2015/16 to 2017/18 (Appendix B) cover the organisation's key risks as they are recognised by the Standards & Audit Committee?
- Does the internal audit plan for 2015/16 (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. We have identified using italics, those that are fully or partially covered within this years' annual plan.

External Factors	Known	Emerging
<i>Economic downturn and austerity</i>	✓	
Localism Act		✓
<i>Welfare reform</i>		✓
<i>Public Health</i>	✓	
Regeneration	✓	
<i>Personal Budgets/Direct Payments</i>	✓	
Changes to Government Policy		✓
Local Pay T&C's for staff		✓
<i>House building and financing schemes</i>	✓	
Relaxation of planning rules		✓

Internal Factors	Known	Emerging
<i>Safeguarding</i>	✓	
<i>Risk management</i>	✓	
<i>Fraud</i>	✓	
<i>Medium Term Financial Planning</i>		✓
<i>Data Quality</i>	✓	
<i>Partnership/Joint working arrangements</i>		✓
Business Continuity & Disaster Recovery	✓	
<i>Income generation</i>		✓
<i>Community leadership/engagement</i>		✓
<i>Financial Management &amp; Controls</i>	✓	
<i>Financial Reporting</i>	✓	
Transformation Programme		✓

## Appendix B: Internal Audit Strategy 2015/16 – 2017/18

Auditable Area	Risks	2015/2016	2016/2017	2017/2018
<b>Risk based reviews</b>				
<b>Corporate/Thematic Reviews</b>				
Performance Management (Data Quality)	Performance Management may not be embedded in the organisation resulting in poor performance, poor quality information and poor decision making.	✓	✓	✓
Contract Procedures	Contract procedure rules and the procurement process may be ineffective leading to inefficiency and a lack of value for money.	✓	✓	✓
Sickness Management	Target levels set for sickness may not be achieved resulting in additional costs for agency workers.		✓	
Project Management	The project management process might not meet its objectives and be rolled out across the Council.		✓	
Recruitment Process incl. Starters	If the process is not robust, fit for purpose and complied with, inappropriate persons may be employed.	✓		
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.		✓	
Budgetary Control	Budgets may not be controlled and monitored leading to service overspends.			✓
Medium Term Financial Strategy	The Council may not achieve their reported savings resulting in budget overspends.	✓		
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.	✓		
Safeguarding	If the proper checks are not carried out, inappropriate persons may be employed resulting in an increased risk to vulnerable individuals and families.	✓		
Business Continuity	The Council may not be able to provide key/critical front line services in the event of an emergency or serious disruption.		✓	
Health & Safety	Inadequate health and safety policies and procedures could result in an increase in incidents and accidents.		✓	
Passenger Transport (including education)	Failure to adhere to the new policies and procedures could result in non-statutory services being provided and see costs escalating above the statutory minimum.			✓

Auditable Area	Risks	2015/2016	2016/2017	2017/2018
Traded Services	The Council may not follow correct procedures resulting in loss of income.		✓	
South East Local Enterprise Partnership	Poor management and monitoring of projects could result in the loss of opportunities and reputation for the Council.	✓		
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.		✓	
No Recourse to Public Funds	Failure to correctly assess, manage and monitor funds paid to families with no recourse to public funds could result in payments being made to persons who do not qualify.	✓		
Change Control Process (Serco)	If there is not a formal, open process to action change controls with the strategic partner, the Council could incur additional charges which may not be due or merited.	✓		
<b>Children's Services</b>				
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.	✓		
Asset Management – Children's Services	The revised asset management arrangements may not lead to on-going improvements in the quality of educational facilities.			✓
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.		✓	
Pupil Referral Unit	Failure to manage the budget and control debt could result in overspends and impact on service provision.		✓	
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.	✓		
School Improvement Function	The local authority may not provide appropriate or adequate data, or broker quality services for	✓		

Auditable Area	Risks	2015/2016	2016/2017	2017/2018
	schools to enable the school led school improvement model to be successful.			
Educational Visits	Staff taking young adults on educational visits may not be properly trained or checked and there may not be appropriate risk assessments carried out for each trip to minimise incidents.			✓
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.		✓	
Virtual School for Looked After Children	The change of headteacher and external inspection process could result in non-compliance issues which need to be reviewed and addressed.		✓	
School Placed Planning	Without an effective co-ordinated strategy, the increasing population could result in a shortfall in school places and a failure by the Council to meet its statutory requirements.			✓
Academy Conversions	The Council could open itself up to legal challenge if the correct process is not followed when schools convert to become Academies.	✓		
Catering Provision in Schools	There may not be sufficient monitoring by the Council of the quality and provision of the service to schools including the provision of free meals to infant children and the repair and maintenance of kitchen equipment.			✓
Supervised Contact	Costs associated with supervised contact may continue to escalate due to the continued use of higher cost agency staff.	✓		
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, it could become ineffective resulting in increased numbers of teenagers coming into care.	✓		
Early Offer of Help	The restructuring of the teams in Children's Services and increase in work through the multi-agency safeguarding hub (MASH) could result in resources being overly stretched resulting in lapsed controls.		✓	
School Condition Funding	Failure to monitor the funding received to maintain and improve school buildings may result in a lack of suitable places and funding not going to those schools in greatest need.	✓		
Procurement in Schools	Poor procurement practices may result in the school's not getting good quality services in a cost effective manner resulting in additional costs.	✓		

Auditable Area	Risks	2015/2016	2016/2017	2017/2018
Children's Care Packages for Children with Special Educational Needs and Disabilities	Poor planning, management and monitoring of care packages could result in vulnerable clients not getting the support they need, or, getting more support than they need.		✓	
Health & Safety in Schools	The Corporate Health & Safety team may not have the capacity to provide the service to schools resulting in an increase in incidents and accidents.		✓	
3 <sup>rd</sup> Sector Arrangements	Arrangements between the Council and the 3 <sup>rd</sup> (voluntary/ charity) sector may not result in VFM being achieved.			✓
Library Visits	The operational and financial management arrangements in Libraries may be inadequate which could result in poor budgetary control and misappropriation of funds.			✓
<b>Adults, Health &amp; Commissioning</b>				
Devolved Decision Making	A lack of transparency and clarity around the process for agreeing care packages could result in poor decision making and inappropriate use of resources.		✓	
Asset Based Community Development	Residents may not maximise the opportunities to develop their communities and improve their quality of life.			✓
Better Care Funding	If projects fail to deliver and/or lessons are not learned, future projects may be at risk of repeating the same mistakes with the same outcomes.		✓	
Adult's Direct Payments	Failure to correctly assess clients and monitor expenditure could result in inappropriate or improper use of the funds.	✓		
Care Act	Changes to legislation may not be implemented in a timely and appropriate manner resulting in damage to the Council's reputation	✓	✓	
Extra Care Follow up	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.	✓		
Provider Services – Collection of Income	Poor controls around cash handling could result in misappropriation of funds and financial loss to the Council.		✓	✓
Out of Area Sexual Health	If invoices do not provide sufficient detail of the services purchased, payments may be made for services that have not been supplied.	✓		
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.		✓	

Auditable Area	Risks	2015/2016	2016/2017	2017/2018
Financial Top-ups	If appropriate and robust checking processes are not in place, funds may be allocated to persons not entitled to them.	✓		
Adult Care Packages	Poor planning, management and monitoring of care packages could result in vulnerable clients not getting the support they need, or, getting more support than they need.		✓	
<b>Chief Executive's Office (incl. Corporate Finance)</b>				
Insurance	There could be an increase in claims due to ineffective monitoring and use of resources.		✓	
Thurrock Registrar's Office	The Council may not comply with new legislation resulting in increased external scrutiny by the Cabinet Office.			✓
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.		✓	
Members Allowances	Allowances may not be claimed or paid in accordance with the decision of the independent panel.			✓
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.	✓		
Register of Interests, Gifts & Hospitality	Non-compliance with the Constitution and Code of Conduct may open the Council up to accusations of impropriety.	✓		
<b>Environment</b>				
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.	✓		
Cyclical reviews of licensing arrangements	Licences may be issued to persons who do not meet or satisfy statutory requirements		✓	
Street Services	The street cleaning service may not be improving leading to dissatisfaction among residents and damage to the Council's reputation.	✓		
Emergency Planning	The Council may not be able to react appropriately in the event of a disaster.		✓	
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.			✓

Auditable Area	Risks	2015/2016	2016/2017	2017/2018
Trading Standards	Non-compliance with statutory requirements in respect of Trading Standards might result in dissatisfaction amongst local residents.		✓	
<b>Chief Executive's Delivery Unit</b>				
Community Hubs	Failure to locate and site the hubs in areas where they provide the most benefit to the community could result in a lost opportunity to provide a central point of contact and assist 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.		✓	
Asset Management – Disposals & Acquisitions	Disposals and acquisitions may not be effectively managed resulting in loss of opportunities, funding and reputation.	✓		
Council Vision & Priorities	The Council may not be meeting their targets identified within their Vision & Priorities.	✓		
<b>Housing</b>				
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.		✓	
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.		✓	
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.			✓
Housing Investment Programme	Contracts around repairs and maintenance, planned maintenance and Transforming Homes may not be managed resulting in residents not having quality housing available to them.	✓		
Procurement – spend under £75K	Controls over smaller procurement spend may not be as robust as on larger contracts resulting in poor value for money.	✓		
Procurement – Extensions to contracts	Value for money may not be achieved if contracts are continually extended. The Council may also not be compliant with relevant legislation or its own Constitution.		✓	
Shop Premises	Arrangements' around the management of shop premises may not be robust leading to loss of		✓	

Auditable Area	Risks	2015/2016	2016/2017	2017/2018
	income to the Council.			
Garages	Arrangements' around the management of garages may not be robust leading to loss of income to the Council.			✓
Gloriana Thurrock Ltd	Poor corporate governance, decision making and monitoring arrangements may result in Gloriana Thurrock Ltd, the Council's wholly owned housing company, not meeting their targets for new housing.	✓	✓	✓
<b>Planning &amp; Transportation</b>				
Car Parking Service	Follow-up of the recommendations resulting from the in service review by an independent consultant.	✓		
Highways and Environment Service	Follow-up of the recommendations resulting from the in service review by an independent consultant.	✓		
Bridge Maintenance	Ineffective Bridge Maintenance may result in expensive unplanned costs being incurred.	✓		
Building Control	The Building Control Service may not maintain a competitive place in the market and might not provide value for money.		✓	
<b>IT Audit</b>				
IT Business Continuity & Disaster Recovery	Key IT systems may not be able to be recovered in a timely manner in the event of a disaster resulting in the loss of key services, particularly around the young and vulnerable.			✓
Work to be agreed as part of Audit Needs Assessment process.	TBA	✓	✓	✓

Auditable Area	Outline Scope	2015/2016	2016/2017	2017/2018
<b>Core assurance. Including areas where external audit will place reliance on our work</b>				
Main Accounting & Budgetary Control	External audit want to be able to place reliance on testing undertaken by internal audit.	✓	✓	✓
Cash & Banking		✓	✓	✓
Accounts Payable		✓	✓	✓
Accounts Receivable		✓	✓	✓
Council Tax		✓	✓	✓
National Non Domestic Rates		✓	✓	✓
Housing Benefits		✓	✓	✓
Treasury Management			✓	✓
Adult Social Care Expenditure		✓	✓	✓

Auditable Area	Outline Scope	2015/2016	2016/2017	2017/2018
Adult Social Care Income		✓	✓	✓
Payroll		✓	✓	✓
Housing Rents		✓	✓	✓
Asset Register			✓	
<b>Other Internal Audit Activity</b>				
National Fraud Initiative	To act as main contact point for the NFI exercise, provide guidance to departments and liaise with Audit Commission.	✓	✓	✓
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	<p>This will include:</p> <ul style="list-style-type: none"> <li>• Annual planning.</li> <li>• Preparation for, and attendance at, Standards &amp; Audit Committee.</li> <li>• Regular liaison and progress updates.</li> <li>• Liaison with external audit and other assurance providers.</li> <li>• Preparation of the annual opinion.</li> <li>• Attendance at Directorate Management Team, Leadership Group, Home Counties Chief Internal Auditors Group, London Audit Group and Essex Audit &amp; Counter Fraud Group meetings.</li> <li>• Preparation of the Annual Governance Statement.</li> </ul>	✓	✓	✓

## Appendix C: Internal Audit Plan 2015/2016

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
<b>Internal Audit plan 2015/2016</b>				
<b>Corporate/Thematic Reviews</b>				
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	Ongoing	
Contract Procedures	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.	Assurance	May/Jun	Sept
Recruitment Process incl. Starters	A start to finish review of the process of recruiting staff from the business case stage through to offer of appointment.	Assurance	TBA	
Medium Term Financial Strategy	To ensure the Council's MTFS reflects the current financial position, is achieving the reported savings, is monitored and is reported to members on a regular basis.	Assurance	TBA	
Corporate Purchase Cards	Review of a sample of users of corporate purchase cards to determine that they are being used appropriately and in line with the relevant policy and Council Constitution.	Compliance	TBA	
Safeguarding	To ensure there are robust checking processes in place when recruiting into roles involving interaction with vulnerable adults or children.	Assurance	TBA	
South East Local Enterprise Partnership (SELEP)	To ensure the governance, monitoring and reporting arrangements are robust around a sample of projects being funded through the SELEP.	Assurance	TBA	
No Recourse to Public Funds	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	TBA	
Change Control Process (Serco)	Review of the evidence provided by Serco to substantiate the additional charges made, over and above the contractual payments, for additional services requested.	Assurance	May	Sept
<b>Children's Services</b>				
Fostering	To review that there are appropriate controls around the appointment of foster carers and payments are appropriate.	Assurance	June	Sept
Adoption (incl. Special Guardianship and Adoption Allowances)	To follow-up on the recommendations of the 2014/15 report.	Follow up	TBA	

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
Cyclical School Visit Programme	Cyclical school visits programme to review financial management arrangements.	System	Apr/Aug	Sept
Children's Centres	To carry out cyclical reviews of Children's Centres and ensure there are processes in place to monitor service provision and ensure the Council is obtaining value for money.	System	Jun/Jul	Sept
Children's Direct Payments	To review the assessment, monitoring and reporting processes to ensure payment are only being used for appropriate expenditure and outcomes are being achieved.	Assurance	May	Sept
School Improvement Function	To review the data collected by the Schools Standards and Progress Board and determine how this is being used to provide quality services in school led improvements.	Assurance	TBA	
Academy Conversions	Review to determine that the Council are getting the correct legal and spend information prior to schools becoming academies.	Assurance	TBA	
Supervised Contact	To review the Council's arrangements around supervised contact due to increasing costs of employing high cost agency staff.	Assurance	TBA	
Troubled Families Programme	On-going checking of a sample of claims to determine if evidence is sufficient to confirm claim.	Advisory	TBA	
Adolescent Social Work Team	Following restructure, management requested a review to ensure the service is operating effectively and outputs are resulting in a reduction in teenagers coming into care.	Assurance	TBA	
School Condition Funding	Review a sample of school's awarded funding to determine the governance, monitoring and reporting mechanisms.	Assurance	TBA	
Procurement in Schools	Thematic review across a sample of schools to determine procurement arrangements and compliance with Council and School's regulations.	System	TBA	
<b>Adults, Health &amp; Commissioning</b>				
Adult's Direct Payments	To review the assessment, monitoring and reporting processes to ensure payment are only being used for appropriate expenditure and outcomes are being achieved.	Assurance	Jun/Jul	Sept
Care Act	Audit scope to be determined following discussions with relevant senior management.	Assurance	TBA	
Extra Care Follow up	Follow-up of compliance with new procedures following last years' review and the issuing of a red report.	Follow up	TBA	
Out of Area Sexual Health	To review a sample of invoices to determine that the description of the service provided is detailed enough to agree the costs.	Assurance	TBA	

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
Financial Top-ups	Payments made to clients outside of the care account have been properly assessed, authorised and are monitored.	Assurance	TBA	
<b>Chief Executive's Office (incl. Corporate Finance)</b>				
Risk Management	A maturity review to consider the approach to risk appetite and identifying controls and assurances on key risks.	Advisory	TBA	
Core Protection and Appointee Team	Review to determine the arrangements for the safeguarding of cash and belongings for persons deemed to be financially incapable under the Mental Capacity Act 2005.	Assurance	Sept/Oct	Dec
Register of Gifts, Interests & Hospitality	Review to confirm that Officers and members register interests, gifts and hospitality as required by Council procedures and codes of conduct.	System	TBA	
<b>Environment</b>				
Community Safety	The Council complies with relevant legislation and discharges its responsibilities under section 17 of the Crime and Disorder Act relating to the duty to consider crime and disorder implications the Act.	Assurance	TBA	
Street Services	Following the restructure of the service, a review to ensure that there are appropriate policies and procedures, street cleaning performance indicators have been developed and are monitored and there are action plans in place to address issues.	Assurance	TBA	
<b>Chief Executive's Delivery Unit</b>				
Council Vision & Priorities	Review the Council Vision & Priorities and obtain evidence to determine performance, monitoring and reporting arrangements.	Assurance	TBA	
Asset Management – Disposals & Acquisitions	Review a sample of acquisitions and disposals to ensure that procedures are being followed and there are appropriate governance and reporting arrangements in place.	Assurance	TBA	
<b>Housing</b>				
Housing Investment Programme	Review the governance and financial monitoring and reporting arrangements around the repairs and maintenance, planned maintenance and the Transforming Homes programmes.	Assurance	TBA	
Procurement – Spend under £75K	Analyse procurement spend under £75K to determine if the Council's Constitution and relevant purchasing rules have been complied with including seeking value for money.	Compliance	TBA	
Gloriana Thurrock Ltd	At the request of the Standards & Audit Committee, a review to determine the	Assurance	TBA	

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
	robustness of the corporate governance, decision making and monitoring processes around the Council's newly formed, wholly owned housing company.			
<b>Planning &amp; Transportation</b>				
Bridge Maintenance Inspections Follow up	Follow up review on inspection regime to ensure recommendations made in red report issued in 2014/15 have been actioned or are in progress.	Follow up	TBA	
Car Parking Service	Follow up of the in-service review to determine implementation status of recommendations as requested by senior management.	Follow up	TBA	
Highways and Environment Service	Follow up of the in-service review to determine implementation status of recommendations as requested by senior management.	Follow up	TBA	
<b>IT Audit</b>				
Other work TBA following audit needs assessment.	TBA	Assurance	TBA	

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
<b>Core assurance</b>				
Oracle – General Ledger	<ul style="list-style-type: none"> <li>• Reconciliation</li> <li>• Journals</li> <li>• Access arrangements</li> </ul>	System	TBA	
Cash and Banking	<ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Banking arrangements</li> <li>• Cash Reconciliation</li> <li>• Authorisation process</li> <li>• Monthly bank reconciliations</li> <li>• Exceptions</li> </ul>	System	TBA	
Accounts Payable	<ul style="list-style-type: none"> <li>• Ordering &amp; authorisation</li> <li>• Invoice matching</li> <li>• Separation of duties</li> <li>• Payment processing</li> <li>• BACS transfers</li> <li>• Reconciliation</li> </ul>	System	TBA	
Accounts Receivable	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Reconciliation</li> <li>• Write-offs</li> <li>• Recovery</li> <li>• Analysis</li> </ul>	System	TBA	
Council Tax	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Reconciliation</li> </ul>	System	TBA	
National Non Domestic Rates	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Reconciliation</li> </ul>	System	TBA	
Housing Benefits	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Processing of forms</li> <li>• Entitlement checks</li> <li>• Reconciliation</li> <li>• Year-end balancing</li> </ul>	System	Jun/Jul	Sept
Treasury Management	<ul style="list-style-type: none"> <li>• Payment runs</li> <li>• Reconciliation</li> </ul>	System	TBA	
Payroll	<ul style="list-style-type: none"> <li>• Starters/Leavers</li> <li>• Authorisation</li> <li>• System access</li> <li>• Amendments</li> <li>• Exception reporting</li> <li>• Reconciliation</li> <li>• Suspense accounts</li> </ul>	System	TBA	
Adult Social Care Expenditure	<ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Ordering and Authorisation process</li> <li>• Monthly reconciliations</li> <li>• Exceptions</li> </ul>	System	TBA	

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
Adult Social Care Income	<ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Authorisation process</li> <li>• Write Offs</li> <li>• Recovery</li> <li>• Monthly reconciliations</li> </ul>	System	TBA	
Housing Rents	<ul style="list-style-type: none"> <li>• Tenant checks</li> <li>• System access controls</li> <li>• Reconciliation</li> <li>• Calculations of payments</li> </ul>	System	TBA	

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing	Proposed Audit Committee
<b>Other Internal Audit Activity</b>				
National Fraud Initiative	To act as main contact point and ensure departments are following up on any matches identified as part of NFI exercise. Also, provide guidance to departments and liaise with Audit Commission.	N/A	As required	As used
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.	N/A	As required	As used
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Follow up	Ongoing	Delivered as per Standards & Audit Committee work plans
Management	<p>This will include:</p> <ul style="list-style-type: none"> <li>• Annual planning.</li> <li>• Preparation for, and attendance at, Standards &amp; Audit Committee.</li> <li>• Regular liaison and progress updates.</li> <li>• Liaison with external audit and other assurance providers.</li> <li>• Preparation of the Head of Internal Audit's Annual Report.</li> <li>• Attendance at Directorate Management Team, Leadership Group, Home Counties Chief Internal Auditors Group, London Audit Group and Essex Audit &amp; Counter Fraud Group meetings.</li> <li>• Preparation of the Annual Governance Statement</li> </ul>	N/A	Ongoing	As used

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<b>16 July 2015</b>	<b>ITEM: 8</b>
<b>Standards and Audit Committee</b>	
<b>Bridge Maintenance Inspections</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key
<b>Report of:</b> Cllr Oliver Gerrish, Portfolio Holder, Planning Transportation and Regeneration	
<b>Accountable Head of Service:</b> Ann Osola, Head of Service, Planning and Transportation	
<b>Accountable Director:</b> David Bull, Director of Planning & Transportation	
<b>This report is Public</b>	

## Executive Summary

This report aims to respond to the issues sets out in the Standards and Audit Committee February 2015 report which 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 said deficiencies Highways & Transportation team is implementing the action plan which details the recommended control measures and improved risk management which is now put in place for the Council to meet its statutory duties.

### 1. Recommendation(s)

#### 1.1 To note the content of the report

### 2. Introduction and Background

2.1 Thurrock Council as the highway authority has statutory duties to maintain the public highway and associated structures in a state that is safe and fit for use. These duties are mainly contained in the Highways Act 1980. For bridges the national code of practice is the Management of Highway Structures and the Department for Transport's BD 63/ 07 supplemented by Interim Advice Note (IAN) 171/12 which sets out risk based inspection intervals.

2.2 There are 115 bridges and other structures in Thurrock. Each structure undergoes General Inspection every two years. In addition, a detailed Principal Inspection should normally be carried out every six years (subject to

a risk assessment) to identify any major defects and to provide data for reparation of major bridge maintenance programmes. Also, the bridge assessments should normally be undertaken every twelve years (or in conjunction with Principal Inspections) to determine the live load capacity of structures which informs the need to strengthen or place weight restrictions on bridges. However, the (six to twelve year) Principal Inspections/Assessments have not been undertaken due to insufficient funding for bridges.

- 2.3 The remediation programme is currently implemented by adhering to the recommended by the Standards and Audit Committee action plan and combining Principal Inspections with Bridges Assessments.
- 2.4 An additional £150,000 has been found from existing budgets for Principal Inspections. Inspection funding in future years will depend on available budgets allocated on a risk and network priority basis.
- 2.5 To date, the bridges and structures which were inspected and assessment are:
  - *Structure No. 00192 Causeway, Ship Lane, Aveley*
  - *Structure No. 00194 London Road, Stanford -le-Hope*
  - *Structure No. 00266 Mardyke A1306 Arterial Road, Purfleet*
  - *Structure No. 00428 Dunstable Road, Stanford-le-Hope*
- 2.6 In addition, a Strategic Review of Thurrock Highways using a team from the Local Government Association was carried out by the Department for Transport (DfT) funded Highways Maintenance Efficiency Programme (HMEP).
- 2.7 The review and recommendations of the Strategic Review were presented to the December 17 2014 Cabinet meeting. These recommendations will improve bridge management as they include improved processes across highways including asset management.

### **3. Issues, Options and Analysis of Options**

- 3.1 The action points are being addressed now as a part of the overall Highways Service HMEP strategic review actions and the service acts on the recommendations of the Audit report.
- 3.2 The service has put in place funding of £150,000 in 2015/16 to implement some Principal Inspections/Assessments as part of a recovery programme.
- 3.3 The costs of the Action plan are found from prioritisation of existing budgets or from the resources provided for the implementation of the HMEP programme which is subject to separate consideration.
- 3.4 The Council has a statutory duty under section 41 of the Highways Act 1980 to maintain adopted highways to ensure that they are in a safe condition in

accordance with agreed standards. Any failure to discharge this duty leaves the Council liable to third party claims for compensation, although there is a defence under section 58 if the Council has a reasonable system of inspection and maintenance.

- 3.5 The implementation of the recovery programme ensures that there is adequate inspection and maintenance regime in place which ensures the safety, integrity and adequacy of structures within the highway for use by the public.

#### **4. Reasons for Recommendation**

- 4.1 This report is for information only there are no recommendations attached

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

- 5.1 Not applicable

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

- 6.1 This report is consistent with corporate priorities especially “protecting and promoting our clean and green environment”.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Mark Terry**  
**Senior Financial Accountant**

The financial implications are included in the text body of this report.

##### **7.2 Legal**

Implications verified by: **Alison Stuart**  
**Principal Solicitor**

The legal implications are included in the text body of this report.

##### **7.3 Diversity and Equality**

Implications verified by: **Rebecca Price**  
**Community Development Officer**

The diversity implications are included in the text body of the 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):

- Thurrock Cabinet December 2014 Item 18 Highways Efficiency Maintenance Programme, Strategic Review and Recommendations for Improvement
- Management of Highway Structures – Roads Liaison Group
- BD 63/07 & IAN 171/12 \_Department for Transport

9. **Appendices to the report**

- *None*

**Report Author:**

Les Burns

Chief Highways Engineer

Planning & Transportation

# Agenda Item 9

Report to Follow.

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<b>16 July 2015</b>	<b>ITEM: 10</b>
<b>Standards and Audit Committee</b>	
<b>Regulation of Investigatory Powers Act (RIPA) 2000 – 2014/15 Activity Report</b>	
<b>Wards and communities affected:</b> N/A	<b>Key Decision:</b> N/A
<b>Report of:</b> Fiona Taylor, Head of Legal Services and Monitoring Officer	
<b>Accountable Head of Service:</b> Fiona Taylor, Head of Legal Services and Monitoring Officer	
<b>Accountable Director:</b> David Bull, Interim Chief Executive	
<b>This report is public</b>	

## Executive Summary

This report:

- Provides an update on the usage and activity of RIPA requests during 2014/15.
- Summarises training activity during the reporting period.
- Confirms that a review has been undertaken of our RIPA Policy and as a result of this review, no amendments to policy are required.

