Thurrock - An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future

Standards and Audit Committee

The meeting will be held at **7.00 pm** on **12 March 2020**

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

Membership:

Councillors Gerard Rice (Chair), David Potter (Vice-Chair), Gary Collins, Barry Johnson, Cathy Kent and Luke Spillman

Substitutes:

Councillors Abbie Akinbohun, Garry Hague, Tom Kelly and Lynn Worrall

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Agenda

Open to Public and Press

Page

1   Apologies for Absence

2   Minutes   **5 - 8**

To approve as a correct record the minutes of the Standards and Audit Committee meeting held on 19 December 2019.

3   Items of Urgent Business

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.

4   Declaration of Interests

Queries regarding this Agenda or notification of apologies:

Please contact Jenny Shade, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **4 March 2020**

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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

Non- pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature

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

You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

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

Our Vision and Priorities for Thurrock

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.

1.   **People** – a borough where people of all ages are proud to work and play, live and stay

   - High quality, consistent and accessible public services which are right first time

   - Build on our partnerships with statutory, community, voluntary and faith groups to work together to improve health and wellbeing

   - Communities are empowered to make choices and be safer and stronger together

2.   **Place** – a heritage-rich borough which is ambitious for its future

   - Roads, houses and public spaces that connect people and places

   - Clean environments that everyone has reason to take pride in

   - Fewer public buildings with better services

3.   **Prosperity** – a borough which enables everyone to achieve their aspirations

   - Attractive opportunities for businesses and investors to enhance the local economy

   - Vocational and academic education, skills and job opportunities for all

   - Commercial, entrepreneurial and connected public services

Minutes of the Meeting of the Standards and Audit Committee held on 19 December 2019 at 7.00 pm

Present:	Councillors Gerard Rice (Chair), David Potter (Vice-Chair), Gary Collins, Barry Johnson and Abbie Akinbohun (Substitute) (substitute for Sara Muldowney)
Apologies:	Councillors Cathy Kent and Sara Muldowney
In attendance:	Gary Clifford, Chief Internal Auditor Lee Henley, Strategic Lead, Information Management David Kleinberg, Assistant Director for Counter Fraud & Investigations Andy Owen, Corporate Risk and Insurance Manager Jenny Shade, Senior Democratic Services Officer

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

21.   **Minutes**

The minutes of the Standards and Audit Committee held on the 12 September 2019 were approved as a correct record.

22.   **Items of Urgent Business**

There were no items of urgent business.

23.   **Declaration of Interests**

There were no declarations of interest.

24.   **Regulation of Investigatory Powers Act (RIPA) - Activity Report April 2019 - September 2019**

Lee Henley, Strategic Lead Information Management, updated Members on the usage and activity of the Regulation of Investigatory Powers Act (RIPA) requests during the period 1 April 2019 to 30 September 2019 and stated that surveillance authorisations could not be summarised in detail so that on-going investigations were not compromised.

With no questions from Members, the Chair referred Members to the recommendation in the report.

RESOLVED

That the Standards & Audit Committee noted the statistical information relating to the use of Regulation of Investigatory Powers Act for the period 1 April 2019 to 30 September 2019.

25. **Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register**

Andy Owen, Corporate Risk and Insurance Manager, provided Members with an update on the key risks and opportunities identified by the mid-year review of the revised Strategic/Corporate Risk and Opportunity Register. Members were referred to the outcomes in the two Appendices of the report with the document being available via the shared Risk and Opportunity Management file on Objective.

With no questions from Members, the Chair referred Members to the recommendations in the report.

RESOLVED

1. **That the Standards & Audit Committee noted the items and details contained in the Dashboard.**

2. **That the Standards & Audit Committee noted the "In Focus" report that highlighted the higher priority items identified by the review.**

26. **Internal Audit Protocol 2019**

Gary Clifford, Chief Internal Auditor, provided Members with an update on the Internal Audit Protocol which had been updated to reflect changes to the Amber/Red assurance option from a position to a negative outcome and changes had been made to the job structure and titles.

Members were informed that the Final Report and Action Plan for Amber/Red opinions may be referred to senior management. If management were to fail to meet the deadlines detailed within the protocol the report would be published without management comments and management would therefore be called to the Standards and Audit Committee to explain the reasons for delay.

With no questions from Members, the Chair referred Members to the recommendation in the report.

RESOLVED

That the Standards & Audit Committee agreed that the Internal Audit Protocol provided the Council and the Internal Audit Service with a process for improving the timeliness of reporting arrangements and set out a formal escalation process for non-compliance.

27. **Internal Audit Progress Report 2019/20**

Gary Clifford, Chief Internal Auditor, updated Members on the progress report that covered the work undertaken since the last progress report presented to the Standards & Audit Committee on the 12 September 2019. Members were referred to the final assignment report that identified the areas covered and the actions agreed.

Members were informed that work continued on the work around the payments by result funding provided as part of the troubled families programme, the Chief Internal Audit had completed two grievance investigations with one investigation still ongoing and grants to the value of £130,000 had been spent and accounted correctly for the three grant returns covering Bus Subsidy Grant 2018/19, Pothole and Flood Resilience Funds 2018/29 and the Local Resilience Forum Brexit Contingency Grant 2019/20.