### 1. Recommendation(s)

- 1.1 **To note the statistical information relating to the use of RIPA for 2014/15.**
- 1.2 **To note training activity undertaken during 2014/15.**
- 1.3 **To note that following on from a review of the RIPA policy by our Legal Services Department, no changes to our RIPA policy are required.**

### 2. Introduction and Background

- 2.1 The Regulation of Investigatory Powers Act 2000 (RIPA), and the Protection of Freedoms Act 2012, legislates for the use of local authorities of covert methods of surveillance and information gathering to assist in the detection and prevention of crime in relation to an authority's core functions.
- 2.2 The council's use of these powers is subject to regular inspection and audit by the Office of the Surveillance Commissioner (OSC) in respect of covert surveillance authorisations under RIPA, and the Interception of Communications Commissioner (IOCCO) in respect of communications data.

During these inspections, authorisations and procedures are closely examined and Authorising Officers are interviewed by the inspectors.

- 2.3 The RIPA Single Point of Contact (SPOC) maintains a RIPA register of all directed surveillance RIPA requests and approvals across the council.

### 3. Issues, Options and Analysis of Options

#### 3.1 RIPA Activity

- 3.1.1 The number of Thurrock RIPA directed surveillance authorisations processed during 2014/15 is 5. Below is a breakdown showing the areas the authorisations relate to for this period (along with previous year's figures):

	2014/15	2013/14
Trading Standards	2	2
Fraud	3	3
Regulatory	0	0
Covert Human Intelligence Source (CHIS authorisations)	0	0
<b>Total</b>	<b>5</b>	<b>5</b>

#### Notes:

Thurrock's Fraud Team provides a shared service within Southend Council. During November 2014, 1 RIPA directed surveillance request and 1 CHIS was authorised for surveillance activity undertaken within the Southend area. The following should be noted in relation to these requests:

- RIPA activity was authorised using Thurrock's RIPA process as Thurrock are considered to be the 'tasking Agency' – i.e. the agency with the lead on the criminal investigation.
- These requests have been excluded from Thurrock's RIPA statistics, as the activity was undertaken on an agency/shared service basis on behalf of another public authority.
- Checks are in the process of being undertaken with Southend Council and the Office of Surveillance Commissioner, to ensure they both are in agreement with the approach our Fraud Team have adopted in relation to the authorisation of RIPA requests for Southend investigations.

- 3.1.2 The outcomes of the 5 RIPA directed surveillance authorisations cannot be summarised in detail. This is due to Data Protection requirements and to ensure that any on-going investigations are not compromised due to the disclosure of information.

- 3.1.3 The table below shows the number of requests made to the National Anti-Fraud Network (NAFN) for Communication Data requests:

	2014/15
Service Data	1 (Fraud)
Subscriber Data	8 (7 Trading Standards. 1 Fraud)

**Notes:**

- Service Data – Is information held by a telecom or postal service provider including itemised telephone bills and/or outgoing call data.
- Subscriber Data – Includes any other information or account details that a telecom provider holds e.g. billing information.

### **3.2 Training and Process**

3.2.1 During 2014/15, RIPA training was delivered to relevant officers across the council. This training covered the RIPA process that must be followed. Over and above this training, communications have been issued to relevant staff making it clear of the process that must be followed. This process is detailed below:

- Investigating Officers to download authorised forms from our shared path for completion.
- Authorising Officers to ensure their section of the RIPA form is handwritten.
- Aide Memoire to be handwritten by the Authorising Officers.
- RIPA form and Aide Memoire are signed off by the Authorising Officer.
- RIPA form to be authorised by the Senior Responsible Officer (The Head of Legal and Democratic Services/Monitoring Officer).
- RIPA form to be sent to the SPOC.
- The SPOC will allocate a unique reference and ensure we have an entry on the RIPA register.
- Investigating Officer will liaise with Legal to visit the Court to ensure we obtain formal approval.
- Once approved by the court, the original RIPA form is then returned to the SPOC.
- Investigating Officers to schedule in dates to ensure a cancellation form is completed, signed off and returned to the SPOC.

### **3.3 Policy**

3.3.1 Thurrock’s RIPA policy was approved by the Standards and Audit Committee back in February 2014. During May 2015, the policy was reviewed by the Legal Services Department and this review has not resulted in any changes to this policy. The policy is attached as Appendix A.

3.3.2 The RIPA completion forms have been removed (as appendices) from the policy document , as with their inclusion the document becomes an unnecessarily lengthy document. However within the policy it states that *“Directed Surveillance applications and CHIS applications are made using forms that have been set up in a shared network drive by the council. These*

*forms must not be amended and applications will not be accepted if the approved forms are not completed”*

#### **4. Reasons for Recommendation**

4.1 This report provides an update on the usage and activity of RIPA requests for 2014/15.

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

5.1 The RIPA SPOC has consulted with the relevant departments to obtain the data set out in this report.

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

6.1 Monitoring compliance with the Regulation of Investigatory Powers Act 2000, and the Protection of Freedoms Act 2012, supports the council’s approach to corporate governance. Ensuring the appropriate use of RIPA in taking action to tackle crime and disorder supports the corporate priority of ensuring a safe, clean and green environment.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Mike Jones**  
**Management Accountant**

There are no financial implications directly related to this report.

##### **7.2 Legal**

Implications verified by: **Chris Pickering**  
**Principal Solicitor – Employment and Litigation**

Legal implications comments are contained within this report above.

##### **7.3 Diversity and Equality**

Implications verified by: **Natalie Warren**  
**Community Development and Equalities Manager**

There are no such implications directly related to this report.

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

Compliance with the requirements of RIPA legislation will ensure the proper balance of maintaining order against protecting the rights of constituents within the borough. There are no implications other than contained in this 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 A - RIPA Policy

- None.

**Report Author:**

Lee Henley

Information Manager

Chief Executive's Office

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# Regulation of Investigatory Powers Act 2000 (RIPA) Corporate Policy

USE OF DIRECTED SURVEILLANCE COVERT HUMAN  
INTELLIGENCE SOURCES AND COMMUNICATIONS DATA  
ACQUISITION FOR THE PREVENTION AND DETECTION  
OF CRIME OR THE PREVENTION OF DISORDER

## Version Control Sheet

<b>Title:</b>	RIPA Policy.
<b>Purpose:</b>	To advise staff of the procedures and principles to follow to comply with the RIPA Act.
<b>Author:</b>	Chris Pickering – Legal Services.
<b>Owner:</b>	Fiona Taylor – Head of Legal & Democratic Services/Monitoring Officer.
<b>Approved by:</b>	Standards and Audit Committee.
<b>Date:</b>	16 July 2015.
<b>Version Number:</b>	1.0
<b>Status:</b>	Final.
<b>Review Frequency:</b>	Annually.
<b>Next review date:</b>	2016

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## 1. A brief overview of RIPA

(For text in **bold**, see glossary of terms – Appendix 1)

The Regulation of Investigatory Powers Act (the Act) was introduced by Parliament in 2000. The Act sets out the reasons for which the use of **directed surveillance** (DS) and **covert human intelligence source** (CHIS) may be authorised.

Local Authorities' abilities to use these investigation methods are restricted in nature and may only be used for the prevention and detection of crime or the prevention of disorder. Local Authorities are not able to use **intrusive surveillance**.

Widespread, and often misinformed, reporting led to public criticism of the use of surveillance by some Local Authority enforcement officers and investigators. Concerns were also raised about the trivial nature of some of the 'crimes' being investigated. This led to a review of the legislation and ultimately the introduction of the Protection of Freedoms Act 2012 and the RIP (Directed Surveillance and CHIS) (Amendment) Order 2012 (Appendix 2).

In addition to defining the circumstances when these investigation methods may be used, the Act also directs how applications will be made and how, and by whom, they may be approved, reviewed, renewed, cancelled and retained.

The Act must be considered in tandem with associated legislation including the Human Rights Act (HRA) (Appendix 3), and the Data Protection Act (DPA) (Appendix 4).

The purpose of Part II of the Act is to protect the privacy rights of anyone in a Council's area, but only to the extent that those rights are protected by the HRA. A public authority, such as the Council, has the ability to infringe those rights provided that it does so in accordance with the rules, which are contained within Part II of the Act. Should the public authority not follow the rules, the authority loses the impunity otherwise available to it. This impunity may be a defense to a claim for damages or a complaint to supervisory bodies, or as an answer to a challenge to the admissibility of evidence in a trial.

Further, a Local Authority may only engage the Act when performing its 'core functions'. For example, a Local Authority may rely on the Act when conducting a criminal investigation as this would be considered a 'core function', whereas the disciplining of an employee would be considered a 'non-core' or 'ordinary' function.

Examples of when local authorities may use RIPA and CHIS are as follows:

- Trading standards – action against loan sharks, rogue traders, consumer scams, deceptive advertising, counterfeit goods, unsafe toys and electrical goods;
- Enforcement of anti-social behaviour orders and legislation relating to unlawful child labour;

- Housing/planning – interventions to stop and make remedial action against unregulated and unsafe buildings, breaches of preservation orders, cases of landlord harassment;
- Benefits fraud – investigating ‘living together’ and ‘working whilst in receipt of benefit’ allegations and council tax evasion; and
- Environment protection – action to stop large-scale waste dumping, the sale of unfit food and illegal ‘raves’.

The examples do not replace the key principles of necessity and proportionality or the advice and guidance available from the relevant oversight Commissioners.

The RIPA (Communications Data) order came into force in 2004. It allows Local Authorities to acquire communications data, namely service data and subscriber details for limited purposes. This order was updated by the Regulation of Investigatory Powers Communications Data) Order 2010.

## **2. Directed Surveillance**

This policy relates to all staff directly employed by Thurrock Council when conducting relevant investigations for the purposes of preventing and detecting crime or preventing disorder, and to all contractors and external agencies that may be used for this purpose as well as to those members of staff tasked with the authorisation and monitoring of the use of directed surveillance, CHIS and the acquisition of communications data.

The policy will be reviewed annually and whenever changes are made to relevant legislation and codes of practice.

‘It is essential that the Chief Executive, or Head of Paid Service, together with the Directors and the Heads of Units should have an awareness of the basic requirements of RIPA and also an understanding of how it might apply to the work of individual council departments. Without this knowledge at senior level, it is unlikely that any authority will be able to develop satisfactory systems to deal with the legislation. Those who need to use or conduct directed surveillance or CHIS on a regular basis will require more detailed specialised training’ (Office of Surveillance Commissioners).

The use of directed surveillance or a CHIS must be necessary and proportionate to the alleged crime or disorder. Usually, it will be considered to be a tool of last resort, to be used only when all other less intrusive means have been used or considered.

### **Necessary**

A person granting an authorisation for directed surveillance must consider *why* it is necessary to use covert surveillance in the investigation *and* believe that the activities to be authorised are necessary on one or more statutory grounds.

If the activities are deemed necessary, the authoriser must also believe that they are proportionate to what is being sought to be achieved by carrying them out. This involves balancing the seriousness of the intrusion into the privacy of the subject of the operation (or any other person who may be affected) against the need for the activity in investigative and operational terms.

## **Proportionate**

The authorisation will not be proportionate if it is excessive in the overall circumstances of the case. Each action authorised should bring an expected benefit to the investigation or operation and should not be disproportionate or arbitrary. The fact that a suspected offence may be serious will not alone render intrusive actions proportionate. Similarly, an offence may be so minor that any deployment of covert techniques would be disproportionate. No activity should be considered proportionate if the information which is sought could reasonably be obtained by other less intrusive means.

The following elements of proportionality should therefore be considered:

- balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
- explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;
- evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented.

The Council will conduct its directed surveillance operations in strict compliance with the DPA principles and limit them to the exceptions permitted by the HRA and RIPA, and solely for the purposes of preventing and detecting crime or preventing disorder.

The **Senior Responsible Officer** (SRO) (as named in Appendix 5) will be able to give advice and guidance on this legislation. The SRO will appoint a **RIPA Coordinating Officer** (RCO) (as named in Appendix 5) The RCO will be responsible for the maintenance of a **central register** that will be available for inspection by the Office of the Surveillance Commissioners (OSC). The format of the central register is set out in Appendix 6.

The use of hand-held cameras and binoculars can greatly assist a directed surveillance operation in public places. However, if they afford the investigator a view into private premises that would not be possible with the naked eye, the surveillance becomes intrusive and is not permitted. Best practice for compliance with evidential rules relating to photographs and video/CCTV footage is contained in Appendix 8. Directed surveillance may be conducted from

private premises. If they are used, the applicant must obtain the owner's permission, in writing, before authorisation is given. If a prosecution then ensues, the applicant's line manager must visit the owner to discuss the implications and obtain written authority for the evidence to be used. (See R v Johnson (Kenneth) 1988 1 WLR 1377 CA (Appendix 10).

The general usage of the council's CCTV system is not affected by this policy. However, if cameras are specifically targeted for the purpose of directed surveillance, a RIPA authorisation must be obtained.

Wherever knowledge of **confidential information** is likely to be acquired or if a vulnerable person or juvenile is to be used as a CHIS, the authorisation must be made by the Chief Executive, who is the Head of Paid Service (or in his absence whoever deputises for him).

Directed surveillance that is carried out in relation to a **legal consultation** on certain premises will be treated as intrusive surveillance, regardless of whether legal privilege applies or not. These premises include prisons, police stations, courts, tribunals and the premises of a professional legal advisor. Local Authorities are not able to use intrusive surveillance. Operations will only be authorised when there is sufficient, documented, evidence that the alleged crime or disorder exists and when directed surveillance is considered to be a necessary and proportionate step to take in order to secure further evidence.

Low level surveillance, such as 'drive-bys' or everyday activity observed by officers in the course of their normal duties in public places, does not need RIPA authority. If surveillance activity is conducted in immediate response to an unforeseen activity, RIPA authorisation is not required. However, if repeated visits are made for a specific purpose, authorisation may be required. In cases of doubt, legal advice should be taken.

When vehicles are being used for directed surveillance purposes, drivers must at all times comply with relevant traffic legislation.

### **Crime Threshold**

An additional barrier to authorising directed surveillance is set out in the Regulation of Investigatory Powers (Directed Surveillance and CHIS) (Amendment) Order 2012. This provides a 'Crime Threshold' whereby only crimes which are either punishable by a maximum term of at least 6 months' imprisonment (whether on summary conviction or indictment) or are related to the underage sale of alcohol or tobacco can be investigated through Directed Surveillance.

The crime threshold applies only to the authorisation of directed surveillance by local authorities under RIPA, not to the authorisation of local authority use of CHIS or their acquisition of CD. The threshold came into effect on 1 November 2012.

Thurrock **cannot** authorise directed surveillance for the purpose of preventing disorder unless this involves a criminal offence(s) punishable (whether on summary conviction or indictment) by a maximum term of at least 6 months' imprisonment.

Thurrock may therefore continue to authorise use of directed surveillance in more serious cases as long as the other tests are met – i.e. that it is necessary and proportionate and where prior approval from a Magistrate has been granted. Examples of cases where the offence being investigated attracts a maximum custodial sentence of six months or more could include more serious criminal damage, dangerous waste dumping and serious or serial benefit fraud.

Thurrock may also continue to authorise the use of directed surveillance for the purpose of preventing or detecting specified criminal offences relating to the underage sale of alcohol and tobacco where the necessity and proportionality test is met and prior approval from a JP has been granted.

A local authority such as Thurrock **may not authorise** the use of directed surveillance under RIPA to investigate disorder that does not involve criminal offences

### **3. Covert Human Intelligence Sources (CHIS)**

A person who reports suspicion of an offence is not a CHIS, nor do they become a CHIS if they are asked if they can provide additional information, e.g. details of the suspect's vehicle or the time that they leave for work. It is only if they establish or maintain a personal relationship with another person for the purpose of covertly obtaining or disclosing information that they become a CHIS.

If it is deemed unnecessary to obtain RIPA authorisation in relation to the proposed use of a CHIS for test purchasing, the applicant should complete the council's CHIS form and submit to the Head of Public Protection for authorisation. Once authorised, any such forms must be kept on the relevant Trading Standards file.

The times when a local authority will use a CHIS are limited. The most common usage is for test-purchasing under the supervision of trading standards or licensing officers.

For some test purchases it will be necessary to use a CHIS who is, or appears to be, under the age of 16 (a juvenile). Written parental consent for the use of a juvenile CHIS must be obtained prior to authorisation, and the duration of such an authorisation is 1 month instead of the usual 12 months. The Authorising Officer must be the Chief Executive or Deputy. NOTE: A juvenile CHIS may not be used to obtain information about their parent or guardian.

Officers considering the use of a CHIS under the age of 18, and those authorising such activity must be aware of the additional safeguards identified in The Regulation of Investigatory Powers (Juveniles) Order 2000 and its Code of Practice.

A vulnerable individual should only be authorised to act as a CHIS in the most exceptional circumstances. A vulnerable individual is a person who is or may be in need of community care services by reason of mental or other disability, age or illness, and who is or may not be able to take care of himself. The Authorising Officer in such cases must be the Chief Executive, who is the Head of Paid Service, or in his absence whoever deputises for him.

Any deployment of a CHIS should take into account the safety and welfare of that CHIS. Before authorising the use or conduct of a CHIS, the authorising officer should ensure that an appropriate bespoke risk assessment is carried out to determine the risk to the CHIS of any assignment and the likely consequences should the role of the CHIS become known. This risk assessment must be specific to the case in question. The ongoing security and welfare of the CHIS, after the cancellation of the authorisation, should also be considered at the outset.

A CHIS handler is responsible for bringing to the attention of a CHIS controller any concerns about the personal circumstances of the CHIS, insofar as they might affect the validity of the risk assessment, the conduct of the CHIS, and the safety and welfare of the CHIS.

The process for applications and authorisations have similarities to those for directed surveillance but there are also significant differences, namely that the following arrangements must be in place at all times in relation to the use of a CHIS:

1. There will be an appropriate officer of the Council who has day-to-day responsibility for dealing with the CHIS, and for the security and welfare of the CHIS; and
2. There will be a second appropriate officer of the use made of the CHIS, and who will have responsibility for maintaining a record of this use. These records must also include information prescribed by the Regulation of Investigatory Powers (Source Records) Regulations 2000. Any records that disclose the identity of the CHIS must not be available to anyone who does not have a need to access these records.

An Authorising Officer's Aide-Memoire has been produced to assist Authorising Officers when considering applications for directed surveillance.

#### **4. The Authorisation Process**

The processes for applications and authorisations for CHIS are similar as for directed surveillance, but note the differences set out in the CHIS section above. Directed Surveillance applications and CHIS applications are made using forms that have been set up in a shared network drive by the council. These forms must not be amended and applications will not be accepted if the approved forms are not completed.

The authorisation process involves the following steps:

### Investigation Officer

1. The Investigation Officer prepares an application. When completing the forms, Investigation Officers must fully set out details of the covert activity for which authorisation is sought to enable the Authorising Officer to make an informed judgment.
2. The Investigation Officer will obtain a unique reference number (URN) from the central register before submitting an application.
3. A risk assessment will be conducted by the Investigation Officer within 7 days of the proposed start date. This assessment will include the number of officers required for the operation; whether the area involved is suitable for directed surveillance; what equipment might be necessary, health and safety concerns and insurance issues. Particular care must be taken when considering surveillance activity close to schools or in other sensitive areas. If it is necessary to conduct surveillance around school premises, the applicant should inform the head teacher of the nature and duration of the proposed activity, in advance.
4. The Investigation Officer will submit the application form to an authorising officer for approval (see Appendix 5).
5. All applications to conduct directed surveillance (other than under urgency provisions – see below) must be made in writing in the approved format.

### Authorising Officer (AO)

6. The AO considers the application and if it is considered complete the application is signed off and forwarded to the SRO for review and counter approval.
7. An Authorising Officer's Aide-Memoire has been produced to assist Authorising Officers when considering applications for directed surveillance.
8. If there are any deficiencies in the application further information may be sought from the Investigation Officer, prior to sign off.
9. Once final approval has been received from the SRO (see below), the AO and the Investigation Officer will retain copies and will create an appropriate diary method to ensure that any additional documents are submitted in good time.

### Senior Responsible Officer (SRO)

10. The SRO then reviews the AO's approval and countersigns it.
11. If the application requires amendment the SRO will return this to the AO for the necessary revisions to be made prior to sign off. Once the SRO is satisfied that

concludes the internal authorisation procedure and he or she will countersign the application.

#### Application to Magistrates Court

12. The countersigned application form will form the basis of the application to the Magistrates Court (see further below)

#### Authorised Activity

13. Authorisation takes effect from the date and time of the approval from the Magistrates Court.
14. Where possible, private vehicles used for directed surveillance purposes should have keeper details blocked by the DVLA.
15. Notification of the operation will be made to the relevant police force intelligence units where the target of the operation is located in their force area. Contact details for each force intelligence unit are held by the Group Manager Counter Fraud & Investigation - Counter Fraud & Investigation team.
16. Before directed surveillance activity commences, the Investigation Officer will brief all those taking part in the operation. The briefing will include details of the roles to be played by each officer, a summary of the alleged offence(s), the name and/or description of the subject of the directed surveillance (if known), a communications check, a plan for discontinuing the operation and an emergency rendezvous point. A copy of the briefing report (Appendix 7) will be retained by the Investigation Officer.
17. Where 3 or more officers are involved in an operation, officers conducting directed surveillance will complete a daily log of activity as at Appendix 9. Evidential notes will also be made in the pocket notebook of all officers engaged in the operation regardless of the number of officers on an operation. These documents will be kept in accordance with the appropriate retention guidelines.
18. Where a contractor or external agency is employed to undertake any investigation on behalf of the Council, the Investigation Officer will ensure that any third party is adequately informed of the extent of the authorisation and how they should exercise their duties under that authorisation.

#### Conclusion of Activities

19. As soon as the authorised activity has concluded the Investigation Officer will complete a Cancellation Form.
20. The original document of the complete application will be retained with the central register.

## **5. SRO Review and Sign Off**

The SRO will review the AO approval prior to it being submitted for Magistrates/JP authorisation.

If in the SRO's opinion there are inconsistencies, errors or deficiencies, in the application such that the AO's approval requires amendments or augmentation, the SRO will return the application form to the AO with recommendation for alternative wording or further information and the AO will incorporate the same.

The form will then be returned to the SRO for countersigning.

Once the SRO has countersigned the form this will form the basis of the application to the Magistrates Court for authorisation.

## **6. Judicial Authorisation**

From 1 November 2012, sections 37 and 38 of the Protection of Freedoms Act 2012 are in force. This will mean that a local authority who wishes to authorise the use of directed surveillance, acquisition of CD and use of a CHIS under RIPA will need to obtain an order approving the grant or renewal of an authorisation or notice from a JP (a District Judge or lay magistrate) before it can take effect. If the JP is satisfied that the statutory tests have been met and that the use of the technique is necessary and proportionate he/she will issue an order approving the grant or renewal for the use of the technique as described in the application.

The new judicial approval mechanism is in addition to the existing authorisation process under the relevant parts of RIPA as outlined above and in this section. The current process of assessing necessity and proportionality, completing the RIPA authorisation/application form and seeking approval from an authorising officer/designated person will therefore remain the same.

The appropriate officer from Thurrock will provide the JP with a copy of the original RIPA authorisation or notice and the supporting documents setting out the case. This forms the basis of the application to the JP and should contain all information that is relied upon. For communications data requests the RIPA authorisation or notice may seek to acquire consequential acquisition of specific subscriber information. The necessity and proportionality of acquiring consequential acquisition will be assessed by the JP as part of his consideration.

The original RIPA authorisation or notice should be shown to the JP but also be retained by Thurrock Council so that it is available for inspection by the Commissioners' officers and in the event of any legal challenge or investigations by the Investigatory Powers Tribunal (IPT).

The Court may also wish to keep a copy so an extra copy should be made available to the Court.

Importantly, the appropriate officer will also need to provide the JP with a partially completed judicial application/order form.

Although the officer is required to provide a brief summary of the circumstances of the case on the judicial application form, this is supplementary to and does not replace the need to supply the original RIPA authorisation as well.

The order section of the form will be completed by the JP and will be the official record of the JP's decision. The officer from Thurrock will need to obtain judicial approval for all initial RIPA authorisations/applications and renewals and will need to retain a copy of the judicial application/order form after it has been signed by the JP. There is no requirement for the JP to consider either cancellations or internal reviews.

The authorisation will take effect from the date and time of the JP granting approval and Thurrock may proceed to use the techniques approved in that case.

It will be important for each officer seeking authorisation to establish contact with HMCTS administration at the magistrates' court. HMCTS administration will be the first point of contact for the officer when seeking a JP approval. Thurrock will need to inform HMCTS administration as soon as possible to request a hearing for this stage of the authorisation.

On the rare occasions where out of hours access to a JP is required then it will be for the officer to make local arrangements with the relevant HMCTS legal staff. In these cases we will need to provide two partially completed judicial application/order forms so that one can be retained by the JP. They should provide the court with a copy of the signed judicial application/order form the next working day.

In most emergency situations where the police have power to act, then they are able to authorise activity under RIPA without prior JP approval. No RIPA authority is required in immediate response to events or situations where it is not reasonably practicable to obtain it (for instance when criminal activity is observed during routine duties and officers conceal themselves to observe what is happening).

Where renewals are timetabled to fall outside of court hours, for example during a holiday period, it is the local authority's responsibility to ensure that the renewal is completed ahead of the deadline. Out of hours procedures are for emergencies and should not be used because a renewal has not been processed in time.

The hearing is a 'legal proceeding' and therefore our officers need to be formally designated to appear, be sworn in and present evidence or provide information as required by the JP.

The hearing will be in private and heard by a single JP who will read and consider the RIPA authorisation or notice and the judicial application/order form. He/she may have questions to clarify points or require additional reassurance on particular matters.

The attending officer will need to be able to answer the JP's questions on the policy and practice of conducting covert operations and the detail of the case itself. Thurrock's officers may consider it appropriate for the SPoC (single point of contact) to attend for applications for CD RIPA authorisations. This does not, however, remove or reduce in any way the duty of the authorising officer to determine whether the tests of necessity and proportionality have been met. Similarly, it does not remove or reduce the need for the forms and supporting papers that the authorising officer has considered and which are provided to the JP to make the case (see paragraphs 47-48).

It is not Thurrock's policy that legally trained personnel are required to make the case to the JP.

The forms and supporting papers must by themselves make the case. It is not sufficient for the local authority to provide oral evidence where this is not reflected or supported in the papers provided. The JP may note on the form any additional information he or she has received during the course of the hearing but information fundamental to the case should not be submitted in this manner.

If more information is required to determine whether the authorisation or notice has met the tests then the JP will refuse the authorisation. If an application is refused the local authority should consider whether they can reapply, for example, if there was information to support the application which was available to the local authority, but not included in the papers provided at the hearing.

The JP will record his/her decision on the order section of the judicial application/order form. HMCTS administration will retain a copy of the local authority RIPA authorisation or notice and the judicial application/order form. This information will be retained securely. Magistrates' Courts are not public authorities for the purposes of the Freedom of Information Act 2000.

Thurrock will need to provide a copy of the order to the communications the SPoC (Single Point of Contact) for all CD requests. SPoCs must not acquire the CD requested, either via the CSP or automated systems until the JP has signed the order approving the grant.

## **7. Authorisation periods**

The authorisation will take effect from the date and time of the JP granting approval and Thurrock may proceed to use the techniques approved in that case.

A written authorisation (unless renewed or cancelled) will cease to have effect after 3 months. Urgent oral or written authorisations, unless renewed, cease to have effect after 72 hours, beginning with the time when the authorisation was granted.

Renewals should not normally be granted more than seven days before the original expiry date. If the circumstances described in the application alter, the applicant must submit a review document before activity continues.