With no questions from Members, the Chair referred Members to the recommendation in the report.

RESOLVED

That the Standards & Audit Committee considered the reports issued and the work being carried out by Internal Audit in relation to the 2019/20 audit plan.

28. **Counter Fraud & Investigation Quarterly Update (Q2)**

David Kleinberg, Assistant Director for Counter Fraud & Investigations, outlined the performance of the Counter Fraud and Investigation Department over the last quarter for Thurrock Council as a whole as well as the work the team had delivered nationally for other public bodies.

Members were informed of a change to paragraph 3.2 of the report where the fraud value now stood at £716,863.

Members were updated on the current status of two activities in the Work Plan for 2019/20. The Cybercrime Risk Assessment had been extended to March due to the complexity and the Money Laundering Controls for Social Care Finance had slipped to January 2020.

Councillor Johnson asked whether the presentation at the Annual National Health Service Counter Fraud Conference had been a success. David Kleinberg stated the presentation had been a success which had been held in Newcastle over two days where NHS Trusts had been in attendance and had engaged with Thurrock in fighting fraud against the NHS.

RESOLVED

That the Standards & Audit Committee noted the performance of the Counter Fraud and Investigation Department.

29. **Work Programme**

Members discussed the Standards & Audit Committee work programme.

The meeting finished at 7.12 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

12 March 2020	ITEM: 5
Standards and Audit Committee	
Complaints & Enquiries Report – April 2019 – September 2019	

Wards and communities affected:	**Key Decision:**
All	Non-Key

Report of: Lee Henley - Strategic Lead Information Management
Accountable Strategic Lead: Lee Henley – Strategic Lead Information Management
Accountable Directors: Jackie Hinchliffe – Director of HR, OD & Transformation and Tim Hallam – Assistant Director of Law and Governance and Monitoring Officer
This report is: Public

Executive Summary

- The number of complaints received for the reporting period is 639. For the same period last year the figure was 860, therefore the reporting period represents a reduction (35%) in complaints received and logged.

- Details of the top 10 complaint areas are detailed within Appendix 1.

- A summary for Adult Social Care complaints is attached as Appendix 2.

- A summary for Children Social Care complaints is attached as Appendix 3.

- During the reporting period, 41% of complaints have been upheld. This is an improvement compared with the same period last year where 46% of complaints were upheld.

- For the reporting period, 86% of complaints were responded to within timeframe. This represents a slight decrease in performance on last year, where 87% were responded to within timeframe.

- A total of 140 MP/MEP enquiries were received, of which 86% were responded to within the timeframe. For the same period last year 299 were received, with 87% responded to within timeframe.

- A total of 1909 member enquiries were received, with 96% responded to within timeframe. The average time taken to respond to members enquiries across all Directorates was 4 days. For the same period last year, 2030 were received with 95% responded to within timeframe.

- The reporting period has seen a drop in compliments received.

1. Recommendations

1.1 To note the statistics and performance for the reporting period.

2. Introduction and Background

2.1 This report sets out the council's complaints statistics for the period 1 April 2019 to 30 September 2019.

2.2 Adult Social Care (ASC) and Children's Social Care (CSC) have separate statutory complaints procedures.

2.3 Top 10 complaint themes have been produced and are attached as Appendix 1. The Corporate Complaints Team work with services to establish the root cause for complaints received, to identify reasons for complaint escalation and to establish the reasons why complaints are upheld.

2.4 **Ombudsman Enquiries**

2.4.1 The table below provides a summary of formal enquiries where the Local Government and Social Care Ombudsman (LGSCO) and/or the Housing Ombudsman (HO) have reached a formal decision on cases within the reporting period. Findings and recommendations from all enquiries are shared with respective Directors and Assistant Directors.

Area	Issue Nature	Ombudsman Findings	Financial Remedy
Place – Transport Development	Regarding the restructuring of the Towers Road/Rectory Road roundabout	Maladministration Causing Injustice	£150
Children's Services - SEN	Delays in Education Health and Care Plan	Maladministration Causing Injustice	£5675
Place – Development Control	Lack of consultation with neighbours over planning application	No Maladministration	N/A
Housing – Private Housing Team	Disclosing landlords name to tenants	Maladministration Causing Injustice	£100
Children's Services - Commissioning	Concerns raised that Council staff were targeting an individual's business	No Maladministration	N/A

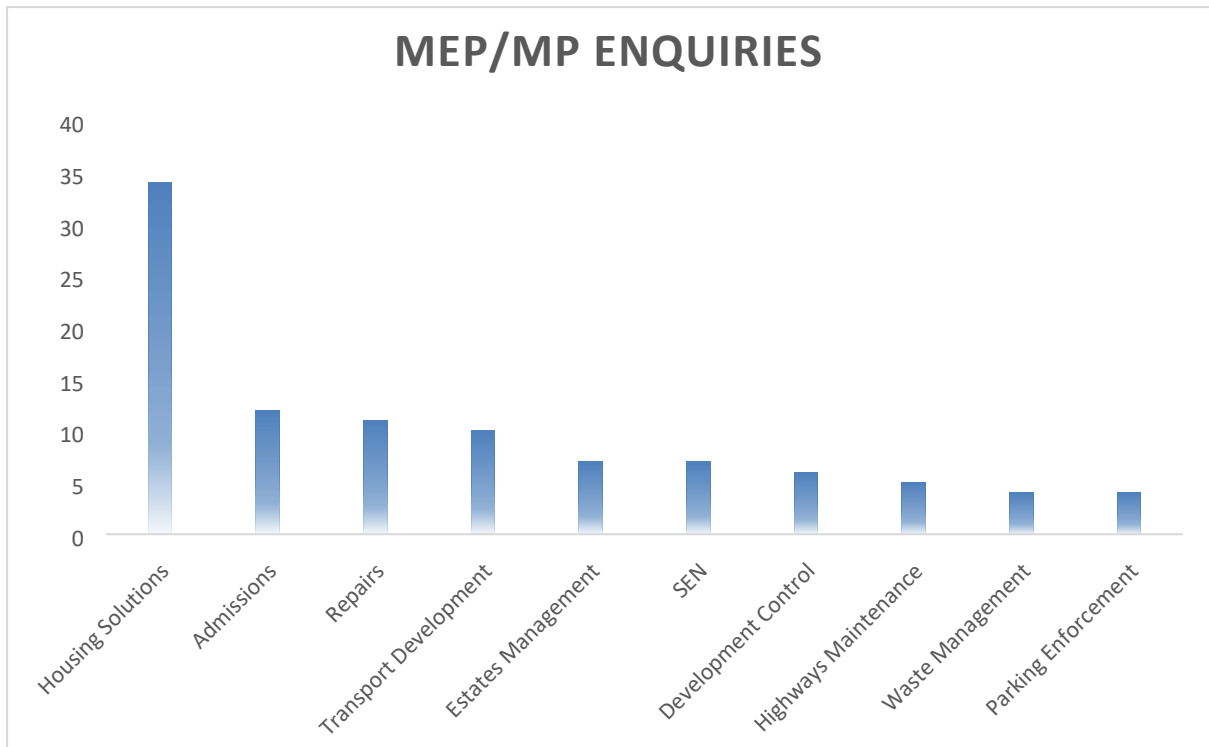2.5   **MP, MEP and Members Enquiries**

2.5.1 During the reporting period enquiries were received as follows:

- 1909 member enquiries were received, with 96% responded to within timeframe. The average time taken to respond to members enquiries across all Directorates was 4 days.
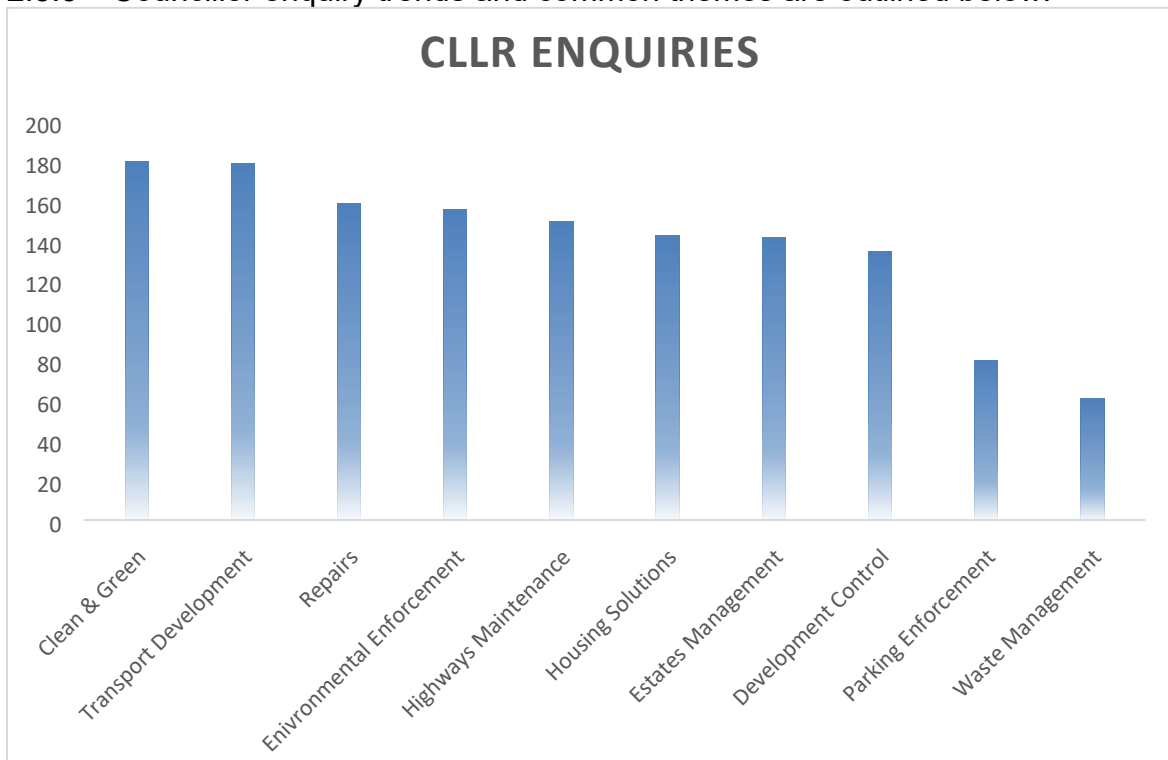
Type of Enquiry