As soon as the operation has obtained the information needed to prove, or disprove, the allegation, the applicant must submit a cancellation document and the authorised activity must cease.

CHIS authorisations will (unless renewed or cancelled) cease to have effect 12 months from the day on which authorisation took effect, except in the case of juvenile CHIS which will cease to have effect after 1 month. Urgent oral authorisations or authorisations will unless renewed, cease to have effect after 72 hours.

## **8. Urgency**

The law has been changed so that urgent cases can no longer be authorised orally. Approval for directed surveillance in an emergency must now be obtained in written form. Oral approvals are no longer permitted. In cases where emergency approval is required an AO must be visited by the applicant with two completed RIPA application forms. The AO will then assess the proportionality, necessity and legality of the application. If the application is approved then the applicant must then contact the out-of-hours HMCTS representative to seek approval from a Magistrate. The applicant must then take two signed RIPA application forms and the judicial approval form to the Magistrate for the hearing to take place.

As with a standard application the test of necessity, proportionality and the crime threshold must be satisfied. A case is not normally to be regarded as urgent unless the delay would, in the judgment of the person giving the authorisation, be likely to endanger life or jeopardise the investigation or operation. Examples of situations where emergency authorisation may be sought would be where there is intelligence to suggest that there is a substantial risk that evidence may be lost, a person suspected of a crime is likely to abscond, further offences are likely to take place and/or assets are being dissipated in a criminal investigation and money laundering offences may be occurring. An authorisation is not considered urgent if the need for authorisation has been neglected or the urgency is due to the authorising officer or applicant's own doing.

## **9. Telecommunications Data - NAFN**

The RIPA (Communications Data) Order 2003 came into law in January 2004. It allows Local Authorities to acquire limited information in respect of subscriber details and service data. It

does NOT allow Local Authorities to intercept record or otherwise monitor communications data.

Applications to use this legislation must be submitted to a Home Office accredited Single Point of Contact (SPOC). The Council uses the services of NAFN (the National Anti-fraud Network) for this purpose.

Officers may make the application by accessing the NAFN website. The application will first be vetted by NAFN for consistency, before being forwarded by NAFN to the Council's Designated Persons for the purposes of approving the online application. The Council will ensure that Designated Persons receive appropriate training when becoming a Designated Person.

The Council's Designated Persons are presently the relevant Heads of Service, CEO and the Council's Monitoring Officer. NAFN will inform the Designated Persons jointly once the application is ready to be reviewed by the Designated Persons.

The relevant Designated Persons responsible for the area to which the application relates, will then access the restricted area of the NAFN website using a special code, in order to review and approve the application. When approving the application, the Designated Person must be satisfied that the acquiring of the information is necessary and proportionate. Approvals are documented by the Designated Person completing the online document and resubmitting it by following the steps outlined on the site by NAFN. This online documentation is retained by NAFN who are inspected and audited by the OSC.

When submitting an online application, the officer must also inform the relevant Designated Person, in order that they are aware that the NAFN application is pending.

#### **10. Handling of material and use of material as evidence**

Material obtained from properly authorised directed surveillance or a source may be used in other investigations. Arrangements shall be in place for the handling, storage and destruction of material obtained through the use of directed surveillance, a source or the obtaining or disclosure of communications data. Authorising Officers must ensure compliance with the appropriate data protection requirements and any relevant Corporate Procedures relating to the handling and storage of material.

Where the product of surveillance could be relevant to pending or future proceedings, it should be retained in accordance with established disclosure requirements for a suitable period and subject to review.

## **11. Training**

Officers conducting directed surveillance operations, using a CHIS or acquiring communications data must have an appropriate accreditation or be otherwise suitably qualified or trained.

Authorising Officers (Appendix 5) will be appointed by the Chief Executive and will have received training that has been approved by the Senior Responsible Officer. The Senior Responsible Officer will have appointed the RIPA Coordinating Officer who will be responsible for arranging suitable training for those conducting surveillance activity or using a CHIS.

All training will take place at reasonable intervals to be determined by the SRO or RSO, but it is envisaged that an update will usually be necessary following legislative or good practice developments or otherwise every 12 months.

## **12. Surveillance Equipment**

All mobile surveillance equipment is kept in a secure area on the second floor of the Civic Offices. Access to the area is controlled by the Community Protection Team, who maintains a spreadsheet log of all equipment taken from and returned to the area.

## **13. RIPA Record Audits**

To ensure directed surveillance authorisations are being conducted in accordance with Council policy, a system of internal quality assurance has been put in place. At quarterly periods throughout the year, Directors acting in their capacity of authorising officers will in turn conduct an audit of the RIPA records pertaining to the previous 3 months. The audit must be recorded on the audit record/document available from the RIPA single point of contact. The Senior Responsible Officer will inform the Chief Executive of the outcome of such audits.

## **14. The Inspection Process**

The OSC will make periodic inspections during which the inspector will wish to interview a sample of key personnel; examine RIPA and CHIS applications and authorisations; the central register and policy documents. The inspector will also make an evaluation of processes and procedures.

## **15. Resources**

Full Codes of Practice can be found on the Home Office website:  
<http://www.homeoffice.gov.uk/>

Covert Surveillance & Property Interference:

<https://www.gov.uk/government/publications/code-of-practice-for-covert-surveillance-and-property-interference>

CHIS: <https://www.gov.uk/government/publications/code-of-practice-for-the-use-of-human-intelligence-sources>

Acquisition and Disclosure of Communications Data:

<https://www.gov.uk/government/publications/code-of-practice-for-the-acquisition-and-disclosure-of-communications-data>

Further information can also be found on The Office of Surveillance Commissioners website.

<http://www.surveillancecommissioners.gov.uk/index.html>

## GLOSSARY OF TERMS

### **Collateral intrusion**

The likelihood of obtaining private information about someone who is not the subject of the directed surveillance operation.

### **Confidential information**

This covers confidential journalistic material, matters subject to legal privilege, and information relating to a person (living or dead) relating to their physical or mental health; spiritual counselling or which has been acquired or created in the course of a trade/profession/occupation or for the purposes of any paid/unpaid office.

### **Covert relationship**

A relationship in which one side is unaware of the purpose for which the relationship is being conducted by the other.

### **Directed Surveillance**

Surveillance carried out in relation to a specific operation which is likely to result in obtaining private information about a person in a way that they are unaware that it is happening. It excludes surveillance of anything taking part in residential premises or in any private vehicle.

### **Intrusive Surveillance**

Surveillance which takes place on any residential premises or in any private vehicle. A Local Authority cannot use intrusive surveillance.

### **Legal Consultation**

A consultation between a professional legal adviser and his client or any person representing his client, or a consultation between a professional legal adviser or his client or representative and a medical practitioner made in relation to current or future legal proceedings.

### **Residential premises**

Any premises occupied by any person as residential or living accommodation, excluding common areas to such premises, e.g. stairwells and communal entrance halls.

### **Senior Responsible Officer (SRO)**

The SRO is responsible for the integrity of the processes in order for the Council to ensure compliance when using Directed Surveillance or CHIS.

### **Service data**

Data held by a communications service provider relating to a customer's use of their service, including dates of provision of service; records of activity such as calls made, recorded delivery records and top-ups for pre-paid mobile phones.

### **Surveillance device**

Anything designed or adapted for surveillance purposes.

**Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010**

The Order consolidates four previous Orders relating to directed surveillance and the use or conduct of covert human intelligence sources by public authorities under Part II of the Regulation of Investigatory Powers Act 2000 (RIPA) and to reflect the outcome of a public consultation which took place between April and July 2009.

It identifies the 'relevant public authorities' authorised to conduct RIPA and CHIS activities. This list includes local authorities in England and Wales. It also gives examples of such activity, as shown on page 3 of this document.

**The Human Rights Act 1998**

Articles 6 and 8 of the Human Rights Act are relevant to RIPA.

If it is proposed that directed surveillance evidence is to be used in a prosecution, or other form of sanction, the subject of the surveillance should be informed during an interview under caution.

**The Data Protection Act 1998 (DPA)**

The eight principles of the Act relating to the acquisition of personal data need to be observed when using RIPA. To ensure compliance, the information must:

- Be fairly and lawfully obtained and processed
- Be processed for specified purposes only
- Be adequate, relevant and not excessive
- Be accurate
- Not be kept for longer than is necessary
- Be processed in accordance with an individual's rights
- Be secure
- Not be transferred to non EEA countries without adequate protection.

### List of Authorising Officers

The following post holders may authorise RIPA applications where there is a likelihood of obtaining Confidential Information: Chief Executive or deputy.

The following post holders may authorise the use of a vulnerable person or a juvenile to be used as a Covert Human Intelligence Source: Chief Executive, as Head of Paid Service or his or her deputy.

The following post holders may authorise applications, reviews, renewals and cancellations of Directed Covert Surveillance of Covert Human Intelligence Sources: Chief Executives and Directors, or in their absence, the Head of Legal and Democratic Services.

#### Principal RIPA Officers

Fiona Taylor Head of Legal & Democratic Services/Monitoring Officer	Senior Responsible Officer (SRO)	01375 652442
Lee Henley Information Manager	RIPA Co-ordinating Officer (Single Point of Contact)	01375 652500

#### Authorising Officers

Chief Executive	Authorising Officer	01375 652390
Gavin Dennett Acting Head of Public Protection	Authorising Officer	01375 652581
Sean Clark Head of Corporate Finance & s151 Officer	Authorising Officer	01375 652010
Fiona Taylor	Authorising Officer	01375 652442

### **Central Register**

A central register will be maintained by the RIPA single point of contact. The register will contain details of all RIPA and CHIS applications (whether approved or not) and all reviews, renewals and cancellations.

Each operation will be given a unique reference number (URN) from which the department involved and the year of the operation may be readily identified.

The register will also contain the following information:

- The operation reference name or number
- The name of the applicant
- The name of the subject of the surveillance or CHIS activity (for internal enquiries a pseudonym may be used)
- The date and time that the activity was authorised
- The date and time of any reviews that are to be conducted
- The date and time of any renewals of authorisations
- The date and time of the cancellations of any authorisations

Kept in conjunction with the register will be the details of the training and updates delivered to authorising officers, a list of authorising officers, a copy of the RIPA policy and copies of all relevant legislation.

The original of all documents will also be held with the register, which must be available for inspection by the Office of the Surveillance Commissioners.

**Briefing Report**

Before any RIPA or CHIS operation commences, all staff will be briefed by the officer in charge of the case using the format of this briefing report. The original will be retained with the investigation file.

RIPA URN .....

Name and number to identify operation .....

Date, time and location of briefing .....

.....

Persons present at briefing .....

.....

**Information** (Sufficient background information of the investigation to date to enable all those taking part in the operation to fully understand their role).

**Intention** (What is the operation seeking to achieve?).

**Method** (How will individuals achieve this? If camcorders are to be used, remind officers that any conversations close to the camera will be recorded).

**Administration** (To include details of who will be responsible for maintenance of the log sheet and collection of evidence; any identified health and safety issues; the operation; an agreed stand down procedure – NOTE It will be the responsibility of the officer in charge of the investigation to determine if and when an operation should be discontinued due to reasons of safety or cost-effectiveness – and an emergency rendezvous point. On mobile surveillance operations, all those involved will be reminded that at ALL times speed limits and mandatory road signs MUST be complied with and that drivers must NOT use radios or telephones when driving unless the equipment is ‘hands free’).

**Communications** (Effective communications between all members of the team will be established before the operation commences).

### Best practice regarding photographic and video evidence

Photographic or video evidence can be used to support the verbal evidence of what the officer conducting surveillance actually saw. There will also be occasions when video footage may be obtained without an officer being present at the scene. However it is obtained, it must properly documented and retained in order to ensure evidential continuity. All such material will be disclosable in the event that a prosecution ensues.

Considerations should be given as to how the evidence will eventually be produced. This may require photographs to be developed by an outside laboratory. Arrangements should be made in advance to ensure continuity of evidence at all stages of its production. A new film, tape or memory card should be used for each operation.

If video footage is to be used start it with a verbal introduction to include day, date, time and place and names of officers present. Try to include footage of the location, e.g. street name or other landmark so as to place the subject of the surveillance.

A record should be maintained to include the following points:

- Details of the equipment used
- Name of the officer who inserted the film, tape or memory card into the camera
- Details of anyone else to whom the camera may have been passed
- Name of officer removing film, tape or memory card
- Statement to cover the collection, storage and movement of the film, tape or memory card
- Statement from the person who developed or created the material to be used as evidence

As soon as possible the original recording should be copied and the master retained securely as an exhibit. If the master is a tape, the record protect tab should be removed once the tape has been copied. Do not edit anything from the master. If using tapes, only copy on a machine that is known to be working properly. Failure to do so may result in damage to the master.

Stills may be taken from video. They are a useful addition to the video evidence.

**Surveillance Log**

Daily log of activity, to be kept by each operator or pair of operators.

- A – Amount of time under observation
- D – Distance from subject
- V - Visibility
- O - Obstruction
- K – Known, or seen before
- A – Any reason to remember, subject or incident
- T – Time elapsed between sighting and note taking
- E – Error or material discrepancy – e.g. description, vehicle reg etc.

Operation name or number .....

Date .....

Time of activity (from) ..... (to) .....

Briefing location and time .....

Name of operator(s) relating to THIS log .....

.....

Details of what was seen, to include ADVOKATE (as above).

.....

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**R v Johnson**

R. v. Johnson [1988] 1 WLR 1377 laid down the correct procedure when using observation posts:

- The police officer in charge of the observation, who should be of no lesser rank than sergeant, should testify that he had visited the observation posts & ascertained the attitude of the occupiers to the use of the premises & to disclosure which might lead to their identification. (It is suggested that 'Sergeant' could be replaced by section manager).
- An inspector should then testify that immediately before the trial he visited those places & ascertained whether the occupiers were the same persons as those at the time of the observations. (It is suggested that 'inspector' could be replaced by head of department).
- If they were not he, should testify as to their attitude to the use made of the premises and to possible disclosure which might lead to their identification.
- The judge should explain to the jury when summing up or at some other point the effect of his ruling to exclude the evidence of the location.

Public Interest Immunity (PII) protects the identity of a person who has permitted surveillance to be conducted from private premise, so this extends to the address and any other information that could reveal their identity. If, however, the location can be revealed without identifying the occupier, then it should be.

<b>16 July 2015</b>	<b>ITEM: 11</b>
<b>Standards and Audit Committee</b>	
<b>Refresh of the Strategic/Corporate Risk and Opportunity Register, In Quarter 1 Report</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non key
<b>Report of:</b> Andy Owen, Corporate Risk Officer	
<b>Accountable Head of Service:</b> Sean Clark, Head of Corporate Finance	
<b>Accountable Director:</b> David Bull, Interim Chief Executive	
<b>This report is</b> a public report	

## 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 the Standards and Audit Committee to consider the effectiveness of the Council's risk and opportunity management arrangements the report is presented on a bi annual basis and provides details of how the key risks and opportunities facing the Authority are identified and managed.

The Corporate Risk Officer has worked with Services, Department Management Teams, Performance Board and Directors Board during March to May to refresh the Strategic/ Corporate Risk and Opportunity Register.

This report provides Standards and Audit Committee with the key risks and opportunities identified by the review and the revised Strategic/Corporate Risk and Opportunity Register.

### 1. Recommendation(s)

- 1.1 That Standards and Audit Committee note the items and details contained in the Dashboard (Appendix 1).**
- 1.2 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.**

## **2. Introduction and Background**

- 2.1 Risk and Opportunity Management (ROM) describes the planned and systematic approach used to identify, evaluate and manage the risks to and the opportunities for the achievement of the Council's objectives.
- 2.2 ROM makes a significant contribution to the sound Corporate Governance arrangements to meet the requirements set out in the Account and Audit Regulations and is an important part of the Council's overall Performance Management Framework.
- 2.3 In accordance with the ROM Policy Strategy and Framework regular reviews of the Strategic/Corporate Risk and Opportunity register were undertaken and reported to Directors Board and Standards & Audit Committee during 2014/15 (quarter reports to DB and bi annual reports to S&AC).
- 2.4 The annual review of the Council's ROM arrangements was carried out in the last quarter of 2014/15. As part of the review the ROM Policy, Strategy and Framework was updated and reported to Standards and Audit Committee 17<sup>th</sup> March 2015, via Directors Board 10<sup>th</sup> February 2015.
- 2.5 In the latter part of 2014/15 the Council worked with the community, partners and the voluntary sector to refresh the Community Priorities to better reflect the ambition and focus for the borough as well as the changing relationship between the Council and the community, and its role in place shaping and enabling community leadership. The refreshed Community Priorities were agreed by Council 28<sup>th</sup> January 2015.
- 2.6 This review (in quarter 1 report) is the first exercise under the updated ROM Framework. The Corporate Risk Officer has worked with Services, Department Management Teams, Performance Board and Directors Board during March to May to refresh the Strategic/Corporate Risk and Opportunity Register and bring it more in line with the Community Priorities.
- 2.7 The review has resulted in some changes to the register. 12 items have been refreshed, 11 new items added and 16 items removed.

## **3. Issues, Options and Analysis of Options**

- 3.1 The outcome of the review is shown in the Dashboard (Appendix 1), In Focus report (Appendix 2) and the following tables.
- 3.2 Appendix 1 – Dashboard  
The refreshed and new items are included in the dashboard table. The dashboard provides a summary of the items in the register mapped against the Council's priorities and outlines the progress to manage the items to planned targets and timeframes.
- 3.3 Appendix 2 – Risks and Opportunities In Focus report  
This document includes the items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.

The rationale for items being in focus is based on the numeric value of the rating. Any risks/opportunities which are currently rated 16 or 12 automatically become in focus, and any which are currently rated 9 or 8 would be considered on a case by case basis for the in focus report.

A summary of the position for each in focus item is included below:

**Risk** - In priority (rating) and then reference number (numeric) order.

<b>Delivery of MTFs 2016/17 to 2017/18 - Risk 9</b>	(Rating: 16 Critical/Very Likely)
<p>MTFS established. Balanced budget for 2015/16 agreed and forecast for the financial years 2016/17 through to 2018/19 reported to Cabinet February 2015. Approach for the delivery of savings/services for 2016/17 and beyond explored and discussed at Strategy Week in March 2015.</p>	
<b>Adults Social Care, Cost &amp; Quality Standards - Risk 1</b>	(Rating: 12 Critical/Likely)
<p>The risk evaluates the impact of a combination of issues on the maintenance of care quality standards. The risk is rated at the higher level due to the financial pressures on local authorities and the impact this will have (e.g. reduced teams for critical processes such as contract management, inability to uplift prices to counter competition for workers and inflationary pressures, etc). We have agreed to provide our residential providers for older people an uplift of 1% for 2015/16, with a possibility of a further 1% linked to performance. Whilst contingencies are and continue to be considered, the current Council financial situation is making finding a workable solution difficult. Hence the risk rating.</p>	
<b>Failure to Implement the Care Act - Risk 2</b>	(Rating: 12 Critical/Likely)
<p>Programme management of this major legislative change would, in any normal year, be the major focus for the directorate. However we are currently having to programme manage and deliver a number of complex and wide ranging programmes of work; the care act, better care fund s75, short term service efficiency and improvement projects and long term cultural change and transformation. Thurrock is a very low spending authority per capita on adult social care and also faces significant reductions to funding via the national austerity programme. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Mitigation in the form of securing resources in the short term to provide adequate programme management, delivery and specialist expertise where required is necessary. The risks associated with the implementation of the Care Act are as yet unquantified which is one of the reasons this risk will remain high risk – even post-implementation.</p>	
<b>Health and Social Care Transformation - Risk 3</b>	(Rating: 12 Critical/Likely)
<p>Programme management of this major legislative change would, in any normal year, become the major focus for the directorate. However we are currently having to programme manage and deliver a number complex and wide raging programmes of work; the care act, whole system redesign including health and social care integration, short term service efficiency and improvement projects. Thurrock is a very low spending authority per capita on adult social care and also faces significant reductions to funding via the national austerity programme. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Mitigation in the form of securing resources in the short term to provide adequate programme management, delivery and specialist expertise where required is necessary.</p>	
<b>Welfare Reforms - Risk 4</b>	(Rating: 12 Critical/Likely)
<p>The impact of the changes was being monitored by the Welfare Reform Group and Universal Credit Strategy Group which has now been combined into one group The Welfare Reform Strategy Group. In terms of the specific areas:</p> <ul style="list-style-type: none"> <li>• The Essential Living Fund has had a lower take-up than expected (largely because it is cashless) and the arrangements with Southend are working well. The scheme will continue as per Cabinet approval in December for 2015/16; as such the Council will contribute £331,425 towards the running of the scheme, it is likely that no less than £266,925 will be available to eligible applicants during the fiscal year.</li> <li>• The social sector size criteria have affected nearly 1,000 people. Discretionary Housing Payment has been used to minimise the impact; Housing Benefit arrears have been lower than expected; around 65 households have moved. The risk is over maintaining this position;</li> </ul>	

- The benefit cap only affected a very small number of people and has had minimal impact;
- The move from Disability Living Allowance to Personal Independent Plan is being monitored and numbers will grow as people switch at their review point. Delays remain the biggest problem. However, the DWP states that waiting times have now been reduced to 6 weeks.
- Localised Council Tax Support – again arrears are lower than expected but it is causing financial hardship for significant numbers of people, the long-term impact of which is hard to assess at this stage; The 2015/16 scheme has now been approved by full Council as at January and will remain the same as the last 2 years.
- Universal Credit – the process of its rolling out in Thurrock began in March 2015. At this stage it affects new claimants from single jobseekers such as people entitled to Job Seekers Allowance, and includes; Housing Costs and Tax Credits. The roll-out to all other categories of people including couples and families with children is continuing in a phased process in all chosen pilot areas, but is expected to be completed by 2016/2017.
- Universal Credit has faced significant delays because of IT and other implementation problems. There are opportunities to see if we can get joined up professional Benefits, Money and Employment advice and support services between the Council and the Job Centre Plus/Dept of Works & Pensions. The start of this has been to join up Housing Assessments and DWP assessments on the ground floor of the Civic Offices. This went live at the end of January 2015.
- A Delivery Partnership Agreement (DPA) was signed by Thurrock Council and the DWP, taking effect from the 16<sup>th</sup> of March 2015.

#### **Delivery of MTFs 2015/16 - Risk 8**

(Rating: 12 Critical/Likely)

The 2015/16 budget has been set. Challenges such as savings targets from contracts and the impact of movements in business rates identified and to be monitored and reported to Directors Board and Cabinet on a regular basis.

#### **Purfleet Regeneration - Risk 10**

(Rating: 12 Critical/Likely)

The Council appointed the 'Purfleet Centre Regeneration Limited' consortium as its development partner for the Purfleet Centre project in March 2014. Since that point the Council has been working with PCRL to secure the funding needed for the scheme and develop more detailed proposals with a view to seeking planning consent later in 2015. The programme has slipped as efforts to secure the funding have continued. Whilst significant progress has been made over the past quarter and a preferred funding partner has now been identified it is not considered appropriate to downgrade the risk rating until such time as the various agreements are completed and the deal confirmed.

#### **CSC, Service Standards & Inspection Outcome - Risk 16**

(Rating: 12 Critical/Likely)

The risk evaluates the impact of increased demand and resource pressures on children's social care quality of service and provision. This risk remains from the previous year as inspection has not yet taken place. The pressures outlined throughout the 2014/15 year remain acute. They include increased volumes, increased complexity and ongoing activity to review high cost placements. The implementation of the early help service model and the Thurrock multi-agency safeguarding hub (MASH) has been successful although as anticipated it has led to an increase in the volume of works to children's social care, this is ongoing. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH. Ongoing savings to be made across Children's Services including from the Children's Social Care budget will be risk assessed to mitigate the impact on front line services.

#### **CSC, Safeguarding and Protecting C&YP - Risk 17**

(Rating: 12 Critical/Likely)

The nature of the work in terms of safeguarding and supporting children at risk of harm means that this will always be a high risk area although through the application of the Southend, Essex & Thurrock (SET) Child Protection procedures the department actively works to mitigate this risk and reduce the likelihood. The introduction of the Multi Agency Safeguarding Hub and Early Offer of Help has supported earlier identification of risk through a multi-agency approach enabling the department to work to intervene at an earlier stage and reduce the risk of harm in some cases. The impact for individual children and families, particularly in cases of child death is significant and whilst actions to reduce the likelihood are implemented the impact will remain as critical. There is also a critical impact score in terms of reputational damage should a child death or serious injury occur.

**Business Continuity Planning - Risk 18**

(Rating: 12 Critical/Likely)

The Council has recently undergone some significant change and reshaping (e.g. restructures, office moves, remote working, closing of Culver Centre, etc) and a total refresh of business continuity arrangements needed to update plans. As of 31<sup>st</sup> March 2015 Business Continuity will no longer be the responsibility of the Emergency Planning Team and will sit with service managers, this will mean no central coordination of Business Continuity. It is also important to highlight that Business Continuity is a Statutory Duty for Local Authorities under the Civil Contingencies Act 2004. Business Continuity Planning and Disaster Recovery Support Group to be established to coordinate a review of Business Continuity Plans across the Council.

**Opportunity - In priority (rating) and then reference number (numeric) order.****Gloriana Thurrock Ltd - Opportunity 20**

(Rating: 16 Exceptional/Very Likely)

The opportunities flow directly from the Company's objectives which are to build high quality housing in support of Thurrock's Vision and growth targets. If Gloriana can deliver high quality housing within the financial parameters set in the Business Case approved by Cabinet then much needed affordable housing will be provided for the Borough and a financial return will flow to the Council. The Business Case presented to Cabinet in March included a governance and scheme gateway process to enable the effective management of the opportunities and risks flowing from the project. A general risk register and a specific risk register for the first site, St Chad's in Tilbury, showed that some risks had already been mitigated or mitigation/management actions were already in place. Scheme development risks would remain as key risks to be managed and mitigated in future together with demand risk in relation to letting/selling the properties.

**South East Local Enterprise Partnership - Opportunity 11**

(Rating: 12 Exceptional/Likely)

The Council successfully secured around £92.5m through round one of the Local Growth Fund in support of the A13 widening, Stanford-le-Hope/London Gateway access improvements, cycling initiatives and sustainable travel. Further funds have been secured for Purfleet (£5m) in round two. Further details of future rounds are awaited.

- 3.4 A number of items have been replaced or removed from the register as a result of the refresh exercise. The items along with the rationale for their replacement or removal are summarised in the following table:

**Risk - In alphabetical order****Asset Management**

Risk managed to target rating/date and removed from the register. Ongoing monitoring/reporting of any financial implications linked to the Asset Management disposal target to be undertaken via the review arrangements for the MTFS (see risks 8 & 9). However a new risk around asset/property maintenance liabilities has been identified (see risk 12, Property Owners Liability).

**Carbon Management**

Risk managed to target rating/date and removed from register. Ongoing monitoring/review of the position and Carbon Reduction Commitment to be managed at service level.

**Failure to Implement the Care Act**

Part 1 of the Act came into operation as of 1<sup>st</sup> April 2015. Systems and processes reviewed and changes implemented. Risk managed to target date/rating and removed from the register. However the focus of the Council's work on the Care Act for 2015/16 will be monitoring how well the Part 1 changes are embedded and understanding the true costs of the charges (e.g. increase in demand and preparing for the implementation of Part 2 of the Act). See new risk 2, Failure to Implement the Care Act.

**Coalhouse Fort Project**

Risk managed to target rating/date. Risk removed and ongoing monitoring/review of the project to be undertaken at department level.

**Communications/Poor Reputation**

Now that the Communications team has filled its vacancies, this particular risk has been managed down to a level which can be monitored at service level. Item to be removed from the register. New risk identified with regard to Reputation and Profile (see risk 15).

<p><b>Community Engagement</b> Risk managed to target rating/date and removed from the register. New item identified which combines Community Hubs and Community Engagement, see opportunity 13.</p>
<p><b>Data Security &amp; Encryption</b> Risk managed to target rating/date and removed from the register. Ongoing monitoring/review of the position to be undertaken at service level.</p>
<p><b>Delivery of MTFS 2014/15</b> Risk managed to target rating within the target date and item removed from the register. New risk identified for the Delivery of MTFS 2015/16 (see risk 8).</p>
<p><b>Delivery of MTFS 2015/16 to 2017/18</b> Risk to the delivery of the MTFS remains. Documentation refreshed. Current item replaced by risk for the Delivery of the MTFS 2015/16 and risk for the Delivery of MTFS 2016/17 to 2018/19 (see risks 8 &amp; 9).</p>
<p><b>Equalities</b> Risk to be removed from the register. Ongoing management/review of risk to be undertaken at service level and position to be monitored for the Annual Equality Report.</p>
<p><b>Low Carbon Business Programme</b> Programme finished, risk managed and removed from the register. Any residual risk based on the outcome of future audits will be monitored at service level.</p>
<p><b>Political Balance/No Overall Control</b> Risk managed within target timeframe and item removed from the register. Ongoing monitoring/review to be undertaken at department level.</p>
<p><b>Road/Transport Infrastructure</b> Risk managed to target rating/date and item removed from register. Ongoing monitoring of infrastructure delivery and traffic management risk to be undertaken at service level.</p>

#### **Opportunity - In alphabetical order**

<p><b>Business Rate (NNDR) Pooling</b> Opportunity realised and removed from the register. Ongoing review to be undertaken at department level. New item identified see opportunity 14, Business/NNDR Growth.</p>
<p><b>Community Hubs</b> Item removed from the register and replaced by a new refreshed opportunity which brings together Community Hubs and Community Engagement (see opportunity 13).</p>
<p><b>Digital Programme/IT Connects</b> Opportunity focussed on phase 1 of the programme. Item and management action plan refreshed and replaced by new opportunity which focuses on phase 1 and 2 of the programme. See risk 7, Digital Council Programme.</p>

3.5 The whole register has been filed on the J:\THURROCK\EXCHANGE file under ROM\ROM Q1 Refresh\_SC R&O Register

#### **4. Reasons for Recommendation**

4.1 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

4.2 To enable the Standards and Audit Committee to consider the effectiveness of the Council's risk and opportunity management arrangements the report is presented on a bi annual basis and provides details of how the key risks and opportunities facing the Authority are identified and managed.

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

- 5.1 The Corporate Risk Officer has engaged with Services, Department Management Teams, Performance Board and Directors Board to refresh the Strategic/Corporate Risk and Opportunity Register.
- 5.2 The revised Strategic/Corporate Risk and Opportunity Register (In Quarter 1 Report) was presented to Directors Board 12<sup>th</sup> May 2015 via Performance Board 6<sup>th</sup> May 2015.

## **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: Michael Jones  
Management Accountant**

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of financial claims and/or loss faced by the Council.

### **7.2 Legal**

**Implications verified by: David Lawson  
Deputy Head of Legal and Governance – Deputy  
Monitoring Officer**

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of legal claims or regulatory challenges against the Council

### **7.3 Diversity and Equality**

**Implications verified by: Natalie Warren  
Community Development and Equalities  
Manager**

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** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Strategic/Corporate Risk and Opportunity Register, April 2015 (In Quarter 1 report). The document can be accessed via the J:\THURROCK\EXCHANGE file under ROM\ROM Q1 Refresh\_SC R&O Register

9. **Appendices to the report**

- Appendix 1 - Dashboard
- Appendix 2 - In Focus report

**Report Author:**

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Strategic Risks									
Risk Ref / Priority	Risk Heading	Director / Head of Service	Previous Ratings			Latest Rating	DOT	Target	
			Qtr 2 (2014/15)	Qtr 3 (2014/15)	Qtr 4 (2014/15)	Qtr 1 (2015/16)		Rating	Date
Priority - Create a great place for learning and opportunity									
16	CSC Service Standards & Inspection Outcome (refreshed)	Andrew Carter	12	12	12	12	➔	12	31/03/16
Priority - Encourage and promote job creation and economic prosperity									
10	Purfleet Regeneration (refreshed)	Matthew Essex	12	12	12	12	➔	8	31/03/16
Priority - Build pride, responsibility and respect									
1	Adult Social Care, Cost & Quality Standards (refreshed)	Les Billingham	12	12	16	12	↓	12	31/03/16
2	Failure to Implement the Care Act (new)	Les Billingham	-	-	-	12	-	12	31/03/16
3	Health & Social Care Transformation (refreshed)	Roger Harris	12	12	12	12	➔	12	31/03/16
4	Welfare Reforms (refreshed)	Roger Harris	12	12	12	12	➔	12	31/03/16
17	CSC Safeguarding & Protection C&YP (new)	Andrew Carter	-	-	-	12	-	12	31/03/16
19	Emergency Planning & Response (refreshed)	Gavin Dennett	9	9	9	9	➔	9	31/03/16
Priority - Improve health and well-being									
21	Housing Needs and Homelessness (new)	Dermot Moloney	-	-	-	9	-	9	31/03/16
Priority - Promote and protect our clean and green environment									
Organisational Risks									
Risk Ref / Priority	Risk Heading	Director / Head of Service	Previous Ratings			Latest Rating	DOT	Target	
			Qtr 2 (2014/15)	Qtr 3 (2014/15)	Qtr 4 (2014/15)	Qtr 1 (2015/16)		Rating	Date
Theme - A well-run organisation									
5	Managing Change / Capacity for Change (refreshed)	Jackie Hinchliffe	9	9	9	9	➔	9	31/03/16
6	Sickness Absence (refreshed)	Jackie Hinchliffe	9	9	9	9	➔	6	31/03/16
8	Delivery of MTF5 2015/16 (new)	Sean Clark	-	-	-	12	-	6	28/02/16
9	Delivery of MTF5 2016/17 - 2018/19 (new)	Sean Clark	-	-	-	16	-	8	28/02/16
12	Property Ownership Liability (new)	Ian Rydings	-	-	-	8	-	4	31/12/15
15	Reputation and Profile (new)	Karen Wheeler	-	-	-	9	-	6	31/12/15
18	Business Continuity Planning (refreshed)	Directors Board	12	12	12	12	➔	12	30/09/15
22	ICT Infrastructure (refreshed)	Sean Clark	12	12	12	8	↓	4	30/09/15
23	ICT Disaster Recovery Planning (new)	Sean Clark	-	-	-	8	-	4	31/05/16

Footnote: Target Date: Retained = The risk is managed to the required level (risk appetite) but ongoing monitoring/review required via the S/C R&O Register.  
 Removed = The risk is removed from the S/C R&O Register as it is either realised or managed to the required level (risk appetite). For items managed to the required level any ongoing monitoring to be undertaken by Dept., if needed.  
 Priority: Red = High, Amber = Medium, Green = Low. Ratings: Lower is best DOT: Latest v Previous Rating (➔ Static, ↑ Increased, ↓ Decreased)

Strategic Opportunities									
Risk Ref / Priority	Risk Heading	Director / Head of Service	Previous Ratings			Latest Rating Qtr 1 (2015/16)	DOT	Target	
			Qtr 2 (2014/15)	Qtr 3 (2014/15)	Qtr 4 (2014/15)			Rating	Date
Priority - Create a great place for learning and opportunity									
-	-	-	-	-	-	-	-	-	-
Priority - Encourage and promote job creation and economic prosperity									
11	South East Local Enterprise Partnership (refreshed)	Matthew Essex	8	12	12	12	➔	16	31/03/16
14	Business/NNDR Growth (new)	Matthew Essex	-	-	-	9	-	16	31/03/16
Priority - Build pride, responsibility and respect									
13	Community Hubs and Community Engagement (new)	Natalie Warren	-	-	-	9	-	12	31/03/16
Priority - Improve health and well-being									
-	-	-	-	-	-	-	-	-	-
Priority - Promote and protect our clean and green environment									
20	Gloriana Thurrock Ltd (refreshed)	Barbara Brownlee	16	16	16	16	➔	16	31/03/16
Organisational Opportunities									
Risk Ref / Priority	Risk Heading	Director / Head of Service	Previous Ratings			Latest Rating Qtr 1 (2015/16)	DOT	Target	
			Qtr 2 (2014/15)	Qtr 3 (2014/15)	Qtr 4 (2014/15)			Rating	Date
Theme - A well-run organisation									
7	Digital Council Programme (new)	Jackie Hinchliffe	-	-	-	8	-	16	31/12/16

Footnote: Target Date: Retained = The opportunity is managed to the required level but ongoing monitoring/review required via the S/C R&O Register.  
 Removed = The opportunity is removed from the S/C R&O Register as it is either realised or managed to the required level. For items managed to the required level any ongoing monitoring to be undertaken by Dept., if needed.  
 Priority: **Gold** = High, **Silver** = Medium, **Bronze** = Low. Ratings: Higher is best DOT: Latest v Previous Rating (➔ Static, ⬆ Increased, ⬇ Decreased)

## **Strategic/Corporate Risk & Opportunity Register April 2015 (In Quarter 1 Report)**

### **In Focus Report**

*The Items are Split Between Risk & Opportunity and Listed in Priority (Rating) Order and Then Reference Number (Numeric) Order.*

## **Risks In Focus**

UNMANAGED / INHERENT RISK

Risk Description		Risk Owner						
<p>The Council faces significant budget pressures due significant funding reductions from central government and increasing demand in services. These budget pressures remain and the Council in now concentrating on the period 2016/17 through to 2018/19.</p> <p>Failure to develop plans to set and maintain a balanced budget and to deliver the associated savings for the period 2016/17 to 2018/19 could lead to ill informed decisions on service reductions, unplanned efficiencies and in year overspends and result in service delivery impacts, negative feedback or publicity and unexpected contributions from reserves to balance the budget or, in the worse case, an ultra vires deficit budget position.</p>		Sean Clark / Directors Board						
Link to Corporate Priority								
A well run organisation								
Inherent Risk Rating	Date:	25/03/2015	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 25/03/2015	Residual Risk Rating as at: 25/03/2015	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 28/02/2016
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>

Comments

MTFS established. Balanced budget for 2015/16 agreed and forecast for the financial years 2016/17 through to 2018/19 reported to Cabinet February 2015. Approach for the delivery of savings/services for 2016/17 and beyond explored and discussed at Strategy Week in March 2015.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. MTFS established and reported to Council February 2015. Balanced budget for 2015/16 agreed and forecast for the financial years 2016/17 through to 2018/19 (including budget deficits) noted.								Feb 2015
2. Commence reviews to challenge and determine the future shape and delivery of services for 2016/17 and beyond. Strategy Week undertaken and a number of actions to be completed.								From Mar 2015
Residual Risk Rating	Date:	25/03/2015	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress						
3. Continue reviews to challenge and determine the future shape and delivery of services for 2016/17 and beyond.	From Apr 2015							
4. Consider and develop proposals to close the funding gap	Apr - Jun 2015							
5. Proposals to close funding gap to be finalised	By July 2015							
6. Cabinet report on proposals to close funding gap	July 2015							
7. Implementation of plans for the agreed proposals	From July/August 2015							
Target Risk Rating	Target Date:	28/02/2016	Impact:	Critical (4)	Likelihood:	Unlikely (2)	Rating:	8
Revised Residual Risk Rating	Date:		Impact:		Likelihood:		Rating:	

UNMANAGED / INHERENT RISK

<b>Risk Description:</b>							<b>Risk Owner</b>			
Balancing the cost of care and maintaining minimum quality standards - Risk that a combination of the following ongoing pressures:- financial pressures on local authorities (e.g. reduced teams for critical processes such as contract management, inability to uplift prices to counter competition for workers and inflationary increases, etc), a significant failing of a current provider, significant and continued pressures on hospital A&E and periods of 'black alert', market wide decrease in number of care workers due to ongoing poor employment conditions, ongoing issues in providing temporary care staff through local framework agreement and continued economic pressure on care providers leads to a drop in care quality/standards and failure of providers to maintain basic or minimum standards for service users. Ultimately results in risk to service user's health, reputational damage to the council and increased costs in managing escalated care and health needs and council intervention as a result. Neighboring boroughs where contract monitoring was reduced have experienced care home failures, in one home alone it was estimated that over 4,500 hours have been spent addressing this. Estimates indicate that the cost of this professional involvement were approximately £140k. Some of our domiciliary care providers have stated that they will not be able to continue to provide care unless we increase the rate that we pay. Reductions in the number of contract officers from 4 to 2 and the senior contract officers from 2 to 1 means that monitoring cannot take place as frequently as it used to. Also the introduction of new team responsibilities means that the senior and team manager are covering both areas.							Les Billingham			
<b>Link to Corporate Priority</b>										
Priority – Build pride, responsibility and respect; Improve health and wellbeing										
<b>Inherent Risk Rating</b>			Date:	17/04/2015	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 17/04/2015	Residual Risk Rating as at: 17/04/2015	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2016
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>

<b>Comments</b>
The risk evaluates the impact of a combination of issues on the maintenance of care quality standards. The risk is rated at the higher level due to the financial pressures on local authorities and the impact this will have (e.g. reduced teams for critical processes such as contract management, inability to uplift prices to counter competition for workers and inflationary pressures, etc). We have agreed to provide our residential providers for older people an uplift of 1% for 15/16, with a possibility of a further 1% linked to performance. Whilst contingencies are and continue to be considered, the current Council financial situation is making finding a workable solution difficult. Hence the risk rating.

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Management Action or Mitigation Already in Place	Date Implemented
1. Contract compliance monitoring and audit function in operation across externally provided services	2013/14
2. Unannounced (including out of hours) monitoring visits (as required on risk-proportionate basis)	"
3. Contract specifications for externally provided services in place include performance and outcomes requirements and minimum quality standards to be met	"
4. Quarterly information sharing meetings with Care Quality commission (CQC) to identify and share concerns/risks. Quarterly Quality Surveillance Group (QSG) meetings with health colleagues and CQC to identify and manage risks across the whole system.	"
5. Focus on development and use of alternative care provision to residential (ongoing strategy e.g. intermediate care and re-ablement provision)	"
6. Review out of borough placements where Thurrock does not have the same level of control over contract compliance scrutiny as in borough. (Yet to take place but should be carried out as a matter of urgency due to the reduction of some monitoring by other boroughs leading to significant failings of many care providers)	"
7. Identify a 'fair price for care' – council to establish/decide on a fair price for care by carrying out meaningful fee consultations with providers to ensure the price we pay is reasonable.	"
8. Establish minimum quality standards across services to be achieved regardless of cost. New QA framework established through the work undertaken by Perts CC and implemented across the region from Apr 2013 to enhance contract compliance assurance. Implemented in Thurrock through contract specs and provider quality framework (from Apr 2013).	From Apr 2012
9. Ongoing price negotiation work to achieve a fair price on high-cost placements. From April 2011	From Apr 2011
10. Market shaping and development of alternative provision for those with complex needs e.g. extra-care	2013/14
11. Budget / growth strategy (strategy for future funding of care provision. To be incorporated into Market Position Statement. From May 2013	From May 2013
12. Provision of a 2% inflationary increase for residential older people providers (1% linked to performance).	April 2015
13. All providers reviewed service users and priority-ranked to assist support prioritization in event of lack of carers and reviewed by Contract Officers bi annually	"
14. Business continuity plan for adult social care regularly reviewed to ensure up to date and sufficient in light of the risk. (This is not currently up to date due to capacity issues, all plans require review)	"
15. Prepare for the potential for Thurrock to take emergency action, if required and notify CQC accordingly. From Dec 2012	May 2013
16. 'Step-up to care' training programme developed and implemented for non-care staff to act in emergency. (this list is out of date and requires updating)	From Jan 2013
17. Prioritization of the rapid response assessment service to manage emergency calls and ease pressure on hospital admissions and residential care admission.	
18. Spot purchase contact to take on work retained by in house team	April 14

19. Restructure of fieldwork /contract/safeguarding and joint reablement teams to ensure need for efficiency is managed without compromising quality and regulatory function.								
<b>Residual Risk Rating</b>	Date:	17/04/2015	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action		Implementation Date	Progress					
20. Provision of increase (1% plus 1% for performance) for OP Residential providers from April 2015		April 2015						
21. As part of Care Act implementation plan prepare for statutory services to intervene in the event of provider failure		From April 2015						
22. Agree new process for agreeing emergency home care packages to ensure consistency of approach to respond to unprecedented market pressure		During 15/16						
23. Agree funding increase for specific home care packages to ensure market failure of current providers is avoided.		Ongoing						
<b>Target Risk Rating</b>	Target Date:	31/03/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
<b>Revised Residual Risk Rating</b>	Date:		Impact:		Likelihood:		Rating:	

UNMANAGED / INHERENT RISK

Risk Description		Risk Owner			
<p>The Care Act 2014 is the biggest change to Adult Social Care legislation since the 1948 National Assistance Act. The Act fundamentally changes the basis upon which social care is assessed and the parameters around what is and is not eligible through moving to a broader “well being” definition of need. There is also a new statutory duty for adult safeguarding in partnership with health and the police. In the longer term the introduction of a new financial regime implementing the recommendations of the Dilnot report will change the way that social care is funded. Failure to successfully implement the Act will leave the Council exposed to significant reputational and legislative risk resulting in the potential for legal challenge and an inability to control expenditure in an already difficult financial position.</p> <p>Part 1 of the Act came into operation as of 1<sup>st</sup> April, and key risks will relate to potential increase in demand from the implemented changes. The focus of the Council’s work on the Care Act for 2015/16 will be monitoring how well embedded part 1 changes are, understanding the true costs of the changes – e.g. increase in demand, and preparing for the implementation of part 2 of the Act.</p>		Les Billingham			
Link to Corporate Priority					
The introduction of the new Act links to the corporate priorities to build pride, responsibility and respect and to improve health and well being. The need to implement the Act alongside contributing to the Council’s need to identify significant efficiencies will place a further pressure on resource levels.					
Inherent Risk Rating	Date:	16/04/2015	Impact: Critical (4)	Likelihood: Very Likely (4)	Rating: 16

DASHBOARD

Inherent Risk Rating & Date: 16/04/2015	Residual Risk Rating as at: 16/04/2015	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2016

Comments
<p>Programme management of this major legislative change would, in any normal year, be the major focus for the directorate. However we are currently having to programme manage and deliver a number of complex and wide ranging programmes of work; the care act, better care fund s75, short term service efficiency and improvement projects and long term cultural change and transformation. Thurrock is a very low spending authority per capita on adult social care and also faces significant reductions to funding via the national austerity programme. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Mitigation in the form of securing resources in the short term to provide adequate programme management, delivery and specialist expertise where required is necessary. The risks associated with the implementation of the Care Act are as yet unquantified which is one of the reasons this risk will remain high risk – even post-implementation.</p>

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. The financial risks through the implementation of Dilnot have been highlighted through the Medium Term Financial Strategy								Feb - Apr 2014
2. Implementation of changes associated with part 1 of the Act – e.g. carers' assessment, information and advice portal, resource allocation system								Mar – Apr 2015
3. Appointment of Care Act Project Manager – Finance – to manage the implementation of the changes associated with implementing part 2 of the Act (changes to charging)								April 2015
4. Training of social care practitioners								Mar - Apr 2015
Residual Risk Rating	Date:	16/04/2015	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action		Implementation Date	Progress					
5. Development of project plan for implementing changes to charging for adult social care		April 2015						
6. Development of means of measuring how well embedded part 1 changes are		May 2015						
7. Undertake financial modelling of impact of part 2 changes		May/June 2015						
8. Review Care Act project arrangements		May 2015						
9. Regional and national benchmarking – e.g. via Regional Care Act Group		On-going						
10. Engagement workshops		December 2015						
11. Impact analysis of final guidance		October 2015						
Target Risk Rating	Target Date:	31/03/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
Revised Residual Risk Rating	Date:		Impact:		Likelihood:		Rating:	

UNMANAGED / INHERENT RISK

Risk Description		Risk Owner	
<p>Adult Social Care and the NHS are finding it increasingly difficult to meet demand for services, particularly when resource continues to decrease. With the expected ageing and growth of the population, we can expect age-related disease to continue to rise. Dementia for example is predicted to risk steeply in Thurrock, and by 2033 the population aged 85+ is projected to double. Two thirds of the resource spent on social care nationally is already spent on individuals with at least one long-term condition. For the NHS, the percentage spent is even higher. Lifestyle factors too will continue to compound the problem with Thurrock levels for smoking and obesity being significantly higher than the national average. Alongside a system that was designed in the 1940s and is no longer fit for purpose, a programme of major transformation is required.</p> <p>Further adding to the risk are the number of change programmes (all significant) being run concurrently:</p> <ul style="list-style-type: none"> <li>Care Act Implementation (see Corporate Risk);</li> <li>Short-term Efficiency (ASC contribution towards Council's savings target);</li> <li>Whole System Redesign – including health and social care integration</li> </ul> <p>Thurrock Council in partnership with NHS Thurrock Clinical Commissioning Group (CCG) has developed a joint transformation programme which is overseen via an Integrated Commissioning Executive. The Programme will align all change programmes as mentioned above. Failure of the programme to achieve its objectives will lead to the inability of social care and health to be able to meet demand within existing resources. For adult social care, this would mean either not providing services to those people who were eligible to receive them which would leave the council open to challenge and also result in a failure to meet statutory duties; or continue to provide services to those who qualify but exceeding budget.</p>		Roger Harris	
Links to Corporate Priority			
Build Pride, Responsibility and Respect Improve Health and Wellbeing			
Inherent Risk Rating	Date:	15/04/2015	Impact: Critical (4)
	Likelihood:	Very Likely (4)	Rating: 16

DASHBOARD

Inherent Risk Rating & Date: 15/04/2015	Residual Risk Rating as at: 15/04/2015	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2016

Comments
Programme management of this major legislative change would, in any normal year, become the major focus for the directorate. However we are currently having to programme manage and deliver a number complex and wide ranging programmes of work; the care act, whole system redesign including health and social care integration, short term service efficiency and improvement projects. Thurrock is a very low spending authority per capita on adult social care and also faces significant reductions to funding via the national austerity programme. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Mitigation in the form of securing resources in the short term to provide adequate programme management, delivery and specialist expertise where required is necessary.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place	Date Implemented
1. Programme Management arrangements established alongside programme initiation document	April 2014
2. Some work already in progress – e.g. delivery of Care Act 2014 part 1 requirements, Better Care Fund Plan and section 75 agreement agreed, governance arrangements to oversee delivery of BCF Plan and the whole system redesign programme established – via Integrated Commissioning Executive	"
3. Close partnership working with Thurrock CCG already established	"
4. Separate risk register developed as part of the Programme Management arrangements	"
5. Programme arrangements revised to reflect new phase. S75 agreement approved and S75 disbanded. New Integrated Commissioning Executive established to oversee the delivery of both the BCF S75 agreement and the Whole System Redesign programme.	By Apr 2015
<b>Residual Risk Rating</b>	Date: 15/04/2015 Impact: Critical (4) Likelihood: Likely (3) Rating: 12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
6. Continue programme arrangements	Ongoing	
7. Develop work programme for the Integrated Commissioning Executive	May 2015	
8. Agree health and care system case for change	May 2015	
9. Develop work streams and work stream plans underpinning agreed case for change	May/June 2015	
10. Develop risk register for each project group	May/June 2015	
11. Development of BCF Section 75 agreement for 16/17	March 2016	
<b>Target Risk Rating</b>	Target Date: 31/03/2016 Impact: Critical (4) Likelihood: Likely (3) Rating: 12	
<b>Revised Residual Risk Rating</b>	Date: Impact: Likelihood: Rating:	

## UNMANAGED / INHERENT RISK

Risk Description	Risk Owner
<p>The Welfare Reform Act 2012 and the Local Government Finance Act 2012 have resulted in major changes to the welfare scheme, aiming to reduce the UK's welfare benefit costs by £18 billion over the next five years and promote work as more beneficial than claiming benefit. Embedded in the Acts are a range of measures designed to simplify, streamline and reform the payment of out of work, income, housing and disability related benefits; re-assess the fitness or otherwise of claimants to work; and provide employment related support.</p> <p>Both Acts have introduced significant reforms to the current system that have a direct impact on Council services:</p> <ul style="list-style-type: none"> <li>– The replacement of Council Tax Benefit with Localised Council Tax Support wef April 2013</li> <li>– The introduction of a "size criteria" and limitation of Housing Benefit within the social rented sector wef April 2013</li> <li>– The limitation of total benefits through an overall household "Benefit Cap" (From July 2013)</li> <li>– The reform of the Disability Living Allowance and its replacement with Personal Independence Plans wef October 2013</li> <li>– The replacement of the abolished elements of the Social Fund which was administered by the Department of Works and Pensions (DWP), by a local scheme. The Council was allocated funding for 2013/2014 and 2014/2015 to create a local scheme to replace Crisis Loans and Community Care Grants which had been part of the social fund. From April 2013 the council set up a grant based scheme known as Essential Living Fund to replace these parts of the Social Fund*.</li> <li>– The replacement of all working age benefits (Income Support, income-related Employment and Support Allowance, income-based Jobseeker's Allowance, Housing Benefit, Child Tax Credits and Working Tax Credit) with a single unified benefit known as Universal Credit (to be completely in place by 2020)</li> <li>– Further possible changes may take place post general election, which could include: <ul style="list-style-type: none"> <li>o Reduction to the total amount of benefits a household is entitled to (Benefit Cap).</li> <li>o Taxing Disability Living Allowance, Personal Independence Payment, and Attendance Allowance.</li> <li>o Reviewing contribution-based Employment Support Allowance, Jobseekers Allowance, and work-related activity group for ESA.</li> <li>o Reviewing the entitlement threshold to carers' allowance and Housing Benefit.</li> <li>o Limiting Child benefits to a number of children.</li> </ul> </li> </ul> <p>The reforms could lead to:</p> <ul style="list-style-type: none"> <li>– Fewer people in receipt of benefits who may then look to the Council to provide them with a service – e.g. housing, homelessness, adult social care.</li> <li>– Additional demand for Council services as a consequence of demographic and migration changes brought about by the Welfare Reforms (e.g. people moving to Thurrock from London).</li> <li>– The Council funding the Essential Living Fund scheme from 2015/16, as the Government decided not to extend the current two year funding arrangements for 2013/14 and 2014/15.</li> </ul>	Roger Harris
<b>Link to Corporate Priority</b>	
Build Pride, Responsibility and Respect	
<b>Inherent Risk Rating</b>	Date: 17/04/2015    Impact: Critical (4)    Likelihood: Very Likely (4)    Rating: 16