MEP 0.5%

MP

Cllr

■ Members / Councillor Enquiry   ■ MEP   ■ MP Enquiry
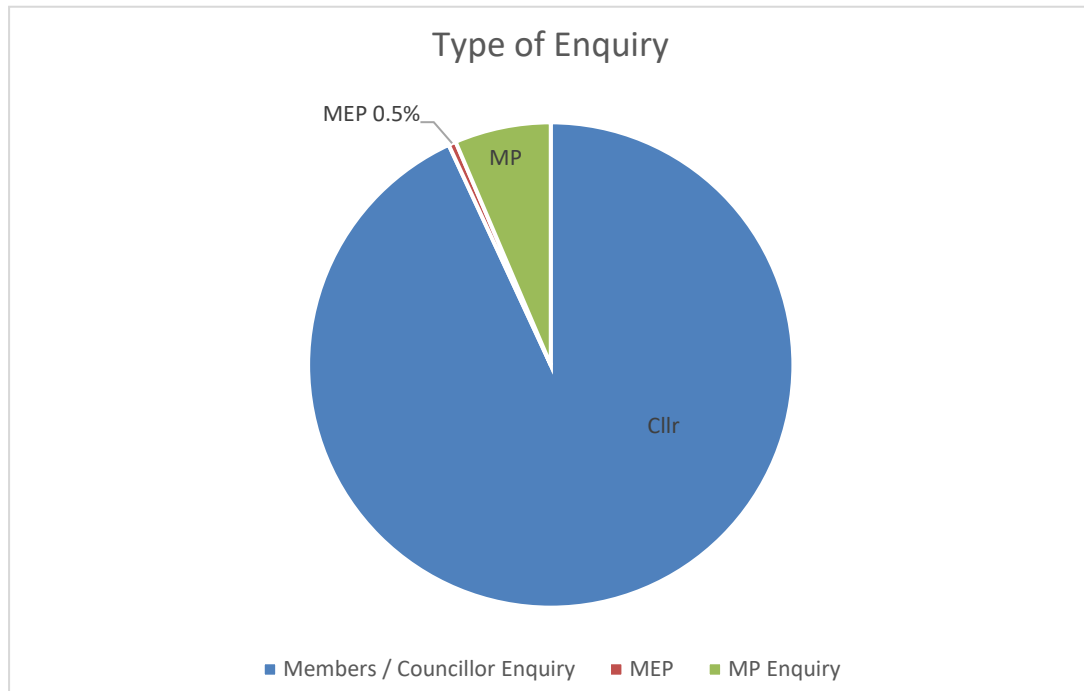
- A total of 140 MP/MEP enquiries were received, of which 86% were responded to within the timeframe.

2.5.2   MP/MEP enquiry trends and common themes are outlined below:

MEP/MP ENQUIRIES

Bar chart showing MEP/MP enquiries by category (vertical axis 0 to 40):

- Housing Solutions: ~35
- Admissions: ~12.5
- Repairs: ~11.5
- Transport Development: ~10.5
- Estates Management: ~7.5
- SEN: ~7.5
- Development Control: ~6.5
- Highways Maintenance: ~5.5
- Waste Management: ~4.5
- Parking Enforcement: ~4.5

2.5.3   Councillor enquiry trends and common themes are outlined below:

CLLR ENQUIRIES

Bar chart showing Councillor enquiries by category (vertical axis 0 to 200):

- Clean & Green: ~182
- Transport Development: ~181
- Repairs: ~162
- Environmental Enforcement: ~159
- Highways Maintenance: ~153
- Housing Solutions: ~145
- Estates Management: ~144
- Development Control: ~137
- Parking Enforcement: ~83
- Waste Management: ~63

2.6   Learning lessons from complaints

2.6.1   The most important aspect of any complaints management framework is the ability to demonstrate that the council can show evidence that it is learning

from complaints received. Appendix 1 shows top 10 complaint themes and positive trends and planned actions taken from those complaints upheld.

2.7   **Complaint investigation costs**

Complaints which escalate through the complaints procedure can result in additional costs to the Council in terms of officer time. Based on analysis it has been estimated that a stage 1 complaint costs £42, a stage 2 complaint costs £75 and a stage 3 complaint costs £120. As such complaint investigation costs for the reporting period are as follows:

Note – This is based on complaints closed (so will be different to the complaints received figure in the Executive Summary)

Complaint stage	No of complaints	Associated cost
Stage 1	411	£17,262
Stage 2	117	£8,775
Stage 3	1	£120

2.8   **Alternate Dispute Resolution**

Complainants are seeking resolution and welcome the involvement of a neutral third person who will be able to assist both the complainant and the service in negotiating a settlement to their complaint.

Alternate Dispute Resolution (ADR) is a mechanism to resolve complaints swiftly should the complainant request escalation. This involves assessment of the presenting issues by the Statutory & Corporate Complaints Manager and appropriate recommendations being made. It can also include mediation with the complainant and the service area.

Costs for independent investigations for both children and adult social care services differ depending upon complexity of the case, length of the investigation and in particular the need for independent persons in addition to an independent investigating officer for children's services. However, initial data analysis has shown that on average these costs are:

Adult Social Care   …   £3000 per complaint investigation
Children's Social Care   …   £1800 per stage 2
                           …   £1000 per stage 3

Within the reporting period there were 2 ADR's undertaken, both for Children's services preventing escalations to Stage 2, a saving of £3600.

2.9   **Compensation**

2.9.1   Records confirm that within the reporting period compensation payments have been made by the Council as outlined below:

Area	Complaint	Financial Remedy

	Stage	
Children's Services - SEN	LGO	£5675
Housing – Estates Management	Stage 2	£3000
Place – Transport Development	LGO	£150
Housing – Private Housing Team	LGO	£100
		Total £8925

2.10 Social Care Annual Complaints & Representations

- Appendix 2 provides a summary dashboard for Adult Social Care.
- Appendix 3 provides a summary dashboard for Children's Social Care.

2.11 Complaint channels

2.11.1 There are various means for complainants to register expressions of dissatisfaction. The top themes for the reporting period are shown below:

Digital channel (email, social media, website)	70%
Complaints Form	23%
Letter	5%
Telephone	1%
In person	1%

2.12 Compliments

2.12.1 The Council received a total of 281 external compliments within the reporting period compared to 420 from the same period last year. A breakdown is below.

Area	Volume
Housing	67
Environment & Highways	37
Finance & IT	2
Strategy, Communications & Customer Service	101
HR, OD & Transformation	3
Legal	0
Place	17
Children's	3
ASC	40
CSC	11
Total	**281**

3. Issues, Options and Analysis of Options

3.1 There are no options associated with this paper.

4.   Reasons for recommendations

4.1   This report is for noting purposes. There are no recommendations requiring approval.

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

5.1   This report was sent to Customer and Demand Board and Director's Board.

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

6.1   Complaints impact on the Council's priority of delivering excellence and achieving value for money.

6.2   The complaints process seeks to create a culture of corporate learning from best practice from listening to our customers and by acting on complaints. All complaints received must have learning applied if the complaint outcome is upheld.

6.3   The complaints process aims to improve customers' and users' experience of accessing Council services. This will support our customer services strategy.

7.   Implications

7.1   **Financial**

Implications verified by: **Jonathan Wilson**

                                            Assistant Director Finance

The financial implications are set out in the body of the report.

7.2   **Legal**

Implications verified by: **Tim Hallam**

                                            Assistant Director of Law and Governance and Monitoring Officer

- Both the Courts and the Local Government Ombudsman expect complainants to show that they have exhausted local complaints / appeal procedures before commencing external action.

- The implementation of our learning from complaints and listening to our residents should lead to a reduction of complaints received and a reduction in those going to the Ombudsman or the Courts.

- Social Care for Adult and Children are required to follow a separate procedure stipulated by the Department of Health (DOH) and Department for Education & Skills (DFES).

7.3 **Diversity and Equality**

Implications verified by: **Natalie Smith**

Strategic Lead Community Development and Equalities

The Information Management Team will ensure that the Community Development and Equalities Manager are aware of all complaints that have an equality related expression of dissatisfaction.

7.4 **Other implications**

None

8. **Background papers used in preparing the report**

Information has been obtained from the Council's complaints system.

9. **Appendices to the report**

Appendix 1 – Top 10 complaint themes
Appendix 2 – Adult Social Care complaint dashboard
Appendix 3 – Children Social Care complaint dashboard

Report Author:

Lee Henley

Strategic Lead Information Management

High level summary:

2019/20 – Six Month COMPLAINTS REPORT
Top Ten Complaints Areas

The areas receiving the highest number of complaints are outlined below together with the individual learning for each area grouped by Directorate. Figures in brackets below represent 2018/19 data.

Directorate & Area	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Environment - Waste Management	75 (125)	67% (78%)	7 (13)	19 (13)	68% (69%)	0% (15%)	0 (1)	0 (1)	0% (100%)	0% (0%)
Housing -Repairs	57 (95)	37% (42%)	2 (8)	5 (20)	40% (38%)	20% (3%)	2 (1)	2 (1)	0% (0%)	0% (0%)
Housing – Housing Solutions	43 (35)	47% (40%)	6 (3)	15 (19)	40% (37%)	7% (0%)	0 (1)	0 (2)	0% (0%)	0% (0%)
Housing – Estates Management	29 (29)	14% (45%)	4 (10)	14 (29)	14% (24%)	0% (7%)	3 (1)	3 (1)	0% (0%)	0% (0%)
Finance – Council Tax	36 (23)	28% (13%)	5 (3)	7 (7)	14% (14%)	0% (0%)	1 (2)	1 (2)	0% (50%)	0% (14%)

Place – Development Control	18 (14)	17% (21%)	5 (4)	11 (9)	9% (22%)	0% (0%)	1 (5)	1 (5)	0% (40%)	0% (22%)
Place – Transport Development	30 (4)	3% (0%)	0 (1)	0 (1)	0% (0%)	0% (0%)	0 (0)	0 (0)	0% (0%)	0% (0%)
Environment – Clean & Green	21 (32)	56% (72%)	1 (2)	3 (6)	100% (33%)	100% (17%)	0 (3)	0 (3)	0% (50%)	0% (25%)
Children's – SEN	14 (12)	57% (58%)	2 (4)	3 (5)	67% (20%)	0% (0%)	1 (2)	1 (2)	0% (50%)	0% (25%)
Housing – Transforming Homes	11 (10)	45% (50%)	0 (3)	3 (10)	67% (30%)	0% (0%)	0 (3)	0 (5)	0% (0%)	0% (0%)

- Complaints for this area cover both the internal Quality Assurance team & Contractors.