DASHBOARD

Inherent Risk Rating & Date: 17/04/2015	Residual Risk Rating as at: 17/04/2015	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2016																																																																																																																																																
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Comments
<p>The impact of the changes was being monitored by the Welfare Reform Group and Universal Credit Strategy Group which has now been combined into one group The Welfare Reform Strategy Group. In terms of the specific areas :</p> <ul style="list-style-type: none"> <li>• The Essential Living Fund has had a lower take-up than expected (largely because it is cashless) and the arrangements with Southend are working well. The scheme will continue as per Cabinet approval in December for 2015/16; as such the Council will contribute £331,425 towards the running of the scheme, it is likely that no less than £266,925 will be available to eligible applicants during the fiscal year.</li> <li>• The social sector size criteria have affected nearly 1,000 people. Discretionary Housing Payment has been used to minimise the impact; Housing Benefit arrears have been lower than expected; around 65 households have moved. The risk is over maintaining this position;</li> <li>• The benefit cap only affected a very small number of people and has had minimal impact;</li> <li>• The move from Disability Living Allowance to Personal Independent Plan is being monitored and numbers will grow as people switch at their review point. Delays remain the biggest problem. However, the DWP states that waiting times have now been reduced to 6 weeks.</li> <li>• Localised Council Tax Support – again arrears are lower than expected but it is causing financial hardship for significant numbers of people, the long-term impact of which is hard to assess at this stage; The 2015/16 scheme has now been approved by full Council as at January and will remain the same as the last 2 years.</li> <li>• Universal Credit – the process of its rolling out in Thurrock began in March 2015. At this stage it affects new claimants from single jobseekers such as people entitled to Job Seekers Allowance, and includes; Housing Costs and Tax Credits. The roll-out to all other categories of people including Couple’s and families with children is continuing in a phased process in all chosen pilot areas, but is expected to be completed by 2016/2017.</li> <li>• Universal Credit has faced significant delays because of IT and other implementation problems. There are opportunities to see if we can get joined up professional Benefits, Money and Employment advice and support services between the Council and the Job Centre Plus/Dept of Works &amp; Pensions. The start of this has been to join up Housing Assessments and DWP assessments on the ground floor of the Civic Offices. This went live at the end of January 2015.</li> <li>• A Delivery Partnership Agreement (DPA) was signed by Thurrock Council and the DWP, taking effect from the 16<sup>th</sup> of March 2015</li> </ul>

Management Action or Mitigation Already in Place	Date Implemented
1. Welfare Reform Strategy Group and monthly meetings established.	From Apr 2013
2. Discretionary Housing Payment (DHP) policy and budget regularly reviewed by Benefits and Housing Services	From Apr 2013
3. Universal Credit Programme Board working with the Department of Works and Pensions and Job Centre Plus to plan and prepare for the impact of Universal Credit.	From Apr 2013
4. Council Tax Debt Management Team review of fair debt policy to ensure individuals impacted by Welfare Reform receive appropriate support during the Bailiff and Court Summons process to recover unpaid council Tax.	From Apr 2013
5. Service Level Agreement with Southend Council for the Essential Living Fund established for the year 2013/14 and renewed for the years 2014/15 and 2015/16.	From Apr 2013
6. Universal Credit Programme board working with the Department of Work and Pensions and job Centre Plus to plan and prepare for the impact of Universal Credit	From Apr 2014
<p>7. A Delivery Partnership Agreement (DPA) was signed by Thurrock Council and the DWP, taking effect from the 16th of March 2015, This agreement will endeavour to:</p> <ul style="list-style-type: none"> <li>- DWP to provide reasonable support to the Authority to support the development and implementation of local service provisions (providing Data, guidance, products...etc.).</li> <li>- Monitor the impact and take appropriate actions.</li> <li>- Provide support around housing cost issues that may rise, e.g. setting up a <i>Personal Budgeting Support</i> scheme to assist Thurrock residents affected or potentially affected by the welfare changes.</li> <li>- Providing support to claimants to go online and stay on line.</li> <li>- Processing Local Council Tax Reduction Scheme.</li> <li>- Supporting claimants with complex needs (e.g. support with personal budgeting)</li> <li>- Working with Universal Credit Programme to inform and assist Landlords' through the current and prospective changes.</li> </ul>	From Mar 2015
<p>8. Housing Service:</p> <p>(i) Provide benefits, debt and money advice to council tenants affected by the Benefit cap and Social Sector Size Criteria / Under Occupancy. Examples include: Visits to residents at home and at outreach centres, partnership with Family Mosaic established to provide tenancy, financial advice and other support services to residents.</p> <p>(ii) Undertake monitoring and management of potential <u>increased rent arrears/evictions</u>:</p> <ul style="list-style-type: none"> <li>- <u>Rents and Welfare team monitoring the level of rent arrears and endeavour to make contacts with those affected and provide advice and assistance in order to assist in sustaining their tenancies.</u></li> <li>- <u>Finance inclusion officer working with tenants affected by the changes, maximizing income and reducing expenditure</u> and Family Mosaic (partner) to providing tenancy, financial advice and other supporting services to resident.</li> <li>- Eviction &amp; Prevention Panel tracking all evictions in the social sector resulting from the welfare reform and Head of Service undertaking evaluations to inform judgements on whether to proceed with the eviction process.</li> </ul> <p>(iii) <u>Cap on Housing Benefit, Size Criteria (Including exclusion from entitlement to larger property than household requirement)</u>:</p> <ul style="list-style-type: none"> <li>- Housing Solutions teams provide assistance to tenants affected by the cap on housing benefit..</li> </ul>	From Apr 2013

<ul style="list-style-type: none"> <li>– Welfare Coordinator appointed Jan 2015 to oversee the implementation of the next phase of Universal Credit in Thurrock: <ul style="list-style-type: none"> <li>○ Minimizing disruptions leading to service users being detrimentally affected by such changes.</li> <li>○ The development of a multi-agency approach strategy.</li> <li>○ Creating closer inter-departmental working relationships and with key stakeholders such as DWP and HRMC (DPA agreed and in place since March 2016).</li> <li>○ DPA endeavours to provide relevant services to vulnerable claimants, and those who require it. This plan is predominantly funded by DWP to facilitate the process of claims being made online.</li> <li>○ Learning from best practices and other pilot schemes.</li> </ul> </li> </ul> <p>(iv) <b>Homelessness and Temporary Accommodation</b> – Thurrock Private Housing Sector team working with private landlords to promote to maintain standards, and to make affordable properties available for letting.</p>	
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<b>Residual Risk Rating</b>	Date:	17/04/2015	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
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FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
9. Welfare Strategy Group to continue to meet monthly to monitor the impact, ensure the Council and partners are working together to respond to identified needs and to support local residents affected by the changes.	From Apr 2015	
10. Universal Credit Programme Board continue to work with the Department of Work and Pensions and Job Centre Plus to provide advice and support services to people impacted by the various welfare reforms.	From Apr 2015	
11. Continued implementation of the Delivery Partnership Agreement (DPA) by Thurrock Council and the DWP. Agreement includes: <ul style="list-style-type: none"> <li>– DWP to provide reasonable support to the Authority to support the development and implementation of local service provisions (providing Data, guidance, products...etc.).</li> <li>– Monitor the impact and take appropriate actions.</li> <li>– Provide support around housing cost issues that may rise, e.g. setting up a <i>Personal Budgeting Support</i> scheme to assist Thurrock residents affected or potentially affected by the welfare changes.</li> <li>– Providing support to claimants to go online and stay on line.</li> <li>– Processing Local Council Tax Reduction Scheme.</li> <li>– Supporting claimants with complex needs (e.g. support with personal budgeting)</li> <li>– Working with Universal Credit Programme to inform and assist Landlords' through the current and prospective changes.</li> </ul>	From Apr 2015	
12. Housing Service to continue: <ul style="list-style-type: none"> <li>(i) To provide benefits, debt and money advice to council tenants affected by the Benefit cap and Social Sector Size Criteria / Under</li> </ul>	From Apr 2015	

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Occupancy. Examples include: Visits to residents at home and at outreach centres, partnership with Family Mosaic established to provide tenancy, financial advice and other support services to residents.

- (ii) To undertake monitoring and management of potential increased rent arrears/evictions:
- Rents and Welfare team monitoring the level of rent arrears and endeavour to make contacts with those affected and provide advice and assistance in order to assist in sustaining their tenancies.
  - Finance inclusion officer working with tenants affected by the changes, maximizing income and reducing expenditure and Family Mosaic (partner) to providing tenancy, financial advice and other supporting services to resident.
  - Eviction & Prevention Panel tracking all evictions in the social sector resulting from the welfare reform and Head of Service undertaking evaluations to inform judgements on whether to proceed with the eviction process.

- (iii) Cap on Housing Benefit, Size Criteria (Including exclusion from entitlement to larger property than household requirement):
- Housing Solutions teams provide assistance to tenants affected by the cap on housing benefit..
  - Welfare Coordinator appointed Jan 2015 to oversee the implementation of the next phase of Universal Credit in Thurrock:
    - o Minimizing disruptions leading to service users being detrimentally affected by such changes.
    - o The development of a multi-agency approach strategy.
    - o Creating closer inter-departmental working relationships and with key stakeholders such as DWP and HRMC (DPA agreed and in place since March 2016).
    - o DPA endeavours to provide relevant services to vulnerable claimants, and those who require it. This plan is predominantly funded by DWP to facilitate the process of claims being made online.
    - o Learning from best practices and other pilot schemes, for example different options with wider implications are currently being considered such as:
      - Arranging for assistance in paying Council Tax when required.
      - Exploring options for providing debt advice.
      - Encouraging claimants to open bank accounts, and working with banks to provide such options.
      - All major local banks now offer a basic account for people receiving benefits

<b>Target Risk Rating</b>	Target Date:	31/03/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
<b>Revised Residual Risk Rating</b>	Date:		Impact:		Likelihood:		Rating:	

UNMANAGED / INHERENT RISK

Risk Description							Risk Owner		
The Council fails to fully deliver the Medium Term Financial Strategy – The budget envelope is not maintained and/or savings are not delivered to meet forecasted budget deficits. Both or either of these scenarios could lead to service overspends and Council wide financial pressures which would require additional unplanned efficiencies to be made with potential service delivery impacts or the Council having to rely on further contributions from reserves in 2015/16.							Sean Clark / Directors Board		
Link to Corporate Priority									
A well run organisation									
Inherent Risk Rating		Date:	24/03/2015	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 24/03/2015	Residual Risk Rating as at: 24/03/2015	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 28/02/2016

Comments
The 2015/16 budget has been set. Challenges such as savings targets from contracts and the impact of movements in business rates identified and to be monitored and reported to Directors Board and Cabinet on a regular basis.

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EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. Budget pressures and differences for 2014/15 identified and appropriate action undertaken to balance the budget position with no call on reserves.								Feb 2015
2. 2015/16 General Fund Budget and MTFS established and agree by Council Feb 2015								Feb 2015
3. Monthly reports to Directors Board and regular reports to Cabinet on MTFS/Budget position. First high level report presented verbally.								Apr 2015 onwards
4. Method for allocating any additional savings targets to meet unachieved savings in terms/conditions and Serco proposals developed and agreed. Figures being finalised.								By Apr 2015
Residual Risk Rating	Date:	24/03/2015	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action		Implementation Date	Progress					
5. Ongoing monthly reports to Directors Board and regular reports to Cabinet on MTFS/Budget position.		From Apr 2015						
6. Additional savings targets to be allocated to meet unachieved savings in terms and conditions and Serco proposals		From Apr 2015						
Target Risk Rating	Target Date:	28/02/2016	Impact:	Substantial (3)	Likelihood:	Unlikely (2)	Rating:	6
Revised Residual Risk Rating	Date:		Impact:		Likelihood:		Rating:	

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UNMANAGED / INHERENT RISK

Risk Description								Risk Owner	
Complex and costly land acquisition including potential use of Compulsory Purchase Order (CPO) powers, managing a long term relationship with the Council's development partner and securing the delivery of elements of the scheme that the Council is responsible for (school etc) are all fundamental to the success of the project.								Matthew Essex	
Link to Corporate Priority									
Encourage and promote job creation and economic prosperity									
Inherent Risk Rating		Date:	31/03/2015	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 31/03/2015	Residual Risk Rating as at: 31/03/2015	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2016

Comments

The Council appointed the 'Purfleet Centre Regeneration Limited' consortium as its development partner for the Purfleet Centre project in March 2014. Since that point the Council has been working with PCRL to secure the funding needed for the scheme and develop more detailed proposals with a view to seeking planning consent later in 2015. The programme has slipped as efforts to secure the funding have continued. Whilst significant progress has been made over the past quarter and a preferred funding partner has now been identified it is not considered appropriate to downgrade the risk rating until such time as the various agreements are completed and the deal confirmed.

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EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. Land Assembly – Approx 55% of the required land acquired and is managed by the assets team. Cabinet Nov 2011 agreed a first resolution to commence compulsory purchase order (CPO) process for the remaining site. Negotiation with remaining owners continues and managed by CBRE (property & real estate adviser). CBRE available to advise on CPO strategy, negotiations and valuations as required.								Ongoing from 2011
2. Procurement of development partner – Selected and approved March 2014								Apr 2013 to March 2014
3. S106 completed and outline planning permission have been secured								May 2013
4. Development of the programme for the delivery of the project by the Council and developer								From Apr 2014
5. Engagement and consultation with stakeholders								From Apr 2014
Residual Risk Rating	Date:	31/03/2015	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress						
<p>Ongoing work between the Council and developer to formulate the programme for the delivery of the project, including:</p> <p>6. Finalise the development agreement</p> <p>7. Secure funding</p> <p>8. Review of design work for planning applications</p> <p>9. Secure sites to complete land assembly</p> <p>10. Ongoing engagement/consultation with stakeholders</p>	From Apr 2015							
Target Risk Rating	Target Date:	31/03/2016	Impact:	Critical (4)	Likelihood:	Unlikely (2)	Rating:	8
Revised Residual Risk Rating	Date:		Impact:		Likelihood:		Rating:	

INHERENT RISK

Risk Description		Risk Owner						
Failure to manage the increases in demand and budget/ resource pressures for Children's Social Care could lead to a breakdown in the quality or performance of the service provided to vulnerable children and results in less favourable outcomes from inspection and damage to reputation of the service does meet the required standards		Andrew Carter						
Link to Corporate Priority								
<ul style="list-style-type: none"> <li>- Create a great place for learning and opportunity</li> <li>- Improve health and wellbeing</li> </ul>								
Inherent Risk Rating	Date:	17/04/2015	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

DASHBOARD

Inherent Risk Rating & Date: 17/04/2015	Residual Risk Rating as at: 17/04/2015	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2016

Comments

This risk evaluates the impact of increased demand and resource pressures on children's social care quality of service and provision. This risk remains from the previous year as inspection has not yet taken place. The pressures outlined throughout the 2014/15 year remain acute. They include increased volumes, increased complexity and ongoing activity to review high cost placements. The implementation of the early help service model and the Thurrock multi-agency safeguarding hub (MASH) has been successful although as anticipated it has led to an increase in the volume of work to children's social care, this is ongoing. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH. Ongoing savings to be made across Children's Services including from the Children's Social care budget will be risk assessed to mitigate the impact on front line services.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. Quality Assurance and Safeguarding functions are in place and robustly applied. Functions extended to include the establishment of Quality and improvement Group.								2014/15 and Ongoing
2. Project management of the inspection process is in place with trial runs completed to ensure that the data required by Ofsted is accurate and provided in a timely manner.								November onwards
3. A review of all policies has taken places to ensure that they have been updated and staff								Nov2014 – March 2015
4. Joint delivery of the 'Early Offer of Help Strategy' and associated services are now embedded to meet the new the duty placed on Council's to coordinate an early offer of help to families who do not meet the criteria for social care services and ensure that the 'step down and step up' processes are robustly managed.								From Apr 2012
5. Internal quality assurance audits to evidence appropriate application of thresholds.								From Sept 2012
6. Ongoing data analysis to enable us to benchmark and target areas for improvement								From Apr 2014
7. Placement Review – an external reviews of high cost placements.								From Apr 2013
<b>Residual Risk Rating</b>	Date:	17/04/2015	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
8. Ongoing implementation and/or application of actions 1 - 7 above.			From Apr 2015					
<b>Target Risk Rating</b>	Target Date:	Refresh 31/03/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
<b>Revised Residual Risk Rating</b>	Date:		Impact:		Likelihood:		Rating:	

INHERENT RISK

Risk Description							Risk Owner	
Failure to ensure that all children and young people in need of help or protection are safeguarded and supported could result in them not achieving their full potential and increasing the risk of a child death or serious injury.							Andrew Carter	
Link to Corporate Priority								
<ul style="list-style-type: none"> <li>- Build pride, responsibility and respect</li> <li>- Create a great place for learning and opportunity</li> <li>- Improve health and wellbeing</li> </ul>								
Inherent Risk Rating	Date:	17/04/2015	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 17/04/2015	Residual Risk Rating as at: 17/04/2015	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2016

Comments
<p>The nature of the work in terms of safeguarding and supporting children at risk of harm means that this will always be a high risk area although through the application of the SET Child Protection procedures the department actively works to mitigate this risk and reduce the likelihood.</p> <p>The introduction of the Multi Agency Safeguarding Hub and Early Offer of Help has supported earlier identification of risk through a multi-agency approach enabling the department to work to intervene at an earlier stage and reduce the risk of harm in some cases.</p> <p>The impact for individual children and families, particularly in cases of child death is significant and whilst actions to reduce the likelihood are implemented the impact will remain as critical.</p> <p>There is also a critical impact score in terms of reputational damage should a child death or serious injury occur.</p>

Management Action or Mitigation Already in Place								Date Implemented
1. Southend, Essex & Thurrock Child Protection procedures established and reviewed March 2015								Ongoing
2. Local Safeguarding Children's Board established, progress reported annually and guidance reviewed March 2015								Ongoing
3. Quality assurance and safeguarding function of Children's Social Care established								Ongoing
4. Legal framework and court action								Ongoing
5. Thurrock Multi Agency Safeguarding Hub introduced Sept 2014 and services commissioned as part of the Early Offer of Help Strategy								From Sept 2014
6. Case Audits								Ongoing
7. Quality assurance framework								Ongoing
<b>Residual Risk Rating</b>	Date:	17/04/2015	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
8. Ongoing implementation and/or application of actions 1 - 7 above.			From Apr 2015					
<b>Target Risk Rating</b>	Target Date:	Refresh 31/03/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
<b>Revised Residual Risk Rating</b>	Date:		Impact:		Likelihood:		Rating:	

UNMANAGED / INHERENT RISK

Risk Description		Risk Owner						
Since 1 <sup>st</sup> April 2015 Emergency Planning no longer undertakes Business Continuity on behalf of all Council functions. That responsibility has transferred to local managers. Failure of the Council and/or local managers to coordinate and maintain Business Continuity Planning would lead to the business continuity management arrangements across the Council becoming inconsistent, outdated and ineffective in times of a disruption affecting Thurrock		Directors Board						
Link to Corporate Priority								
A well-run organisation.								
Inherent Risk Rating	Date:	20/03/2015	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 20/03/2015	Residual Risk Rating as at: 20/03/2015	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 30/09/2015

Comments
The Council has recently undergone some significant change and reshaping (e.g. restructures, office moves, remote working, closing of Culver Centre, etc) and a total refresh of business continuity arrangements needed to update plans. As of 31 <sup>st</sup> March 2015 Business Continuity will no longer be the responsibility of the Emergency Planning Team and will sit with service managers, this will mean no central coordination of Business Continuity. It is also important to highlight that Business Continuity is a Statutory Duty for Local Authorities under the Civil Contingencies Act 2004. Business Continuity Planning and Disaster Recovery Support Group to be established to coordinate a review of Business Continuity Plans across the Council.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place							Date Implemented	
1. Review of Business Continuity Plans – Exercise undertaken between April and October 2014. 75% of BCPs reviewed and returned to Public Protection							Apr - Oct 2014	
2. Programme for the development and implementation of critical incident plans for schools commenced March 2014. BC team working with Education Department the development and implementation of critical incident plans for schools to ensure that Thurrock Schools are resilient in their operation.							Ongoing from March	
3. Programme of BC Exercises commenced of critical functions and services. Five reviews of service BCPs undertaken between April to October 2014, with consideration given to Third Party suppliers and their BC arrangements. Further BC exercise of Highways & Transportation function undertaken in December 2014.							Apr - Dec 2014	
4. Further review of Business Continuity Plans commissioned Feb 2015 to update plans to take into account office moves, restructures, closure of the Culver Centre, etc. As at 20/03/2015 only four updated plans submitted to the Emergency Planning Team.							From Feb 2015	
5. BC Review of Team function – Review of BC team undertaken. Decision taken to transfer the BC function from the Emergency Planning Team to Service Managers with effect from 1 <sup>st</sup> April, 2015.							Dec 2014 - March 2015	
<b>Residual Risk Rating</b>	Date:	20/03/2015	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
6. Continue review of Business Continuity Plans (commenced Feb 2015) to update plans to take into account office moves, restructures, etc	From April 2015	
7. Directors Board to consider the position and way forward.	From April 2015	
8. Director of Planning and Transportation to commission review of Public Protection (including Business Continuity Planning function)	From May 2015	
9. Establish BCP/DR Support Group	June 2015	
10. Approach for the review of Business Impact Analysis, Business Continuity Plans to be developed by the BCP/DR Support Group	June 2015	
11. Approach for the review of BIAs/BCPs to be introduced to Directors Board	June 2015	
12. Individual Council services to: <ul style="list-style-type: none"> <li>Review and update BIAs and BCPs</li> <li>Identify their current applications in use and services delivered from their BIA reports and BCPs along with:</li> </ul>	July 2015	

(a). The Recovery Point Objective (RPO = the maximum point in time they can roll back to in the event of data loss) (b). The Recovery Time Objective (RTO = the maximum time sustainable to reach the RPO).							
13. BCP/DR Support Group to review/check feedback from each Service to ensure returns complete and realistic.		Aug 2015					
14. Review to consider the position and ongoing approach/support function for BCP.		Sept 2015					
<b>Target Risk Rating</b>	Target Date:	Refresh 30/09/2015	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating: 12
<b>Revised Residual Risk Rating</b>	Date:		Impact:		Likelihood:		Rating:

## **Opportunities In Focus**

UNMANAGED / INHERENT OPPORTUNITY

Opportunity Description		Opportunity Owner						
<p>Gloriana Thurrock Ltd is a company set up and wholly owned by Thurrock Council with the objective of developing high quality homes on Council owned land in order to stimulate the weak private sector market and assist in delivering the Council's vision for Thurrock and ambitious housing targets. The Council will transfer land to Gloriana in exchange for shares and the Council will prudentially borrow and on- lend money (at a margin) to Gloriana to develop housing on that land. The Housing department will act as agent for Gloriana, in developing and managing the homes, on full commercial terms. The arrangements that have been put in place comply with state aid and other regulatory requirements and have been discussed with the Council's external auditors. The financial projections, prepared by PricewaterhouseCoopers show that, on a fairly prudent set of assumptions, Gloriana should be able to repay its borrowings from the Council (giving rise to a small annual surplus to the General Fund) and, in addition, generate a longer term equity return to the Council. The initial sites identified for housing development by Gloriana are St Chads, Tilbury and Belmont Road, Grays.</p>		Barbara Brownlee						
Link to Corporate Priority								
<p><b>Priority:</b> Promote and Protect Our Clean and Green Environment; and Encourage and Promote Job Creation and Economic Prosperity.</p>								
Inherent Opportunity Rating	Date:	17/03/2015	Impact:	Exceptional (4)	Likelihood:	Very Unlikely (1)	Rating:	4

DASHBOARD

Inherent Opp. Rating & Date: 17/03/2015	Residual Opp. Rating as at: 17/03/2015	Residual Opp. Rating as at:	Residual Opp. Rating as at:	Residual Opp. Rating as at:	Target Opp. Rating & Target Date: 31/03/2016																																																																																																
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Comments
<p>The opportunities flow directly from the Company's objectives which are to build high quality housing in support of Thurrock's Vision and growth targets. If Gloriana can deliver high quality housing within the financial parameters set in the Business Case approved by Cabinet then much needed affordable housing will be provided for the Borough and a financial return will flow to the Council. The Business Case presented to Cabinet in March included a governance and scheme gateway process to enable the effective management of the opportunities and risks flowing from the project. A general risk register and a specific risk register for the first site, St Chad's in Tilbury, showed that some risks had already been mitigated or mitigation/management actions were already in place. Scheme development risks would remain as key risks to be managed and mitigated in future together with demand risk in relation to letting/selling the properties.</p>

EXISTING ACTION / RESIDUAL OPPORTUNITY

Management Action Already in Place								Date Implemented
1. Housing development options considered and progressed by Housing Development Team and housing Development Board.								From Dec 2012
2. Development and approval of outline Business Case								Dec 2012 - May 2013
3. Working group established comprising the Director of Housing, S151 Officer, Legal Officers and external advisers.								May 2013
4. Development and approval of final business case including: Constitution for the company; Governance, delivery, management and operational arrangements; Financial, modelling and risk analysis. A series of gateway approvals for each scheme established and first sites for development identified (e.g. St Chads Tilbury)								May 2013 - Nov 2013
5. Preparations for the development of St Chads, Tilbury - Gateway 1 and 2 achieved and Gateway 3 position to be finalised following receipt of fixed priced contract for the works from the contractor.								From Nov 2013
6. Preparations for the development of Belmont Road - Gateway 1 in train. Designs being prepared and costed prior to financial viability being undertaken for Gateway 2.								From Nov 2013
Residual Opportunity Rating	Date:	17/03/2015	Impact:	Exceptional (4)	Likelihood:	Very Likely (4)	Rating:	16

FURTHER ACTION / TARGET OPPORTUNITY / REVISED RESIDUAL OPPORTUNITY

Further Management Action		Implementation Date	Progress					
7. Continue preparations for the development of St Chads, Tilbury.		From Apr 2015						
8. Continue preparations for the development of Belmont Road, Grays		From Apr 2015						
9. Commence development of St Chads, Tilbury								
10. Commence development of Belmont Road, Grays								
Target Opportunity Rating	Target Date:	31/03/2016	Impact:	Exceptional (4)	Likelihood:	Very Likely (4)	Rating:	16
Revised Residual Opportunity Rating	Date:		Impact:		Likelihood:		Rating:	

UNMANAGED / INHERENT OPPORTUNITY

Opportunity Description								Opportunity Owner	
Opportunity to secure significant capital funds through the South East Local Enterprise Partnership's Strategic Economic Plan.								Growth Board (Matthew Essex)	
Link to Corporate Priority									
Encourage and promote job creation and economic prosperity									
Inherent Opportunity Rating		Date:	31/03/2015	Impact:	Exceptional (4)	Likelihood:	Very Unlikely (1)	Rating:	4

DASHBOARD

Inherent Opp. Rating & Date: 31/03/2015	Residual Opp. Rating as at: 31/03/2015	Residual Opp. Rating as at:	Residual Opp. Rating as at:	Residual Opp. Rating as at:	Target Opp. Rating & Target Date: 31/03/2016																																																																																																
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Comments
The Council successfully secured around £92.5m through round one of the Local Growth Fund in support of the A13 widening, Stanford-le-Hope/London Gateway access improvements, cycling initiatives and sustainable travel. Further funds have been secured for Purfleet (£5m) in round two. Further details of future rounds are awaited.

EXISTING ACTION / RESIDUAL OPPORTUNITY

Management Action Already in Place								Date Implemented
1. Thurrock input coordinated through Growth Board to ensure strong strategic ownership and a common approach								Ongoing from 2013
2. Designate a single point of contact for TGSE through to the LEP to ensure quality control and consistency of message.								2013/14
3. The initial submission for Strategic Local Growth Fund monies submitted to Government								March 2014
4. Review, develop plans and undertake negotiations with Government and LEP with regard to Government feedback/announcements on the submission								Apr - Jul 2014
5. Confirmation received from Government that the Council successfully secured £92.5M through round one of the local growth fund to support of the A13 widening, Stanford-le-Hope/London Gateway access improvements, cycling initiatives and sustainable travel.								Jul 2014
6. Preparation and submission of round two bid for local growth fund monies to Government. Priorities identified include Purfleet Centre and Lakeside expansion.								Dec 2014
7. Confirmed by Government that the Council was successful in securing £5M of grant funding for the Purfleet Centre Scheme								Jan 2015
Residual Opportunity Rating	Date:	31/03/2015	Impact:	Exceptional (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET OPPORTUNITY / REVISED RESIDUAL OPPORTUNITY

Further Management Action		Implementation Date	Progress					
8. Await further details of future rounds of local growth funding		From Apr 2015						
9. Review position and develop plans when details of future rounds of local growth funding received.		From Apr 2015						
Target Opportunity Rating	Target Date:	31/03/2016	Impact:	Exceptional (4)	Likelihood:	Very Likely (4)	Rating:	16
Revised Residual Opportunity Rating	Date:		Impact:		Likelihood:		Rating:	

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<b>16 July 2015</b>	<b>ITEM: 12</b>
<b>Standards and Audit Committee</b>	
<b>Counter Fraud &amp; Investigation Annual Report, Policy &amp; Strategy</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> N/A
<b>Report of:</b> David Kleinberg. Group Manager Counter Fraud & Investigation	
<b>Accountable Head of Service:</b> Sean Clark, Head of Corporate Finance	
<b>Accountable Director:</b> David Bull, Chief Executive	
<b>This report is</b> Public	
<b>Date of notice given of exempt or confidential report:</b> N/A	

## Executive Summary

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 has now concluded.

As of 1<sup>st</sup> July 2015 the Counter Fraud & Investigation Directorate has 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 & Corruption Policy has been drafted, which takes account of the current fraud landscape and best practice around the UK ensuring a coordinated approach is taken.

- 1. Recommendation(s)**
  - 1.1 The Committee endorses the new Anti-Fraud & Corruption Policy**
  - 1.2 The Committee notes the Counter Fraud & Investigation performance**
  - 1.3 The Committee endorses the 2015/16 Corporate Counter Fraud & Investigation Strategy**
- 2. Introduction and Background**

- 2.1 The new approach to tackling the effects of economic crime on the Council seeks to enhance the assurance over the system of controls but also ensures consistency in the Council's response to fraudulent activity, perpetrated against Council services.
- 2.2 The new centralised service will share the resources currently present through the developed partnerships with the Department for Work and Pensions, Ministry of Justice and Southend Borough Council. The new enlarged service brings additional benefits to the Council with a balanced and proportionate use of Proceeds of Crime Act to take redress.

### **3. Issues, Options and Analysis of Options**

#### **Revised Anti-Fraud & Corruption Policy**

- 3.1 The new Anti-Fraud & Corruption Policy (shown at **Appendix 1**) sets out the Council's position in response to any allegations of economic crime together a single reference point to be used when staff, Members, contractors and service users have concerns. The policy seeks to assist those groups by defining offence types and describing the correct actions to be taken when those offences are suspected.

#### **Counter Fraud & Investigation Performance**

- 3.2 **Appendix 2** summarises the counter fraud work flow for 2014/15. It shows that 364 referrals were received during this period. Of those that have been accepted as valid potential cases, over half have been dealt with and the remainder are under investigation with continuous work being undertaken to resolve those cases expeditiously.

#### **Corporate Counter-Fraud Strategy**

- 3.3 **Appendix 3** sets out the Corporate Counter Fraud & Investigation Strategy for 2015/16. This is supported by:
- a proactive work programme (**Appendix 3a**)
  - a programme of team management projects (**Appendix 3b**).
- 3.4 The three main work areas for 2015/16, to continue its development are:
- producing and rolling out a standard governance framework that can be tailored by each organisation working with CFID
  - formalising work arrangements with other key services within the Council and finalising performance reporting arrangements for the team
  - delivering a targeted programme of proactive work in service areas that carry inherently higher fraud risks.
- 3.5 The approach to be adopted is to:

- rollout a Subject Matter Expert from CFID to each service area
- deliver key targeted anti-fraud training to those areas supported by service specific anti-fraud guides
- utilise the new data analytics tool across service areas to improve identification of fraud risks

3.6 Quarterly performance reports will be produced for Directors Board and Standards & Audit Committee on the delivery of this Strategy.

#### **4. Reasons for Recommendation**

4.1 This report provides a detailed update to the Committee on the improved counter-fraud measures for the Council.

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

5.1 All Directors and Heads of Service were consulted with the new strategy to be taken by the Council in its anti-fraud approach.

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

6.1 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 corporate governance.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Sean Clark**  
**Head of Corporate Finance**

There are no financial implications contained in this report.

##### **7.2 Legal**

Implications verified by: **David Lawson**  
**Monitoring Officer, Deputy Head of Legal Services**

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

### 7.3 **Diversity and Equality**

Implications verified by: **Rebecca Price**  
**Community Development Officer**

There are no implications related to 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 – Revised Anti-Fraud & Corruption Policy  
Appendix 2 – CFID Case Summary  
Appendix 3 – Corporate Counter Fraud & Investigation Strategy  
Appendix 3a – CFID Proactive Work Plan  
Appendix 3b – Team Management Projects

### **Report Author:**

David Kleinberg  
Group Manager Counter Fraud & Investigation  
Counter Fraud & Investigation

# **Anti-Fraud, Theft, Bribery & Corruption Policy** ***(including Anti-Money Laundering)***

# Thurrock Council Anti-Fraud, Theft, Bribery and Corruption Policy (Including Anti-Money Laundering)

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### VERSION CONTROL SHEET

<i>Title:</i>	<b>Anti-Fraud, Theft, Bribery &amp; Corruption Policy (including Anti-Money Laundering)</b>
<i>Purpose:</i>	<b>To advise council workers what fraud, theft, bribery, corruption and money laundering is, how to report it and what action will be taken.</b>
<i>Owner:</i>	<b>Counter Fraud &amp; Investigation Service</b>
<i>Approved by:</i>	
<i>Date:</i>	<b>Approved – Implemented –</b>
<i>Version Number:</i>	<b>2.0</b>
<i>Status:</i>	
<i>Review Frequency:</i>	<b>Annually</b>
<i>Next Review Date:</i>	<b>June 2016</b>
<i>Consultation:</i>	<b>This document was sent out for consultation to: Trade Unions, Diversity, Information Management, Directors and Heads of Service.</b>

Change History		
Date	Change Details	Approved by
<b>January 2015</b>	Inclusion of the Counter Fraud & Investigation Service	

## 1. Introduction

- 1.1 Thurrock Council takes allegations of fraud, theft, bribery, corruption and money laundering very seriously and is committed to making sure that the public funds we administer are used correctly.
- 1.2 The Council uses this document to set out its zero tolerance approach to any criminal financial misconduct, whether it's committed by external or internal threats, a standardised approach will be taken to all instances.
- 1.3 The country as a whole is facing a large financial deficit where tackling fraud and error is a major part of protecting public funds that can be used to administer frontline services. Fraud has a serious effect on the economy costing the UK in the region of £74 billion per year with the affect on public services government standing at £21 billion a year.
- 1.4 Thurrock Council, as with all public bodies, faces the threat from economic crime on a regular basis with attacks on the processes designed to provide Council services to service users in areas including: Housing, Benefits, and Social Care support.
- 1.5 This policy applies to the whole of the Council and is designed to create a common understanding of the threat from economic crime and what can be done by every Council Member, Officers, Workers and Service Users who interact with Council services.
- 1.6 It is the responsibility of the Counter Fraud & Investigation Service to maintain and update this Policy and Strategy.

## 2. What is Theft, Fraud, Bribery, Corruption & Money Laundering?

### THEFT

- 2.1 The legal definition of theft is "A person is guilty of theft if they dishonestly appropriate property, belonging to another, with the intention of permanently depriving the other of it."
- 2.2 Theft can affect organisations in many ways and can be committed differently but it is still a criminal offence and still as serious.

### FRAUD

- 2.3 The Fraud Act 2006<sup>1</sup> introduced the first statutory definition of fraud whereby:

*"A person is guilty of fraud if he is in breach of any of the sections listed in subsection (2) (which provide for different ways of committing the offence).*

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<sup>1</sup> Fraud Act 2006 - <http://www.legislation.gov.uk/ukpga/2006/35>

*Fraud can be committed by:*

- (a) section 2 (Fraud by False Representation),*
- (b) section 3 (Fraud by Failing to Disclose Information), and*
- (c) section 4 (Fraud by Abuse of Position). “*

#### Fraud by false representation

A fraud will be committed if a person dishonestly makes a false representation and when doing so intends to make a gain or cause loss (or a risk of loss) to another.

#### Fraud by failing to disclose information

A fraud will be committed if a person dishonestly fails to disclose information where there is a legal obligation to do so and when doing so intends to make a gain or cause loss (or a risk of loss) to another.

#### Fraud by abuse of position

A person will commit fraud if he occupies a position in which he is expected to safeguard, or not act against, the financial interests of another person and he dishonestly abuses that position; and in doing so intends to make a gain or cause loss (or a risk of loss) to another.

## **BRIBERY**

- 2.4 A bribe is *“a financial or other advantage that his offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such as advantage would constitute the improper performance of such a function or activity.”*
- 2.5 The types of offending relating to Bribery are:
  - 2.5.1 **Bribery** - giving or receiving something of value to influence a transaction dishonestly makes a false representation
  - 2.5.2 **Illegal gratuity** - giving or receiving something of value after a transaction is completed, in acknowledgment of some influence over the transaction
  - 2.5.3 **Extortion** - demanding a sum of money (or goods) with a threat of harm (physical or business) if demands are not met
  - 2.5.4 **Conflict of interest** - where a worker has an economic or personal interest in a transaction
  - 2.5.5 **Kickback** - a portion of the value of the contract demanded/ provided as a bribe by an official for securing the contract.

- 2.6 The Bribery Act 2010, which came into force on 1<sup>st</sup> July 2011, introduced four primary offences in a single piece of legislation with all previous statutes being repealed.
- 2.6.1 Section 1 – Offences of bribing another person, where:
- (a) *a person offers, promises or gives a financial or other advantage to another person, and*
  - (b) *intends the advantage –*
    - (i) *to induce a person to perform improperly a relevant function or activity, or*
    - (ii) *to reward a person for the improper performance of such a function or activity.*
- 2.6.2 Section 2 – Offence relating to being bribed
- 2.6.3 Section 6 – Bribery of foreign public officials
- 2.6.4 Section 7 – Failure by a commercial organisation to prevent bribery
- 2.7 Under the Bribery Act, an organisation has a defence if it can show that it has adequate bribery prevention procedures in place. The Ministry of Justice guidance<sup>2</sup> on the Bribery Act 2010, explains what needs to be in place to rely on this defence:
- 2.7.1 *Proportionality: The action we take should be proportionate to the risks we face and to the size of our organisation.*
- 2.7.2 *Top Level Commitment: Those at the top of an organisation are in the best position to ensure their organisation conducts business without bribery. We want to show that we have been active in making sure that our staff (including any middle management) and the key people who do business with us and for us understand that we do not tolerate bribery.*
- 2.7.3 *Risk Assessment: Think about the bribery risks we might face.*
- 2.7.4 *Due Diligence: Knowing exactly who we are dealing with can help to protect our organisation from taking on people who might be less than trustworthy.*
- 2.7.5 *Communication: Communicating our policies and procedures to staff and to others who will perform services for us enhances awareness and helps to deter bribery by making clear the basis on which our organisation does business.*
- 2.7.6 *Monitoring and Review: The risks we face and the effectiveness of our procedures may change over time.*

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<sup>2</sup> <http://www.justice.gov.uk/downloads/legislation/bribery-act-2010-quick-start-guide.pdf>

- 2.8 Prior to 2011, under Common Law, a person commits an offence where a person *“Offering, giving or receiving, any undue reward, by or to any person whatsoever in a public office, in order to influence his behaviour in office and incline him to act contrary to the known rules of honesty and integrity.”*

## **CORRUPTION**

- 2.9 Corruption can be committed in many ways but normally involves *“two or more people entering into a secret agreement.”*
- 2.10 Indicators showing this type of offending can include the following:
- 2.10.1 Abnormal cash payments
  - 2.10.2 Pressure exerted for payments to be made urgently or ahead of schedule
  - 2.10.3 Private meetings with public contractors or companies hoping to tender for contracts
  - 2.10.4 Lavish gifts being offered or received
  - 2.10.5 An individual who never takes time off even if ill, or holidays, or insists on dealing with specific contractors himself or herself
  - 2.10.6 Making unexpected or illogical decisions accepting projects or contracts
  - 2.10.7 Abuse of the decision process or delegated powers in specific cases
  - 2.10.8 Agreeing contracts not favourable to the organisation either because of the terms or the time period
  - 2.10.9 Unexplained preference for certain contractors during tendering period
  - 2.10.10 Avoidance of independent checks on the tendering or contracting processes
  - 2.10.11 The Council’s or its suppliers/partner’s procedures or guidelines not being followed
- 2.11 The Local Government Act 1972 requires under section 117(2) that employees must disclose any personal interest in contracts that have been, or are proposed to be, entered into by the Council. Failure to do so is a criminal offence.

## **MONEY LAUNDERING**

- 2.12 Money laundering is the process by which ‘criminal property’ (a person’s benefit from criminal conduct) is given the appearance of having originated from a legitimate source.
- 2.13 Criminal conduct is anything that is a criminal offence in the United Kingdom. It could be fraud, theft, drug dealing, prostitution, and includes offences such as breaching building planning law and trade mark offences.

- 2.14 Criminal property is defined as anything which is a person's benefit from their criminal conduct. That could be money, real and personal property (houses, buildings, boats, cars horses, watches etc), things in action and other intangible or incorporeal property (i.e. debts, intellectual property such as copyright, designs, patents etc)
- 2.15 The criminal offence of money laundering is committed when 'criminal property' is transferred, concealed, disguised, converted or removed from England, Wales, Scotland & Northern Ireland.
- 2.16 Offenders may attempt to 'launder' their illegal proceeds by using Council services on the basis that they receive 'clean' money back from the appearance of a legitimate source (i.e. a payment to them from the Council's bank account).
- 2.17 This type of offending is perpetrated by a person paying for a debt they have with the Council in large amounts of cash, or overpaying their debt with the intention of seeking to receive a refund of that overpayment amount back as "clean money."

### 3. **Anti-Fraud Culture**

- 3.1 The culture of the Council has always been one of openness and the core values of fairness, trust and value support this. The Council's culture therefore supports the effective opposition to fraud and corruption.
- 3.2 The prevention and detection of fraud, bribery and corruption and the protection of the public purse is everyone's responsibility. Concerns must be raised when members or workers reasonably believe that one or more of the following has occurred:
- Fraud, theft, bribery, corruption, money laundering
  - A criminal offence
  - Failure to comply with a statutory or legal obligation
  - Improper unauthorised use of public or other funds
  - A miscarriage of justice
  - Maladministration, misconduct or malpractice
  - Deliberate concealment of any of the above
- 3.3 The authority will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the requirements of appropriate legislation.
- 3.4 The authority takes a zero tolerance approach to any theft fraud, bribery and corruption and will deal firmly with those who cause or seek to cause a loss to the authority, or who are corrupt, or where there has been any financial malpractice.
- 3.5 There is of course a need to ensure that any investigation process is not misused, and therefore any abuse (such as employees raising malicious allegations) may be dealt with as a disciplinary manner.

- 3.6 Where criminal activity is suspected or established, all Council services are required to refer the matter to the Counter Fraud & Investigation Service for investigation.
- 3.7 Every person working at Thurrock Council, supported by their Line Manager, Human Resources, Internal Audit and the Counter Fraud & Investigation Service will ensure that the following steps are undertaken to assist all staff being aware of this approach:
- Ensure everyone has an awareness of the Anti-Fraud, theft, bribery & corruption Policy
  - Participate in in-house training programs covering fraud, theft, bribery & corruption prevention and detection
  - Ensure everyone understands that internal controls are designed and intended to prevent and detect fraud, theft, bribery and corruption
  - Encourage staff to report any of the activity described in this policy directly to those responsible for the investigation without fear of unlawful disclosure or retribution (see *Whistleblowing*).

#### 4. Our Written Rules

- 4.1 Thurrock Council has in place specific controls supported by policies and codes to outline its commitment to delivering best service to the residents of the borough. These codes of conduct and policies ensures that all Members, employees and people working here know what is expected from them.
- 4.2 The most important of these is the Council Constitution<sup>3</sup>, this can be found on the intranet (In-Form) and contains the following:
- Contracts rules
  - Scheme of delegation
  - Financial procedure rules
  - Officers' code of conduct
  - Members' code of conduct
  - Employees' conditions of service
  - Employee disciplinary rules
- 4.3 Chief Officers must ensure that all staff have access to the relevant rules and regulations and that staff receive suitable training.

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<sup>3</sup> Thurrock Council Constitution - <http://www.thurrock.gov.uk/democracy/constitution/pdf/constitution.pdf>

- 4.4 Members and employees must ensure that they read and understand the rules and regulations that apply to them and act in accordance with them.

## 5. Expected Behaviour

- 5.1 The Council requires all staff and elected Members to act honestly and with integrity at all times and to safeguard the resources for which they are responsible. Fraud is an ever-present threat to these resources and hence must be a concern to all staff and elected Members. The purpose of this statement is to set out specific responsibilities with regard to the prevention of fraud.

**Section 151 Officer** (Chief Finance Officer) is responsible for:

- Proper administration of the authority's financial affairs
- Reporting to Members and External Audit if the Council, or one of its representatives makes, or is about to make a decision which is unlawful, or involves illegal expenditure or potential financial loss (Local Government Finance Act 1988 s.114)

**Monitoring Officer** is responsible for:

- Reporting on contraventions or likely contraventions of any enactment or rule of law
- Report on any maladministration or injustice where the Ombudsman has carried out an investigation
- Receiving copies of whistleblowing allegations of misconduct
- Promoting and maintaining high standards of conduct through and with the support of the Standards Committee
- Advice on vires (legality) issues, maladministration, financial impropriety, probity and policy framework and budget issues to all Members

**Managers** are responsible for:

- Maintaining internal control systems and ensuring that the authority's resources and activities are properly applied in the manner intended
- Identifying the risks to which systems and procedures are exposed
- Developing and maintaining effective controls to prevent and detect fraud
- Ensuring that controls are being complied with

**Individual members of staff** are responsible for:

- Their own conduct and for contributing towards the safeguarding of corporate standards (including declaration of interest, private working, whistleblowing etc.)
- Acting with propriety in the use of official resources and in the handling and use of corporate funds, such as when dealing with contractors and suppliers
- Reporting details immediately to the Counter Fraud & Investigation Service and their line manager (if possible) if they suspect that a fraud, theft, bribery,

corruption and money laundering has been committed or see any suspicious acts or events

**Internal Audit** is responsible for:

- The independent appraisal of control systems
- The implementation of an annual audit plan to include identification of fraud risks to the Counter Fraud & Investigation Service

**Counter Fraud & Investigation Service** is responsible for:

- The investigation into allegations of any allegations of financial misconduct including money laundering, fraud, bribery, theft and corruption committed against the authority
- Prosecution (or the application of an alternative sanction) of offenders
- All action under the Proceeds of Crime Act 2002 and Criminal Justice Act 1988 in respect of financial investigation, restraint, detention, forfeiture and confiscation
- The co-ordination of participation in the National Fraud Initiative (NFI)
- Providing Anti-Fraud, Money Laundering, Theft, Bribery & Corruption Awareness Training
- Taking redress against offenders under criminal and civil law
- Referring any matters to & receiving information and intelligence from all law enforcement agencies (Police, HMRC, Home Office etc) where appropriate

**External Audit** has specific responsibilities for:

- Reviewing the stewardship of public money
- Considering whether the Council has adequate arrangements in place to prevent fraud and corruption
- Signing off the annual accounts of the authority

**Elected Members** are each responsible for:

- Their own conduct
- Contributing towards the safeguarding of corporate standards, as detailed in the Members' Code of Conduct

5.2 The Council is accountable to its residents and is responsible for conducting its business in an open, honest, equal and fair manner. In so doing, it will take positive action against any identified fraudulent or corrupt activities.

5.3 The Council's employees and elected Members are one of the most important elements in its stance on fraud and corruption and they are positively encouraged to raise any concerns they may have relating to Council activities. They can do this in the knowledge that such concerns will be treated in confidence, properly investigated and fairly dealt with.

## 5.4 Principles of Conduct

The Secretary of State has, by order, set out ten general guiding principles that apply to the conduct of those in public life, such as Members and co-opted Members of the Council. They are also good guidance for others who serve the public. The Council has largely developed its working behaviour around these principles. They are:

- **Selflessness** – Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person
- **Honesty and integrity** – Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour
- **Objectivity** – Members should make decisions on merit, including when making appointments, awarding contracts or recommending individuals for rewards or benefits
- **Accountability** – Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities and should cooperate fully and honestly with any scrutiny appropriate to their particular office
- **Openness** – Members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions
- **Personal judgement** – Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions
- **Respect for others** – Members should promote equality by not discriminating against any person and by treating people with respect, regardless of race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers, and its other employees.
- **Duty to uphold the law** – Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them
- **Stewardship** – Members should do whatever they are able to do to ensure their authorities use their resources prudently and in accordance with the law
- **Leadership** – Members should promote and support these principles by leadership and by example, and should act in a way that secures or preserves public confidence

## 6. Preventing Fraud, Theft, Bribery, Money Laundering and Corruption

### Action by Employees & Workers

- 6.1 If you suspect fraud, theft, bribery, corruption and/or money laundering anywhere within the Council, you should do the following:
- (i) Write down your concerns immediately. Make a note of all relevant details, such as what was said in phone or other conversations, the date, the time and the names of anyone involved.

- (ii) Report the matter immediately to the Counter Fraud & Investigation Service and your line manager (if possible), or the confidential whistleblowing line providing any notes you have made or any evidence you have gathered.
- (iii) Don't tell anyone else about your suspicions.
- (iii) In cases of suspected money laundering, immediately notify the Council's designated Money Laundering Reporting Coordinator (MLRC) – in the Counter Fraud & Investigation Service.

6.2 You have a duty to assist the Council with any matter under investigation by the Counter Fraud & Investigation Service.

6.3 Under **no circumstances** should you try to carry out an investigation yourself. This may damage any subsequent investigation and could harm potential evidence.

### Action by Managers

6.5 If you find out about suspected fraud, theft, bribery, corruption and/or money laundering, you should do the following: -

- (i) Listen to the concerns of your staff and treat every report you receive seriously and sensitively. Staff should be encouraged to raise any concerns they have with their manager and the Counter Fraud & Investigation Service directly.
- (ii) Make sure that all staff concerns are given a fair hearing. You should also reassure staff that they will not suffer victimisation because they have told you of their suspicions.
- (iii) Get as much information as possible from the member of staff, including any notes and any evidence they have that may support the allegation. Do not interfere with any evidence and make sure it is kept in a safe place.

6.6 **Do not** try to carry out an investigation yourself. This may damage any subsequent investigation and could harm potential evidence.

6.7 Report the matter immediately to the Counter Fraud & Investigation Service.

6.8 Do not tell anyone else about your suspicions.

### Counter Fraud & Investigation Service

6.8 The Counter Fraud & Investigation Service is charged with leading the Council's fight against fraud, money laundering, theft, bribery and corruption. The

department is directly responsible to the Council's Head of Corporate Finance (s.151, "Chief Finance Officer") and are required to investigate all allegations of fraud, money laundering, theft, bribery and corruption, financial misconduct, and/or any other financial irregularity.

- 6.9 The department is formed of experts in investigating allegations relating to this policy so it is important that every suspicion is reported to them as soon as possible. The department will investigate all allegations received thoroughly and maintain a strict code of confidentiality.
- 6.10 The Group Manager Counter Fraud & Investigation will decide how any enquiry will be carried out, and whether it should be shared with outside organisations such as the police, HMRC, DWP or other regulatory/enforcement agencies.
- 6.11 Only experienced nationally accredited investigation staff will conduct investigations. Any investigation the department carries out will be in line with the Thurrock Council Investigation Staff Manual, government guidelines Codes of Practice and relevant legislation.
- 6.12 The Group Manager Counter Fraud & Investigation will report to the Head's of the affected service the detail of any investigation (where appropriate), and advise them what action they may need to take.
- 6.13 If possible, feedback will also be provided to the person who initially raised the concerns.
- 6.14 The Counter Fraud & Investigation Service also reports quarterly to the Council's Standards & Audit Committee.

## **7. Whistleblowing**

- 7.1 The Council is committed to providing the highest quality service to residents and visitors to Thurrock. This involves ensuring that the local community can have full trust and confidence in the way the Council manages its services and resources and making sure that all those who are vulnerable such as children, the elderly and people with learning disabilities are provided for safely, effectively and in accordance with best practice
- 7.2 The Council's Whistleblowing Policy<sup>4</sup> is intended to encourage and enable staff to raise serious concerns. Council workers reporting concerns this way are afforded certain rights and protection through legislation enacted under the Public Interest Disclosure Act 1998.

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<sup>4</sup> Whistleblowing Policy-[https://inform.thurrock.gov.uk//ssp/human\\_resources/pdf/hrdoc\\_whistleblowing.pdf](https://inform.thurrock.gov.uk//ssp/human_resources/pdf/hrdoc_whistleblowing.pdf)

- 7.3 Employees who report concerns will be supported and protected from reprisals. Everything possible will be done to protect their confidentiality. They will be advised of the action that has been taken by the person to whom they reported their concerns.
- 7.4 Management are responsible for reporting all allegations received from whistleblowing under the confidential reporting code to the Monitoring Officer. The Monitoring Officer will refer the allegations relating to suspected fraud, money laundering, theft, bribery and corruption to the Counter Fraud & Investigation Service for investigation. All such cases should be recorded in a register maintained by the Monitoring Officer.
- 7.5 The investigating officer, an Accredited Investigator, will deal with the matter promptly, efficiently and in accordance with the law, involving such outside agencies as appropriate (including the police). Where a service provider employee is involved, the supplier will be informed where appropriate in liaison with the Chief Finance Officer and Counter Fraud & Investigation Service.

## **8 Detecting and investigating theft, fraud, bribery, money laundering and corruption**

- 8.1 Under our Code of Conduct for Employees and Financial Procedural Regulations, employees must report any suspicions about theft, fraud, bribery, money laundering, theft and corruption to the Counter Fraud & Investigation Service.
- 8.2 All members of staff should assist officers of the Counter Fraud & Investigation Service when they are conducting enquiries into allegations.
- 8.3 The Counter Fraud & Investigation Service is designated by the s.151 Officer (*Head of Corporate Finance*) to inspect all documents, records and accounts relevant to an investigation held in any form.
- 8.4 Should surveillance be considered necessary during the course of an investigation this will be conducted in line with the Regulation of Investigatory Powers Act 2000 (RIPA) and the Council's own corporate RIPA policy. Failure to follow this policy could have severe consequences for the Council and only officers trained in this specialist area of investigations should carry out these types of enquiries.
- 8.5 In cases where a Thurrock Council worker is suspected of being involved in any of the offences detailed in this policy, the CFIS will maintain priority over how an investigation takes place. As soon as it is identified that there is a prima facie case of any of these offences against a Thurrock Council worker, the Group Manager Counter Fraud & Investigation will agree an action plan with the Head of Human Resources, Head of Corporate Finance and Head of Legal Services. **Appendix 2** outlines the Council's response to Thurrock Council worker investigations.