Comparative Data: Apr- Sept 2019-20 vs. 2018-19	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Apr- Sept 2019-20	57	37%	2	5	40%	20%	2	2	0%	0%
Apr- Sept 2018-19	95	42%	8	20	38%	3%	1	1	0%	0%
Difference	-38	-5%	-6	-15	+2%	+17%	+1	+1	0%	0%

Analysis – key themes / concerns	Comments to explain: • **Provide suggested progress going forward or** • **Provide a summary of positive impact**	Additional commentary from the Complaints Team
37% of Stage 1 complaints upheld (of 57 received). These are a combination of issues involving missed appointments, poor quality of work, delays in progressing works and general customer service issues.	The change of contractor for gas maintenance has contributed to a reduction in complaints received Overall upheld % has reduced by 5% which is a positive. Further monitoring and regular contract management meetings will be used to reduce recurring issues.	All indicators at Stage 1 have moved in a positive direction.
40% of Stage 2 complaints were upheld (of 5 received). 2 were escalations of Stage 1 issues and 3 direct staff complaints regarding contractor's staff behaviour.	As with Stage 1 complaints, prior learning actions are having a positive impact with the reduction in overall complaints received at Stage 2.	Whilst the upheld % at Stage 2 has increased, this is based on only 5 complaints. It's positive that Stage 2 volumes have significantly reduced.

Comparative Data: Apr- Sept 2019-20 vs. 2018-19	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Apr- Sept 2019-20	43	47%	6	15	40%	7%	0	0	0%	0%
Apr- Sept 2018-19	35	40%	3	19	37%	0	1	2	0%	0%
Difference	+8	+7%	+3	-4	+3%	+7%	-1	-2	0%	0%

Analysis – key themes / concerns	Comments to explain: • **Provide suggested progress going forward or** • **Provide a summary of positive impact**	Additional commentary from the Complaints Team
47% of complaints received at Stage 1 were upheld (of 43 received). Themes include caseworker concerns, dissatisfaction with current banding and issues with bidding.	Staff retraining provided in all instances of individual failure. Team processes have been updated when an upheld complaint has shown where the service can improve to provide an enhanced level of support.	Overall volume of complaints received and upheld percentage have both increased. This should be monitored further by the service.
40% of Stage 2 complaints were upheld (of 15 received.).The majority related to direct staff complaints regarding lack of contact or incorrect information provided.	As with Stage 1's learning largely reflects individual retraining when complaints are upheld rather than larger service or process related issues.	Volume of escalations from Stage 1 has increased but direct staff complaints have dropped. Overall % upheld has increased slightly and as with Stage 1's should be monitored.

Housing – Complaint Dashboard 2019/20

Estates Management

Comparative Data: Apr-Sept 2019-20 vs. 2018-19	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Apr- Sept 2019-20	29	14%	4	14	14%	0%	3	3	0%	0%
Apr- Sept 2018-19	29	45%	10	29	24%	7%	1	1	0%	0%
Difference	0	-31%	-6	-15	-10%	-7%	+2	+2	0%	0%

Analysis – key themes / concerns	Comments to explain: • **Provide suggested progress going forward or** • **Provide a summary of positive impact**	Additional commentary from the Complaints Team
14% of Stage 1 complaints were upheld (of 29 received.) These were quality of caretaking provided, concerns with anti-social behaviour team's actions and estates officers' actions.	Upheld complaints have dropped. This shows existing learning actions being embedded. Of those complaints upheld, these related to individual errors and where appropriate additional training was provided.	Key indicators in this area are positive.
14% of Stage 2 complaints upheld (of 14 received)	As with Stage 1 complaints there has been a further drop in overall upheld complaints as the majority of issues raised against staff have not been upheld.	Positive improvement in a reduction of complaints and a reduction in % upheld.

- Complaints for this area encompass both Transforming homes and Adaptation works to properties.

Comparative Data: Apr- Sept 2019-20 vs. 2018-19	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Apr- Sept 2019-20	11	45%	0	3	67%	0%	0	0	0%	0%
Apr- Sept 2018-19	10	50%	3	10	30%	0%	3	5	0%	0%
Difference	+1	-5%	-3	-7	+37%	0%	-3	-5	0%	0%

Analysis – key themes / concerns	Comments to explain: • **Provide suggested progress going forward or** • **Provide a summary of positive impact**	Additional commentary from the Complaints Team
45% of Stage 1 complaints were upheld (of 11 received.) These related to either delays in the progression of works or the quality of the works provided	Whilst complaint volumes have increased on last year slightly, overall percentage upheld has dropped slightly. The learning actions taken from those upheld complaints relate to the actions of contractors. As with previous years this is monitored with the contractor to ensure issues do not reoccur.	Volume of complaints and upheld % are largely unchanged year on year.
67% of Stage 2 complaints were upheld (of 3 received.) These were all direct staff complaints	Overall volume of complaints has dropped and no stage 1's were escalated. This shows the actions taken in resolving the initial complaints are effective.	The higher upheld percentage should be considered against the overall drop in complaint volumes which is a positive.

Environment & Highways Complaint Dashboard 2019/20

Waste Management

- Complaints for this area encompass Waste Collection and Bin Placement issues.

Comparative Data: Apr-Sept 2019-20 vs. 2018-19	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Apr- Sept 2019-20	75	67%	7	19	68%	0%	0	0	0%	0%
Apr- Sept 2018-19	125	78%	13	13	69%	15%	1	1	100%	0%
Difference	-50	-11%	-6	+6	-1%	-15%	-1	-1	-100%	0%

Analysis – key themes / concerns	Comments to explain: • **Provide suggested progress going forward or** • **Provide a summary of positive impact**	Additional commentary from the Complaints Team
67% of Stage 1 Complaints were upheld (from 75 received). The majority related to missed collections.	Whilst the percentage upheld remains high there has been a significant reduction in overall complaint volumes. This is due to the early intervention by supervisors to prevent initial missed collections becoming formal complaints.	Complaints volumes & upheld % have both dropped. The new Bartec system should help to continue this trend.
68% of Stage 2 complaints were upheld (of 19 received). These are a combination of missed collections and direct staffing complaints	Whilst the number of escalations has decreased there have been an increase in direct staffing complaints. These need to be monitored by the service to ensure issues do not reoccur.	Overall volumes of complaints have increased. Upheld % remains similar and will require further direct monitoring.

Environment & Highways Complaint Dashboard 2019/20

Clean & Green

Comparative Data: Apr- Sept 2019-20 vs. 2018-19	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Apr- Sept 2019-20	21	56%	1	3	100%	100%	0	0	0%	0%
Apr- Sept 2018-19*	32	72%	2	6	33%	17%	3	3	33%	17%
Difference	-11	-16%	-1	-3	+67%	+83%	-3	-3	-33%	-17%

*Note – This may not be a like for like comparison due to the classification of different issue natures.

Analysis – key themes / concerns	Comments to explain: • **Provide suggested progress going forward or** • **Provide a summary of positive impact**	Additional commentary from the Complaints Team
56% of complaints were upheld at Stage 1 (of 21 received). The majority related to lack of responses from online service requests	Where complaints were upheld teams were retrained on the importance of responding to initial service requests to prevent these becoming complaints.	Several cases still have learning outstanding due to lack of response to chasers from the complaints team.

Finance & IT Complaint Dashboard 2019/20

Council Tax

Comparative Data: Apr-Sept 2019-20 vs. 2018-19	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Apr- Sept 2019-20	36	28%	5	7	14%	0%	1	1	0%	0%
Apr- Sept 2018-19	23	13%	3	7	14%	0%	2	2	50%	14%
Difference	+13	+15%	+2	0	0	0	-1	-1	-50%	-14%

Analysis – key themes / concerns	Comments to explain: • **Provide suggested progress going forward or** • **Provide a summary of positive impact**	Additional commentary from the Complaints Team
28% of complaints were upheld at Stage 1 (of 36 received). The majority related to issues regarding bills received or delays in processing discounts.	Of those complaints upheld, the majority were due to individual errors by a single member of staff. Staff training was then provided.	Overall volume of complaints has increased, however the volume remains low when considering the service area in question.

- Complaints for this area cover all issues raised regarding planning applications & enforcement cases

Comparative Data: Apr-Sept 2019-20 vs. 2018-19	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Apr- Sept 2019-20	18	17%	5	11	9%	0%	1	1	0%	0%
Apr- Sept 2018-19	14	21%	4	9	22%	0%	5	5	40%	22%
Difference	+4	-4%	+1	+2	-13%	0%	-4	-4	-40%	-22%

Analysis – key themes / concerns	Comments to explain: • **Provide suggested progress going forward or** • **Provide a summary of positive impact**	Additional commentary from the Complaints Team
17% of Stage 1 complaints were upheld (of 18 received). These related to delays in processing of applications and lack of action in enforcement cases.	With the few complaints that were upheld, staff were retrained accordingly on the issues leading to the complaint occurring.	Low volumes of complaints received and the % upheld is low.
9% of Stage 2's upheld (of 11 received)	This area shows an improvement in performance, as whilst complaint volumes have increased slightly, the total number of complaints upheld was 1.	Low volumes of complaints received and the % upheld is low.

Comparative Data: Apr-Sept 2019-20 vs. 2018-19	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Apr- Sept 2019-20	30	3%	0	0	0%	0%	0	0	0%	0%
Apr- Sept 2018-19	4	0%	1	1	0%	0%	0	0	0%	0%
Difference	+26	+3%	-1	-1	0%	0%	0	0	0%	0%

Analysis – key themes / concerns	Comments to explain: • **Provide suggested progress going forward or** • **Provide a summary of positive impact**	Additional commentary from the Complaints Team
3% of Stage 1's received (of 30 received)	The majority of complaints received were part of a campaign based around a set of new parking restrictions.	The increase in complaints were due to a single issue.