- 8.6 CFIS will communicate the outcomes of our investigations where appropriate (e.g. via internal newsletters and the press).
- 8.7 The External Auditor also has powers to investigate fraud and corruption.

## 9. Money Laundering

- 9.1 All local authorities and government departments have a responsibility to develop anti-fraud policies to show those seeking to defraud the public purse that such action is unacceptable and will not be tolerated.
- 9.2 In addition to the Proceeds of Crime Act 2002<sup>5</sup>, the Money Laundering Regulations (2003<sup>6</sup>, 2007<sup>7</sup>) and related legislation having placed responsibilities on regulated entities and every person carrying out “relevant business” within the meaning of the Regulations to report where they know, or suspect, or have reasonable grounds to suspect, that money laundering may be taking place.
- 9.3 Thurrock Council is not classified as a “relevant business” but it is good practice to assess the risks of potential exposure; and, where appropriate, we should regard ourselves as “relevant business” and act accordingly.
- 9.4 Money laundering includes not only the direct proceeds of crime, but any dealings with criminal property. It includes possessing, or in any way dealing with, or concealing, the proceeds of any crime. Any failure to report suspicions of money launderings is a criminal offence.
- 9.5 All employees and Council workers have a clear obligation under this legislation and regulations to report suspicions of money laundering and there can be severe penalties for individuals who fail to act in accordance with the legislation.
- 9.6 All Council workers must report any suspicions of money laundering to the Money Laundering Reporting Coordinator (MLRC) in the Counter Fraud & Investigation Service to ensure that:
- Alleged instances of money laundering are investigated properly.
  - All alleged cases of money laundering are investigated consistently.
  - The Council’s interests are protected.
- 9.5 Anyone working at Thurrock Council must not do anything that could result in the suspect being alerted (known as ‘tipping off’) to the fact there is a suspicion regarding their activity or that the matter has been reported.

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<sup>5</sup> Proceeds of Crime Act - <http://www.legislation.gov.uk/ukpga/2002/29/contents>

<sup>6</sup> Money Laundering Regulations 2003 - <http://www.legislation.gov.uk/uksi/2003/3075/contents/made>

<sup>7</sup> Money Laundering Regulations 2007 - <http://www.legislation.gov.uk/uksi/2007/2157/contents/made>

## 10. Information Sharing

- 10.1 As a responsible data controller, Thurrock Council always ensures that personal data in its possession is safeguarded pursuant with the 8 Principles of the Data Protection Act 1998.
- 10.2 Personal data is defined as information that can be used to identify a living individual. This can be automatically processed information held on computer, as well as in manual paper records. Personal information can be video recordings and audio tapes.

*Examples of personal information are:*

*Name and address, national insurance number, bank account number, photograph or electronic image, intentions or expressions of opinion, service files on families or individuals, spreadsheets/databases identifying individuals, email correspondence discussing an individual.*

*Sensitive personal data under the DPA includes:*

*The racial or ethnic origin of an individual, individuals political opinions, individuals religious beliefs or other beliefs of a similar nature, whether individuals are a member of a trade union, details of physical or mental health or condition, details of an individuals sexual life, any proceedings for any offence committed or alleged to have been committed by individuals.*

- 10.3 The Data Protection Act provides an exemption to a data controller (Thurrock Council) for releasing information, under Section 29(3), for the prevention and detection of crime or; the apprehension and prosecution of offenders, as long as it is for a stated purpose and only if not releasing it would likely prejudice (significantly harm) any attempt to prevent or detect a crime.
- 10.4 The Counter Fraud & Investigation Service, in conducting an investigation, may contact any service in the Council to obtain information from any of these data classes. The requesting officer will detail what information they need, why they are requesting it, and how it will be used. All requests for information will be made in written form, authorised by a senior officer of the Counter Fraud & Investigation Service.
- 10.5 In addition to these investigations into allegations, the Counter Fraud & Investigation Service conducts pro-active operations to match data held in the Council to highlight potential fraudulent activity. The processing of any personal data for this purpose falls under Schedule 2, Paragraph 6 (1) of the Data Protection Act 1998, which states:

*“The processing is necessary for the purposes of legitimate interests pursued by the data controller or by the third party or parties to whom the data are disclosed, except where the processing is unwarranted in any particular case because of prejudice to the rights and freedoms or legitimate interests of the data subject.”*

10.6 Before such activity is undertaken however, the Group Manager Counter Fraud & Investigation will work with the Information Manager to ensure the activity is proportionate, necessary and legal.

## **11. Fraud Awareness & Training**

11.1 We recognise that the key to the continuing success of our anti-fraud culture depends upon programmed fraud awareness training for staff and those who work with us.

11.2 We support the principle of providing training for all our staff, to ensure that their responsibilities and duties are regularly reviewed and reinforced.

11.3 We will seek to ensure our stance on fraud and corruption is widely publicised both internally and externally to the Council. All Members, employees, workers and other associated bodies/persons with whom the Council conducts its business will be appropriately informed of this policy and the supporting framework as outlined in Section 4 above.

11.4 We are also committed to training and developing our staff that are involved in investigating fraud, bribery, money laundering and corruption, and will ensure suitable training is provided.

## **12. Prosecution, Sanction and Redress**

12.1 Thurrock Council takes a zero tolerance approach to all types of fraud, theft, bribery, money laundering and corruption where as a matter of principle, it would be wrong to assume that any sanction(s) should be held in abeyance to await another proceed to conclusion. The Council will always seek to sanction offenders and recover all losses as the victim of criminality.

### ***Housing & Council Tax Benefit & Council Tax Reduction Scheme Fraud***

12.2 The Counter Fraud & Investigation Service is responsible for investigating all suspected benefit fraud, where a claimant is suspected of failing to declare their earnings, income or capital, or conceal circumstances, to obtain benefits that they are not entitled to. *This responsibility on the Council to investigate Housing Benefit fraud ceases on 31st October 2015. As of 1<sup>st</sup> November 2015 the DWP will have sole responsibility for preventing, detecting and deterring all benefit fraud (including Housing Benefit & Council Tax Benefit).*

12.3 Offences concerning benefit fraud fall under several pieces of legislation including: the Social Security Administration Act 1992, Theft Acts 1968, 1978, Criminal Attempts Act 1981, Forgery and Counterfeiting Act 1981, Criminal Justice Act 1987 and the Fraud Act 2006.

12.4 At the conclusion of an investigation the following course of action will be considered:

- Take No Action
- Recovery of Overpayment Only
- Administration of a simple caution (Local Authority)
- Invoke an Administrative Penalty
- Prosecution

#### Recovery of Overpayment Only

12.5 This option will be used where the circumstances of the case are such that any form of sanction will be inappropriate, although if benefit has been overpaid Thurrock Council will still pursue the claimant for repayments. This option is considered when:

- The case would involve Thurrock Council in adverse publicity
- The case papers reveal possible error in procedures, such as an unnecessary delay
- Any Sanction or prosecution action would place a child or vulnerable person at risk, such as an informant.

#### A Local Authority (Simple Caution)

12.6 Thurrock Council may consider issuing a caution in the following circumstances: -

- The claimant has never previously offended
- There was no planning involved in the fraud
- Penalty action is not appropriate
- The offence is minor
- The amount of overpayment is relatively low (below £500) or the fraud has taken place over a relatively short period of time
- The offence was admitted during an interview under caution
- The person has expressed remorse of regret
- It may not be in the public interest to prosecute, i.e. there might be social or medical factors to consider
- There is a strong likelihood of the full amount being repaid.

*If the person refused the caution the case will normally be prosecuted.*

#### An Administrative Penalty

12.7 The penalty is the equivalent of a fine- amounting to 30% or 50% of the overpaid benefit (depending on when the offending took place) under s.115a of the Social Security Administration Act 1992). The amount is not negotiable with the claimant.

12.8 The Council may consider issuing an Administrative Penalty in the following circumstances:

- The claimant has never previously offended

- There was no planning involved in the fraud
- There was no other person involved in the fraud
- A caution is not appropriate
- The offence is minor
- The amount of overpayment is relatively low or the fraud has taken place over a relatively short period of time
- The offence was not admitted during the Interview Under Caution.
- It may not be in the public interest to prosecute i.e. there may be social or medical factors to consider.

*If the person refuses the Administrative Penalty the case will normally be prosecuted.*

#### Prosecution

- 12.9 Cases investigated that have identified large overpayments, aggravating factors such as a forged, counterfeit documents, false identities, organised or over a protracted period will always be recommended for prosecution.
- 12.10 Any person prosecuted by Thurrock Council will be reported to the local Criminal Justice Unit in Essex Police for their details to be recorded on the Police National Computer.

#### ***Insider (Employee) Fraud***

- 12.11 If an employee is suspected of a criminal offence the allegation must be immediately referred to the Counter Fraud & Investigation Service for relevant enquiries to take place.
- 12.12 All reports of fraud by an employee will be investigated expeditiously in-line with relevant investigative legislation (PACE, CPIA, CJA) and the Council's Code of Conduct.
- 12.13 If an Investigator believes that an employee has committed a criminal offence the employee must be interviewed on tape and under caution under PACE (pursuant with the Investigation Staff Manual).
- 12.14 At the end of the investigation into an employee a full investigation report along with all relevant evidence and witness statements will be submitted by the Group Manager Counter Fraud & Investigation to the Head of Human Resources, Head of Legal Services and the Head of Corporate Finance for consideration of any relevant sanctions. The decision on how to deal with an employee suspected of a criminal offence will be dealt with pursuant with the guidance in Appendix 2.

#### **Redress**

- 11.2 Thurrock Council will always seek to recover assets lost due to criminality. There are several ways losses can be recovered. Thurrock Council's Counter Fraud & Investigation Service deploys Accredited Financial Investigators with the powers

conferred under the Proceeds of Crime Act 2002 to investigate, restrain and confiscate assets attributed to criminality.

- 11.3 In housing specific cases the Council can consider: Instigating recovery of property, Removal from Housing Register, Cancellation of Temporary Accommodation, Disallowed from Right to Buy (RTB), Sue for loss of rent or RTB/portable discount, Benefits Tracing of address for recovery of overpayment from Landlord or Tenant, and Asylum Seekers Tracing of address for recovery of overpayment from Landlord or Tenant.
- 11.4 The Council can also consider: Charges on property, Third Party (Garnishee), Attachment of earnings, Freezing Injunctions, Insurance Claims (fidelity guarantee), Pursuing debts via legal proceedings, Confiscation orders, Compensation orders and Restitution Orders.

## Appendix 1

### What to do if you suspect fraud or corruption

#### Summary

It is important that everyone who works at the Council does everything they can to prevent and detect all economic crime to ensure that we can continue to provide an excellent service to the residents of Thurrock.

#### ***What should I do if I think there's a fraud?***

The Council has a code of conduct for all employees, which makes it clear that employees should report any impropriety or breach of procedure that they encounter in working for the Council.

Employees (including managers) wishing to raise concerns about fraud should first contact the Counter Fraud & Investigation Service, ***in confidence*** on **03000 999 111**. The Counter Fraud & Investigation Service is staffed by experts in their field who are able to act on any concerns you raise. You do not have to give your name.

Employees should also speak to their Line Manager, if possible, about their concerns.

If you wish to speak to someone outside the Council about your concerns you can contact the confidential independent reporting line on: **0800 854 572** where Focus EAP Ltd provides a comprehensive employee support programme.

Your call will be answered by a trained counsellor who will treat your call sensitively, provide you with support, information and guidance, as appropriate, and guide you through the Whistleblowing process. With your express permission Focus will then report the issue directly to the highest-ranking Officer of the Council who is not implicated by the issue. Your identity will not be revealed to anyone within the Council without your agreement.

#### ***Alternative methods***

You can report any concerns about fraud to your local Councillors.

A Trade union representative can be contacted by raise a matter on their behalf.

The police – suspicions of fraud or corruption may be reported directly to the police.

The Local Government Ombudsman – this is an independent body set up by the government to deal with complaints against Councils in the United Kingdom.

Public Concern at Work – this is a charity, which provides free and strictly confidential legal help to anyone concerned about a malpractice, which threatens the public interest. They operate a help line on **0207 404 6609** or can be emailed at: [whistle@pcaw.co.uk](mailto:whistle@pcaw.co.uk).

## Relevant Contacts

Contact	Details
<p>Counter Fraud &amp; Investigation Service</p> <p><i>(Responsible for investigating all allegations of economic crime)</i></p>	<p>CO2, 4<sup>th</sup> Floor Civic Offices New Road Grays Essex, RM17 6SL</p> <p>Tel: 03000 999 111 Fax: 01375 652789 E-mail: <a href="mailto:cfidreport@thurrock.gov.uk">cfidreport@thurrock.gov.uk</a></p>
<p>Head of Corporate Finance <i>(s.151 Chief Finance Officer)</i></p> <p>Sean Clark</p>	<p>CO2, 3<sup>rd</sup> Floor Civic Offices New Road Grays Essex, RM17 6SL</p> <p>Tel: 01375 652010 E-mail: <a href="mailto:sclark@thurrock.gov.uk">sclark@thurrock.gov.uk</a></p>
<p>Internal Audit</p> <p>Gary Clifford</p>	<p>CO2, 3<sup>rd</sup> Floor Civic Offices New Road Grays Essex, RM17 6SL</p> <p>Tel: 01375 652702 E-mail: <a href="mailto:gclifford@thurrock.gov.uk">gclifford@thurrock.gov.uk</a></p>
<p>Confidential Whistleblowing Line</p> <p>Focus EAP Ltd</p>	<p>Tel: 0800 854 572</p> <p>E-Mail: <a href="mailto:support4u@focuseap.co.uk">support4u@focuseap.co.uk</a></p>
<p>Public Concern at Work</p>	<p>Suite 306 16 Baldwin Gardens, London, EC1N 7RJ</p> <p>Tel: 020 7404 6609 E-mail: <a href="mailto:helpline@pcaw.co.uk">helpline@pcaw.co.uk</a> (helpline) <a href="mailto:whistle@pcaw.co.uk">whistle@pcaw.co.uk</a> (enquiries) Website: <a href="http://www.pcaw.co.uk">www.pcaw.co.uk</a></p>

## Appendix 2

### Managing Cases of Suspected Employee Fraud/Bribery/Corruption/Money Laundering

#### 1. Background

- 1.1 Allegations concerning an employee's involvement in any form of fraud, theft, bribery, corruption and money laundering, are the most serious and organisation can face. How an organisation responds to such allegations is key to ensuring that the rights of those affected, the Council and most importantly the employee are protected from unlawful infringement.
- 1.2 Thurrock Council is fortunate to have a nationally recognised service that is highly trained and effective in investigating the most serious allegations of criminality. The Counter Fraud & Investigation Service is Thurrock Council's key responsible service that, working to national best practice and law, can respond to allegations of any criminality alleged against a Council worker.
- 1.3 This protocol is designed to outline a detailed strategy to respond to related allegations and provides a statement of policy which everyone working at Thurrock Council must follow.

#### 2. Action by a Line Manager

- 2.1 If you suspect that an employee is involved in any form of fraud, theft, bribery, corruption or money laundering, you should report it immediately to the Counter Fraud & Investigation Service on **03000 999 111**. This number is manned, 24 hours a day by a criminal investigation expert who can provide you with immediate advice, guidance and support on how to proceed next.
- 2.2 As soon as a report is received by the Counter Fraud & Investigation Service a coordinated response will be devised with Human Resources, Legal Services, the Council's statutory Chief Finance Officer and your Line Management.
- 2.3 Do not interfere with any of the potential evidence and make sure it is kept in a safe place.
- 2.4 **Do not** try to carry out an investigation yourself. This may damage any subsequent investigation and could harm potential evidence.

#### 3. Action by a Human Resources

- 3.1 Any allegations of fraud, theft, bribery, corruption and money laundering received by a member of staff in Human Resources must be first referred to the Counter Fraud & Investigation Service.
- 3.2 If you suspect that an employee is involved in any form of fraud, theft, bribery, corruption or money laundering, you should report it immediately to the Counter Fraud & Investigation Service on **03000 999 111**. This number is manned, 24 hours a day by a criminal investigation expert who can provide you with immediate advice, guidance and support on how to proceed next.

- 3.3 In some cases the decision to commence action defined in the Council's disciplinary policy can have a serious consequence to the ability of detecting serious misconduct that has resulted in or is continuing to result in financial loss to the Council or its service users.
- 3.4 It is therefore the policy that no action, forming part of the Council's disciplinary policy, will be taken unless it is agreed in advance, collaboratively, by the Group Manger Counter Fraud & Investigation, Section 151 Officer (Head of Corporate Finance), Head of Human Resources and Head of Legal Services.
- 3.5 Do not interfere with any evidence and make sure it is kept in a safe place.
- 3.6 **Do not** try to carry out an investigation yourself. This may damage any subsequent investigation and could harm potential evidence.

#### 4. **Action by the Counter Fraud & Investigation Service**

- 4.1 Any allegations of fraud, theft, bribery, corruption and money laundering are investigated and managed by the Counter Fraud & Investigation Service. Using national best practice, advanced techniques and legislation, the service is able to fully scope and investigate any allegations to the highest levels of proof.
- 4.2 After approval to commence enquiries the CFIS will make an initial assessment as to whether there is enough information to warrant further investigation.
- 4.3 At the conclusion of this initial review stage the following options will be considered:

##### **No Evidence of a Criminal Offence**

- 4.4 If at the conclusion of the initial review stage it is clear that there is no evidence of a criminal offence being committed, and after consultation with the Head of Corporate Finance, the CFIS will close the investigation in writing, ensuring that the Head of Human Resources, Head of Legal Services and the staff members' Head of Service are informed of the reasons for the closure.
- 4.5 Whilst such action represents the closure of the criminal investigation, it does not preclude any further action which is deemed necessary by the Head of Human Resource in accordance with the Council's policy.
- 4.6 Any relevant documentation collected during the course of the initial enquiry will be made available to the Head of Human Resources, subject to any regulatory restrictions, should it be necessary.

##### **Evidence of a Criminal Offence**

- 4.7 Where evidence is identified to support the allegation, the CFIS, in conjunction with the Head of Corporate Finance, will determine the appropriate course of action with respect to any further investigation.
- 4.8 Where an investigation is to continue, this will be conducted solely by the CFIS.

4.9 If an alleged criminal offence implicates the Head of Corporate Finance, the details will be reported directly to the Chief Executive and also the Monitoring Officer, by the CFIS.

## 5. **Suspension**

5.1 In some cases during the course of an investigation there may be need to consider the suspension of a worker from the Council until the investigation can be completed. Examples of such instances are:

5.1.1 To prevent the loss, destruction or concealment of evidence

5.1.2 To prevent the continuation of the offence i.e. where the subject can continue to commit offences related to the enquiry, resulting in further loss to the Council

5.1.3 In cases where the professional conduct of the subject could place other Council staff or service users in a position of risk

5.1.4 Gross misconduct (as detailed in the Council's policy)

5.2 Whilst the decision to suspend a person, when a referral is being investigated rests with the manager, under advisement of by Human Resources, the CFIS will provide all the available facts at the time to ensure that the most appropriate decision is made.

5.3 Such action should be considered on a case to case basis and would also need to be taken in accordance with the Council's disciplinary procedure regarding the suspension of staff.

5.4 The Council's disciplinary procedure requires that an individual is aware of why they are suspended. This should be borne in mind when considering whether to suspend. If a CFIS investigation is to take place and it is thought necessary to suspend, this could be where the success of the investigation could be dependent on the individual not being aware it is taking place (as they may destroy incriminating evidence etc). In these circumstances the joint decision by the Group Manager Counter Fraud & Investigation, Head of Corporate Finance, Head of Human Resources and Head of Legal Services, will be made as to how to progress the suspension.

5.5 Investigating officers are reminded that the Council seeks to keep staff suspensions to a minimum and every effort should be made to conclude any investigation thoroughly and quickly. Where another law enforcement agency (Police etc) are involved and a member of staff is suspended then the Group Manager Counter Fraud & Investigation, Head of Corporate Finance, Head of Human Resources and Head of Legal Service must be informed.

## 6. **Continued Investigation**

6.1 After approval from the Head of Corporate Finance, the CFIS will conduct an investigation in accordance with the Investigation Staff Manual.

6.2 During the conduct of the enquiry all requests for the release of information should first be approved by the CFIS in order to prevent jeopardising the ongoing criminal investigation.

6.3 Where a member of staff is suspended in these circumstances it is important that no one informs them of a CFIS investigation – subject to 5.4 above.

## 7. Conclusion of Investigation

7.1 At the conclusion of a criminal investigation there are four possible outcomes which may need to be considered, these are not mutually exclusive.

7.2 These are:

7.2.1 No case to answer

7.2.2 Criminal prosecution

7.2.3 Civil action

7.2.4 Internal disciplinary process.

7.3 The investigation should be completed before a decision is taken on the appropriate combination of sanctions to be applied.

7.4 No Case to Answer

7.4.1 In some cases after investigation by the CFIS, there may be insufficient evidence to recommend any sanctions against the subject to whom the enquiry related. In these cases the CFIS will provide a report to the Head of Corporate Finance in which the details of the case and the reason that no further action can be taken will be explained. This report will bear no details of the subject of the enquiry or any person that assisted with the conduct of the enquiry and will be in accordance with paragraphs 4.4 to 4.6.

7.5 Criminal Prosecution

7.5.1 Where a prima facie case is established against the subject, it may be decided that criminal prosecution is the most appropriate sanction.

7.5.2 In these cases the CFIS will report to the Head of Corporate Finance and approval must also be sought from the Head of Legal Services.

7.6 Civil Action

7.6.1 Where it is cost effective and desirable for the purpose of deterrence and to recover monies lost as a result of fraudulent activity, it may be decided that civil redress is the most appropriate course of action. In such instances, the CFIS will submit a final report to the Head of Corporate Finance, which not only outlines the case and identifies offences, but also clearly identifies the losses sustained by the Council. It is then the responsibility of the Council to use the civil law to recover any losses. Legal advice may be sought to clarify the issues in these cases.

## 7.7 Internal Disciplinary Process

- 7.7.1 In certain instances, although a prima facie case of crime has been established, it may be recommended that internal disciplinary proceedings should be pursued.
- 7.7.2 Where this recommendation is made, the CFIS will produce a report for the Head of Human Resources detailing the facts of the case, any witnesses identified and evidence obtained during the course of the investigation and the criminal offences and losses that have been established.
- 7.7.3 Prior to passing any reports to the Head of Human Resources the CFIS must first seek approval from the Head of Corporate Finance. Where the Head of Corporate Finance decides that the report could not be passed to the Head of Human Resources, then the Head of Corporate Finance will discuss this with the Head of Human Resources and/or the Chief Executive.
- 7.7.4 Where an internal disciplinary proceeding is held, the involvement of the CFIS will be restricted to the provision of information as outlined in 7.7.2, and where necessary, called as a witness to present the findings of their report. Under no circumstances should the CFIS be appointed as the investigating officer with respect to this form of sanction. However, the CFIS can assist the investigating officer by clarifying areas of concern and conduct further work as required.
- 7.7.5 When conducting a disciplinary investigation, in order to demonstrate that they are acting fairly and reasonably, the employer should inform the employee if they know of any existing or potential criminal (i.e. police) investigation. ***At no time should anyone make any express or implied promise that criminal proceedings will not be brought, provided an employee answers all questions.*** Such an approach would put at risk any further prosecution and such agreements are unenforceable as they are contrary to public law.
- 7.7.6 The decision regarding applying the most appropriate sanction will be made at a disciplinary hearing by the appropriate manager of the member of staff. As provided for in the Council's disciplinary guidance for Managers, if the Head of Corporate Finance believes there is a need to have financial representation / advice regarding the matter, then a senior member of the Corporate Finance will be on the disciplinary panel to advise the manager.
- 7.7.7 For staff who are members of a professional body (i.e. HCPC) there may also be a need to make a referral to that organisation. The Head of Human Resources, in consultation with the CFIS, will be responsible for liaising with the appropriate Director to ensure that this is carried out in accordance with Council's disciplinary procedures and the requirements of the various bodies' codes of practice.

## 8. Parallel Sanctions

- 8.1 In the case of some investigations, the option of pursuing parallel or triple sanctions may be considered.
- 8.2 There is nothing to prevent an employer conducting a disciplinary enquiry if criminal charges are being considered or a criminal investigation is in progress, as long as the process is not in conflict of either process and is conducted fairly and in accordance with the Council's disciplinary procedure.
- 8.3 In such instances the CFIS will carry out an investigation with a view to pursuing criminal prosecution whilst, simultaneously, appropriate investigating officers appointed under the disciplinary procedure will conduct an internal disciplinary enquiry. The advantage of this approach is that all appropriate action is taken by the Council at the earliest opportunity.
- 8.4 Where such an approach is approved by the Head of Corporate Finance, the CFIS will provide sufficient copies of evidence to Human Resources as detailed in paragraph 7.7.2, in order that internal disciplinary proceedings can commence. The CFIS will continue the criminal investigation and follow the procedures outlined in paragraphs 6.1 and 6.3.
- 8.5 The decision to run parallel sanctions will be determined on a case by case basis with emphasis on a successful criminal sanction being of the highest priority. No disciplinary action should be commenced if there is a risk to the investigation being conducted by the CFIS. Crucial to the success of this approach will be the establishment and maintenance of clear communication channels between all parties pursuing separate actions (whether criminal, disciplinary or civil).
- 8.6 In investigating economic crimes under the disciplinary procedure there is a need to ensure that the process is applied carefully to ensure that any legal process is not compromised e.g. the employee cannot be entrapped into making any statement against their own interests also an agreement not to prosecute, in return for consideration, may be unlawful, unenforceable and contrary to public policy. ***Therefore, those conducting a disciplinary interview should never make any express or implied promise of offer that the case will not give rise to criminal sanction if the employee answers questions.***
- 8.7 An employee interviewed in a disciplinary interview must not be given the impression that the Council has any discretion about whether criminal matters will be pursued with the CFIS or other law enforcement agency in order to gain cooperation with the process.
- 8.8 There is nothing to stop the CFIS or other investigator from conducting an interview under caution before or after a disciplinary interview has taken place. In practice, where a criminal liability is known or suspected any interview must be conducted under criminal legislation before a disciplinary interview. It should be noted that it would be the answers given in the interview under caution which could be used as evidence in any subsequent criminal proceedings can be used in any disciplinary proceeding. The disciplinary interview may be excluded from any criminal trial however depending on the facts of the case.

- 8.9 The employee does not have to answer questions during a disciplinary interview but if there is sufficient evidence of guilt and the employee cannot or will not provide an explanation, the Council may act on the evidence available at that time and fairly dismiss the employee. It does not follow that dismissal before the outcome of criminal proceedings will necessarily be unfair.
- 8.10 The employer is entitled to consider whether the material before it is strong enough to justify dismissal without waiting for the employee's explanation. If the evidence produced is, in the absence of explanation, sufficiently indicative of guilt, the Council may be entitled to act, and may fairly dismiss the employee.
- 8.11 There would be nothing to prevent the Council from pursuing civil proceedings for the recovery of money during a criminal investigation. It would be for the defendant in those civil proceedings to apply for an adjournment of the civil proceedings. In order to achieve this, the defendant would have to show that it was just and convenient to interrupt the employer's ordinary right to have the claim processed, heard and decided. The defendant would have to show that there was a real, not merely, notional, risk that there would be a miscarriage of justice in the criminal proceedings in order to persuade the court to exercise its discretion in their favour.
- 8.12 If asked for a reference the Council is obliged to notify a prospective employer that the individual was dismissed from the organisation and the reasons for dismissal.
- 8.13 Redress**
- 8.14 Irrespective of the sanctions pursued, it is the responsibility of the Council to use all measures available to them to recover any monies lost due to economic crime misconduct activity.
- 8.15 Criminal Redress**
- 8.16 With respect to criminal sanctions, this will be sought through the application for a Proceeds of Crime Act or similar order at court. This order will not only outline the losses sustained by the Council but also the cost of the investigation. Whilst such an award is discretionary such applications will be made by the CFIS in every criminal case.
- 8.17 Civil Redress**
- 8.18 Civil redress is available to the Council in all instances when initial attempts to recover the loss have failed eg. Non award of a compensation order or failure of internal administrative procedures. In such instances the Council can consider making an application to either the Small Claims or County Court (depending on the value to be recovered).
- 8.19 Consideration should be made as to the cost effectiveness of this form of address and the Council may wish to consult their solicitors prior to pursuing such action.

8.20 The Council should also consider if the economic crime case type may allow for recovery of contributions made to the Local Government Pensions Scheme and / or Her Majesty's Revenue and Customs and should liaise with the CFIS.

### **8.21 Internal Disciplinary**

8.22 Human Resources / Corporate Finance should endeavour to seek to recover all monies lost by the Council using the Council's internal overpayment procedures, whilst conducting an internal disciplinary process against a staff member.

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# Appendix 1

## Counter Fraud & Investigation Case Summary to 31<sup>st</sup> March 2015

Fraud Type						
Case Status	Revenues & Benefit	Housing Tenancy	Social Care	Blue Badge	Other	Total
<b>Case Load</b>						
Referrals Received (Between 1/4/14 – 31/3/15)	568	764	3	9	3	1,347
Passed to another agency**	230	117	0	0	0	347
No offences**	231	562	0	0	0	793
Under investigation**	147	42	3	1	3	196
Closed**	86	562	1	8	0	657
**These Figures represent the status of investigations that commenced during 2014/15 but also those received in previous years but concluded in 2014/15.						
<b>Outcomes Achieved</b>						
Formal Caution	3	0	0	0	0	3
Administrative Penalty	14	-	0	0	0	14
Prosecution	18	0	1	0	0	19
Tenancy Property Recovered	-	71	0	0	0	71
Right to Buy Closed	-	7	0	0	0	7
Blue Badge Recovered	-	-	0	7	0	7
Warning Issued	0	0	0	1	0	1
Fraud Prevention Saving	0	0	0	0	0	0
Staff Contract Cessation	0	0	0	0	0	0

### Value of Proven Fraud re Closed Investigations

Prosecution	Caution	Administrative Penalty
£482,304	£6,814	£25,841
Right to Buy Closed	Tenancy Recovered	<b>TOTAL</b>
£545,300	£1,278,000	£1,823,300
<b>Proceeds of Crime Recovery</b>		<b>£229,131</b>

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# 2015/16 Corporate Counter Fraud and Investigation Strategy



Subject to annual review by Group Manager Counter Fraud & Investigation

# 2015/16 Corporate Counter Fraud and Investigation Strategy

## National Framework

Leaders of public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong financial management.

In 2012, when it was published, the vision outlined in the Fighting Fraud Locally, The Local Government Fraud Strategy was that by 2015, local government will be better able to protect itself from fraud and have in place a more effective fraud response. It is currently being updated by CIPFA's Counter Fraud Centre for agreement by the Cabinet Office.

On a more operational level, the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014) set out five principles for organisations to adopt, which are to:

- acknowledge the responsibility of the governing body for countering fraud and corruption
- identify the fraud and corruption risks
- develop an appropriate counter fraud and corruption strategy
- provide resources to implement the strategy
- take action in response to fraud and corruption.

Finally Protecting the Public Purse, Fighting Fraud Against Local Government 2014 reported on detected fraud in the sector, looking at year on year trends. It highlights the main fraud areas and the issues faced by local authorities in tackling this risk effectively.

There is a lot of duplication and overlap in terms of the actions each of these documents recommend local authorities take in order to achieve the vision set out in Fighting Fraud Locally. Nevertheless, the aim of this Strategy is to deliver this vision.

In November 2015, investigating housing benefit fraud will transfer to the Department for Work and Pensions (DWP) Single Fraud Investigation Service (SFIS). At present, the Council's view is that none of its staff will transfer to SFIS.

## Objective

*To work effectively with Council services to develop arrangements that keep fraud, corruption, bribery, theft and misappropriation under control whilst:*

- *exploring opportunities to reduce it to an absolute minimum, maximising the opportunity to recover losses incurred*
- *putting arrangements in place to maintain it at that level so the maximum resources are available to provide services to the local community.*

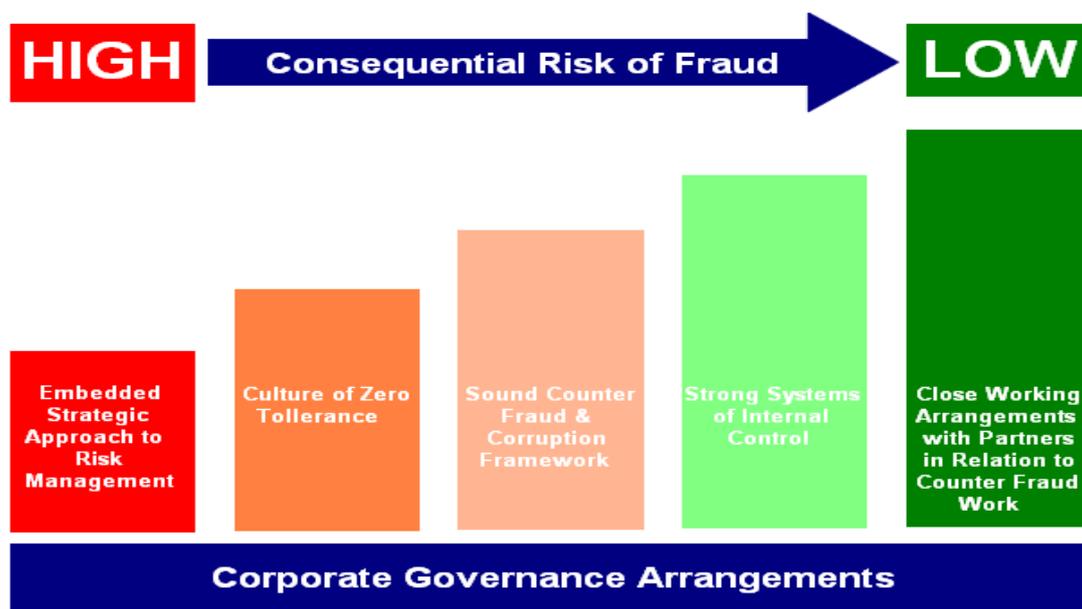
# 2015/16 Corporate Counter Fraud and Investigation Strategy

## Approach

The Counter Fraud and Investigation Directorate (“the Directorate”) will help the Council minimise financial loss from fraud, corruption, bribery, theft and misappropriation by:

- working with services to set the right culture
- focusing on deterrence and prevention
- having robust arrangements in place to detect potential fraudulent activity
- where necessary, investigating cases thoroughly, taking robust action to apply sanctions, obtain redress and recover financial losses incurred.

The approach adopted will also help the Council operate a sound anti-fraud governance framework designed to minimise this risk as set out below:



Source: ALARM Managing the Risk of Fraud

It will do this by:

- assessing the Directorate's compliance with good practice guidance relevant to local government, that sets out how a modern and professional counter fraud and investigation service should operate
- producing an annual report on the delivery of this strategy and compliance with good practice guidance
- maintaining an Anti-Fraud & Corruption Policy and Strategy as well as helping ensure staff are aware of the Whistleblowing Policy
- undertaking a programme of preventative and detective work targeted on key fraud risk areas
- adopting a modern, comprehensive approach to undertaking investigations which maximises the use of tools such as data analytics, forensic computing and financial investigation, taking every opportunity, once an offence is proven in court, to recover losses incurred by seeking:

## 2015/16 Corporate Counter Fraud and Investigation Strategy

- **Compensation Orders** for the amount the Court considers appropriate where it can be proved that the Council has suffered distress, personal injury or financial loss, which may also include a sum by way of interest
- **Confiscation Orders** requiring a convicted defendant to pay the amount he/she has benefited from the crime (under the Home Office Asset Recovery Incentivisation Scheme, the Directorate would receive 37.5% of this order to reinvest in the prevention and detection of fraud)
- **Unlawful Profit Orders** for the recovery from defendants of profits made from unlawful sub-letting either following conviction or in separate civil proceedings.

In delivering this, the Directorate will:

- install defined communication channels, with all service areas, in particular those with inherently higher fraud risk, through the deployment of Subject Matter Experts from the Directorate
- look for opportunities to develop beneficial collaborative working arrangements with other organisations and relevant agencies
- work closely with internal audit to provide an effective and integrated service to the Council.

### Code of Ethics

All counter fraud and investigation staff working for the Directorate will comply with Standards of Public Life's *Seven Principles of Public Life* as defined in the Local Code of Governance.

The four key principles they will adopt are as follows:

- The **integrity** of Counter Fraud and Investigation staff establishes trust and this provides the basis for reliance on their judgement.
- Counter Fraud and Investigation staff:
  - exhibit the highest level of professional **objectivity** in gathering, evaluating and communicating information about the activity or process being examined
  - make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.
- Counter Fraud and Investigation staff respect the value and ownership of information they receive and do not disclose information (**confidentiality**) without appropriate authority unless there is a legal or professional obligation to do so.
- Counter Fraud and Investigation staff apply the knowledge, skills and experience (**competency**) needed in the performance of counter fraud and investigation services.

Inappropriate disclosure of information or breaches of the Code of Ethics by Counter Fraud and Investigation staff could be a disciplinary offence.

All staff working for the Directorate will be required to sign an Ethical Governance Statement and declare any interests prior to starting an

## 2015/16 Corporate Counter Fraud and Investigation Strategy

investigation and to formally update their statement as part of their six monthly appraisal meeting.

### Risk Assessment

Fraud within local government is diverse and, based on research and intelligence, likely to be committed against all types of expenditure including payroll, goods and services, as well as against the taxes and benefits or services administered at a local level.

The National Fraud Authority (NFA) estimated in 2013 that fraud in local government amounted to £2.1bn representing 10% of total public sector fraud as outlined below:

Category	Annual Loss	Fraud Level%
Procurement Fraud	£876m	1% of spend
Housing Tenancy Fraud	£845m	2% of housing stock
Payroll Fraud	£154m	Not disclosed by NFA
Council Tax Discount	£133m	4% on discounts and reliefs claimed
Blue Badge Scheme Abuse	£46m	20% of badges misused
Grant Fraud	£35m	1% of spend
Pension Fraud	£7.1m	N/A based on NFA detection levels
Department for Works and Pensions (DWP) estimates:		
Housing Benefits Overpayments	£350m	

All of these identified risks with the exception of the pension fund are relevant to the Council and a source of potential financial loss.

The Audit Commission's report, Protecting the Public Purse 2014 concluded that local authorities detected fewer cases in 2013/14 but their value increased by 6%. It identified detected fraud in the following areas:

Category	Value
Council Tax Discount	16.9m
Right to Buy	12.3m
Social Care (Direct Payments)	6.2m

## 2015/16 Corporate Counter Fraud and Investigation Strategy

Category	Value
False Insurance Claims	4.8m
Abuse of Position	4.5m
Procurement	4.5m
Schools (maintained)	2.3m
Business Rates	1.2m

The Directorate will:

- take account of these nationally identified risks in developing its annual work programme
- work with the Internal Audit Service to develop the fraud risk aspect of the internal audit risk assessment which covers all Council activities. This will help joint working, particularly where proactive exercises are being planned.

### Work Plan

The Directorate's Corporate Counter Fraud and Investigation Plan for 2015/16 is split into three areas which include:

- assessing compliance with national frameworks (e.g. Fighting Fraud Locally and Protecting the Public Purse etc) to ensure the Council's governance arrangements in this area are fit for purpose
- delivering a programme of proactive work, including data matching exercises (**Appendix 4a**)
- delivering Team Management Development Projects designed to fully integrate the working practices of the combined team and two councils (**Appendix 4b**).

All allegations reported to the Directorate will be recorded and then risk assessed to determine the work priorities for the team.

Progress in delivering the work programme will be reported upon quarterly to Directors Board and the Standards & Audit Committee.

The work undertaken by the Directorate will inform:

- the Internal Audit annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements
- the Section 151 Officer's opinion when certifying the annual financial statements
- the view given by the Chief Executive and Leader on behalf of the Council in the Annual Governance Statement
- external audit's work when auditing the financial statements.

## **2015/16 Corporate Counter Fraud and Investigation Strategy**

### **Resourcing**

A staff needs assessment will be maintained to calculate the overall capacity of the service as well as that of each council. This will be taken into account when determining the size of the work programme for each council.

The allocation of work between proactive and investigations will be reviewed regularly and adjusted accordingly to ensure an appropriate balance is maintained.

### **Training and Development**

Staff development needs will be continually assessed and fed into the service's training plan to ensure that appropriate skills are available to deliver the Strategy. Consideration will also be given to the need for staff to meet mandatory continued professional development requirements, where this is relevant.

Staff will maintain individual training logs that satisfy relevant professional standards. These will be reviewed by line managers at least every six months as part of the corporate performance appraisal process.

Opportunities to purchase tailored training with other organisations will continue to be explored.

### **Service Performance**

The service will measure the impact of its work:

- through its contribution to ensuring the Council's governance arrangements in this area comply with good practice guidance
- by an increase in:
  - the identification and reporting of fraud incidents
  - housing properties recovered
  - the financial loss identified through targeted and effective proactive anti-fraud work
  - losses recovered via Confiscation, Compensation and Unlawful Profit Orders awarded to the Council, to a minimum value of £50k in 2015/16.

Quarterly performance reports will be produced for senior management and the Standards & Audit Committee.

### **Service Risk Register**

The Directorate will maintain a service risk register that supports the delivery of this Strategy. This will be reviewed and reported upon periodically in the quarterly performance reports to management.

## **2015/16 Corporate Counter Fraud and Investigation Strategy**

### **Undertaking Investigations**

An investigations manual will be maintained that guides staff in the performance of their duties. It will be reviewed regularly to reflect changes in working practices and standards. This will ensure that investigators obtain and record sufficient evidence to support their conclusions, professional judgements and recommendations.

The Directorate will make recommendations for improving any services, systems or processes should control weaknesses be highlighted by an investigation. It will work with Internal Audit, where necessary, to ensure:

- action plans are produced in a consistent format
- appropriate arrangements are made for checking that actions agreed are implemented, properly, in a timely manner.

The service will adhere to the Council's clear desk policy with regard to client information and investigation files.

Investigation files will be retained in accordance with the Council's file retention and disposal policy.

### **External Audit**

The Directorate will maintain an appropriate working relationship with the Council's external auditors, sharing documentation and reports as required to support the audit of the financial statements and any other work undertaken.

### **Appendices**

- Appendix 4a: Proactive Work Programme 2015/16
- Appendix 4b: Team Management Projects 2015/16

### Appendix 3a: Proactive Work Programme 2015/16

Fraud risk area	Tasks	Planned for
Housing Tenancy	Commence 'Operation Domus', the county-wide joint proactive drive to share data and intelligence on tenancy fraud.	July 2015
Right to Buy	Undertake a data matching exercise to identify potentially fraudulent applications.	August 2015
	Evaluate whether application processes can be strengthened to minimise the risk of fraud.	July 2015
Insurance	Evaluate whether insurance processes can be strengthened to minimise the risk of fraud.	August 2015
Business Rates	Conduct a data matching exercise to identify possible misuse of exemptions claimed for commercial property, including 'Phoenix Companies'.	July 2015
	Identify, from the data matching exercise, a tool that can be installed for use in the continual prevention of false exemption claims.	September 2015
	Evaluate whether Business Rates processes can be strengthened to minimise the risk of fraud.	July 2015
Council Tax	Evaluate whether Council Tax Discount and Exemption processes can be strengthened to minimise the risk of fraud.	August 2015
Social Care	Conduct a proactive exercise of Direct Payments to identify flags for potential fraudulent activity.	July 2015
	Conduct a proactive exercise of Financial Assessments to identify flags for potential fraudulent activity.	July 2015
	Introduce a trial protocol with the service to enable information and intelligence to be shared, with a view to identifying potential fraudulent claims for support in cases where the claimant should have No Recourse to Public Funds.	July 2015

### Appendix 3a: Proactive Work Programme 2015/16

Fraud risk area	Tasks	Planned for
Fraud Awareness	Produce newsletters, highlighting current fraud risks and trends with best practice advice and guidance and investigation outcomes.	Commencing July 2015
	Introduce a formal, detailed intelligence alert system across all Council departments to inform services of immediate fraud risks.	Commencing July 2015
National Fraud Initiative, Data Matching Exercise	Investigate high level recommended data matches until the 2015 exercise is complete.	Will report progress made on quarterly basis

### Appendix 3b: Team Management Projects 2015/16

	Tasks	Planned for
	<b>Corporate Arrangements (Fighting Fraud Locally)</b>	
1	Produce a standard Anti Fraud, Corruption and Bribery Policy and Strategy (including money laundering) that can be tailored by all organisations working with the Directorate.  Include the requirements of any good practice guidance relevant to different sectors (e.g. local authorities, social housing providers, schools).	July 2015
2	Refresh the Anti Money Laundering Policy and Strategy to take account of the updated guidance expected from CIPFA in 2015 (publishing date unknown at present).	July 2015
3	Check for consistency, any references to these policies within the Contract Procedure Rules, Financial Regulations or other elements of the Constitution.	August 2015
4	Update the Bribery Act and Money Laundering risk assessment survey if necessary.	August 2015
4a	Distribute the survey to Managers, collate the results and identify current, potential risk areas.	September 2015
4b	Deliver targeted training to those services who have a high exposure to those risks.	September 2015
5	Update the anti-fraud posters and leaflets to reflect the new operating arrangements and distribute.	July 2015
6	Collate and refresh, if necessary, the package of fraud awareness material to be used by all organisations working with the Directorate.	July 2015
7	Deliver the business case that the grant funding was awarded for.	2015/16
	<b>Working with other Services</b>	
9	Organise a workshop with HR to clarify working relationships when dealing with potential disciplinary issues as part of an investigation.	August 2015
11	Implement a protocol with Community Protection with a view to providing: <ul style="list-style-type: none"> <li>• shared intelligence on casework from both areas</li> <li>• Proceeds of Crime seizure, detention, restraint, investigation and confiscation support</li> <li>• joint operational support where a shared purpose exists</li> </ul>	August 2015

### Appendix 3b: Team Management Projects 2015/16

	Tasks	Planned for
	<b>Developing Performance Information</b>	
12	Fully implement a new IT case management system and regular team based performance monitoring reports.	July 2015
13	Develop a financial reporting template that shows, for the Directorate and each individual organisation working with it: <ul style="list-style-type: none"> <li>• potential funds to be recovered from cases</li> <li>• actual monies received</li> <li>• allocation of monies between the parties concerned.</li> </ul>	July 2015

<b>16 July 2015</b>	<b>ITEM: 13</b>
<b>Standards and Audit Committee</b>	
<b>Financial Statements and Annual Governance Statement Update</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non - Key
<b>Report of:</b> Sean Clark, Head of Corporate Finance	
<b>Accountable Head of Service:</b> Sean Clark, Head of Corporate Finance	
<b>Accountable Director:</b> David Bull, Interim Chief Executive	
<b>This report is Public</b>	

## Executive Summary

This report is for noting: The 2014/15 Financial Statement and Annual Governance Statement have been submitted to Ernst and Young for audit, the results of which will be reported back to this committee in September.

Members should note that there is no longer a requirement to bring these documents to the committee at this stage. 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 at this point.

### 1. Recommendation(s)

**1.1 That members note the Draft Annual Governance Statement and Financial Statements have been completed and passed to Ernst and Young for auditing**

### 2. Introduction and Background

2.1 The Financial Statements has been completed in accordance with statutory deadlines and reflect the requirements of the CIPFA/LASAAC Code of Practise on Local Authority Accounting (The Code).

2.2 Council underspent against the general fund balance by £0.028m in 2014/15

- 2.3 In 2013/14 there were two uncorrected items relating to information received after the closure of the accounts. While these were not material to the Council these have both been corrected for in 2014/15.
- 2.4 The Council is prepared for the upcoming audit and has liaised with the auditors to discuss any issues arising in advance for the audit. Their interim audit work is substantially complete with no significant issues highlighted to date. Similarly the audit of the IT systems is largely complete?
- 2.5 The Annual Governance Statement requires approval by the committee under the Accounts and Audit Regulations 2011. It is noted as good practice by CIPFA to complete this before the approval of the Financial Statements. Consequently the final statement will be approved at the same meeting in September.
- 2.6 The Annual Governance Statement reflects the continuous improvement made by the Council in resolving governance issues. The actions identified in the 2013/14 Statement have been reviewed and addressed within the year where possible. The governance framework remains sound and continues to support the delivery of priorities in the borough.

### **3. Issues, Options and Analysis of Options**

- 3.1 There are no issues arising from this report. The Financial Statements and Annual Governance Statement have been submitted for audit and the committee will receive a report back in September, accompanied by a report by Ernst and Young.

### **4. Reasons for Recommendation**

- 4.1 For the committee to note the completion of both statements

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

- 5.1 All services and senior management have been consulted in the compilation of both documents.

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

- 6.1 The level of resources and how they are allocated will affect the amounts available towards the Council's overall aims and objectives.

### **7. Implications**

#### **7.1 Financial**

Implications verified by: **Sean Clark**  
**Head of Corporate Finance**

The statements are largely governed by the code. Apart from reporting the Council's financial position as at 31 March 2015, there are no financial implications arising directly from this report.

## 7.2 Legal

Implications verified by: **David Lawson**  
**Monitoring Officer**

There are no legal implications from this report.

## 7.3 Diversity and Equality

Implications verified by: **Natalie Warren**  
Community Development and Equalities Manager

There are no diversity and equality implications from this report.

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

There are no other implications from this 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):

- There are detailed working papers to support the financial accounts in Corporate Finance.
- The Annual Governance Statement draws on a range of documents from around the Council.

## 9. Appendices to the report

- There are no appendices to this report

### Report Author:

Sean Clark  
Head of Corporate Finance  
Corporate Finance

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## Work Programme

Committee: Standards and Audit

Year: 2015/2016

Item	Date Added	Request By (Members/Officers)	Lead Officer	Progress / Update required
<b>16 July 2015</b>				
In Quarter 1 Review/Refresh of the Strategic/Corporate Risk and Opportunity Register	April 2015	Officers	Andy Owen	
Bridge Inspections	May 2015	Officer	Ann Osola	
2014/15 - Annual Regulation of Investigatory Powers Act Report:	April 2015	Members/Officers	Lee Henley	
Final Progress Report	April 2015	Officers	Gary Clifford	
Internal Audit 3 year Strategy 2015/16 to 2017/18 and Annual Plan 2015/16	April 2015	Officers	Gary Clifford	
Head of Service Internal Audit Annual Report 14/15	April 2015	Officers	Chris Harris & Gary Clifford	
Counter Fraud Report	April 2015	Officers	Sean Clark	
External Audit Plan 2014-2015	May 2015	Officers	Sean Clark & Ernst and Young	Carried forward from previous meeting as agreed with chair. Removed from by Ernst and Young

## Work Programme

Item	Date Added	Request By (Members/Officers)	Lead Officer	Progress / Update required
Financial Accounts update 14/15	April 2015	Officers	Sean Clark & Ernst and Young	
Internal Audit: Red Reports (as required)	April 2015	Members/Officers	Relevant Director	
Work Programme	Continuous	Members/Officers	Democratic Services Officer	

24 September 2015				
Regulation of Investigatory Powers Act - Quarter 1 (2015/16) Activity Report	April 2015	Officers	Lee Henley	
2014/15 - Annual Complaints Report	April 2015	Officers	Lee Henley	
2014/15 - Annual Access to Records Report	April 2015	Officers	Lee Henley	
Progress Report: Internal Audit	April 2015	Officers	Gary Clifford	
Financial statement 14/15	April 2015	Officers	Sean Clark	

## Work Programme

Financial Statements and Annual Governance Statement Update	April 2015	Officers	Sean Clark	
Disaster Recovery Plans	May 2015	Officer	Kathryn Adedeji/ Gary Staples	Carried forward from February meeting as agreed with chair.
Ernst and Young - Audit Results Report 2014/15	April 2015	Officers	Sean Clark & Ernst and Young	
Internal Audit: Red Reports (as required)	April 2015	Members/Officers	Relevant Director	
Work Programme	Continuous	Members/Officers	Democratic Services Officer	

<b>8 December 2015</b>				
In Quarter 3 Review of the Strategic/Corporate Risk and Opportunity Register	April 2015	Officers	Andy Owen	
Regulation of Investigatory Powers Act - Quarter 2 (2015/16) Activity Report	April 2015	Officers	Lee Henley	
Progress Report: Internal Audit	April 2015	Officers	Gary Clifford	
Audit Protocol and Charter	April 2015	Officers	Gary Clifford	
Counter Fraud Report	April 2015	Officers	Sean Clark	
Ernst and Young - Annual Audit Letter 2014/15	April 2015	Officers	Sean Clark & Ernst and Young	

## Work Programme

Internal Audit: Red Reports (as required)	April 2015	Members/Officers	Relevant Director	
Work Programme	Continuous	Members/Officers	Democratic Services Officer	
<b>15 March 2016</b>				
Risk and Opportunity Management - Annual Review	April 2015	Officers	Andy Owen	
Six monthly Complaints Report (April 2015 – September 2015)	April 2015	Officers	Lee Henley	
Regulation of Investigatory Powers Act - Quarter 3 (2015/16) Activity Report	April 2015	Officers	Lee Henley	
Draft Internal Audit Plan 16/17	April 2015	Officers	Gary Clifford	
Public Sector Internal Audit Standards self assessment results and action plan	April 2015	Officers	Gary Clifford	
Internal Audit Progress Report	April 2015	Officers	Gary Clifford	
Grant Certification Report 2014/15	April 2015		Sean Clark & Ernst and Young	
Draft External Audit Plan 15/16	April 2015	Officers	Sean Clark & Ernst and Young	
Internal Audit: Red Reports (as required)	April 2015	Members/Officers	Relevant Director	

## Work Programme

Work Programme	Continuous	Members/Officers	Democratic Services Officer	
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To Be Allocated				
Item	Date Added	Request By (Members/Officers)	Lead Officer	Committee Date

Full details of Member's decisions can be viewed in the Minutes on the Council's Committee Management Information System - <http://democracy.thurrock.gov.uk/thurrock/>

**FOR CONSIDERATION**

**There are currently no items for consideration.**

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