Comparative Data: Apr-Sept 2019-20 vs. 2018-19	S1 rec'd	% upheld	S1 escalated	S2 rec'd	% upheld	% of S2 upheld, that were not upheld at S1	S2 escalated	S3 rec'd	% upheld	% of S3 upheld, that were not upheld at S2
Apr- Sept 2019-20	14	57%	2	3	67%	0%	1	1	0%	0%
Apr- Sept 2018-19	12	58%	4	5	20%	0%	2	2	50%	25%
Difference	+2	-1%	-2	-2	+47%	0%	-1	-1	-50%	-25%

Analysis – key themes / concerns	Comments to explain: • **Provide suggested progress going forward or** • **Provide a summary of positive impact**	Additional commentary from the Complaints Team
57% of Stage 1 complaints were upheld (of 14 received). These related to delays with EHCP's and lack of contact from the service.	Performance remains similar to last year. Processes have recently been changed and staff retrained, therefore this should see a positive impact as the year progresses.	Further monitoring should take place due to the lack of impact from prior learning to confirm if the new processes are having a positive impact.

Appendix 2 – 2019/20 - Adult Social Care - Complaints & Representations Report

Volume of Representations – April – September 2019/20 vs 2018/19

Below is a comparison of representations received for both years. During 2019/20, **95** representations were received, compared with **174** for 2018/19
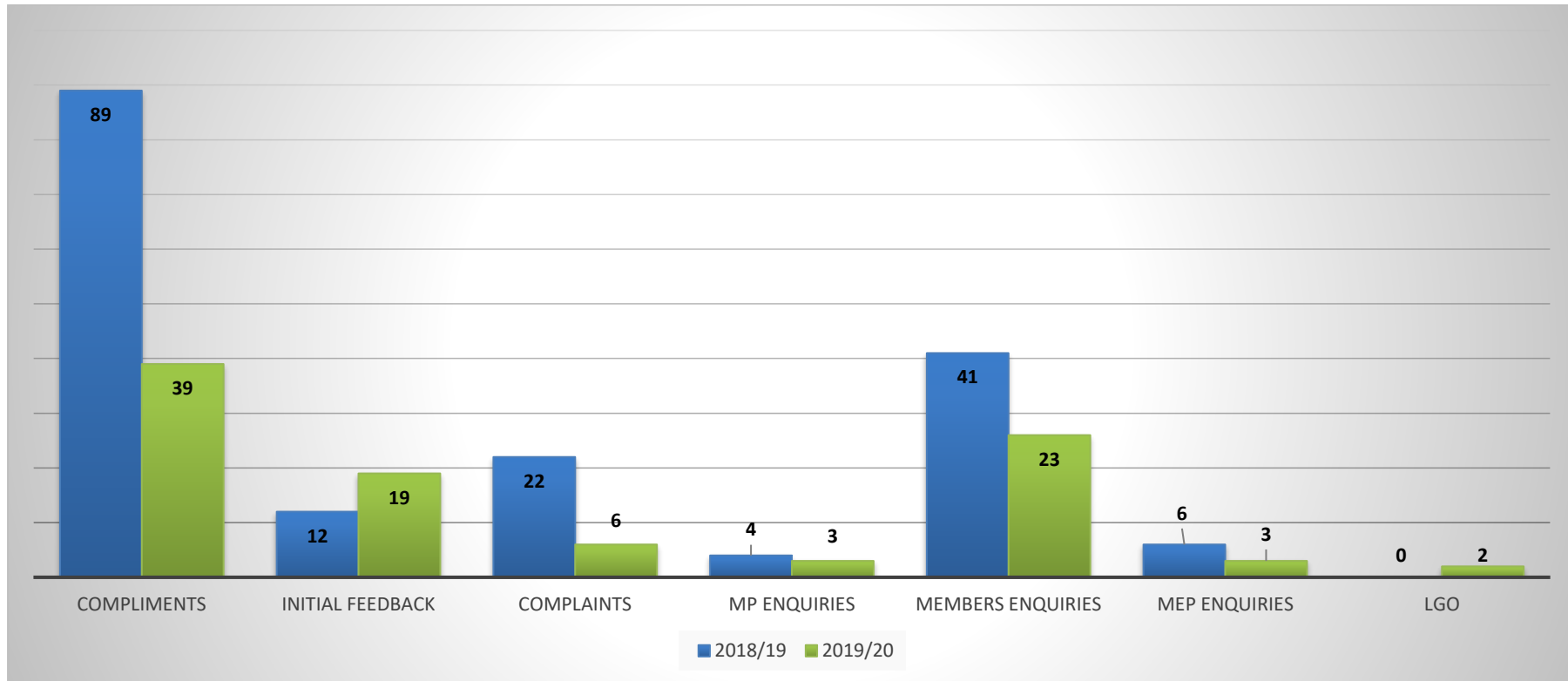
Complaints – 2018/19 vs 2019/20:

Below is the comparison between the two years broken down into more specific detail including those complaints involving both internal and external providers.

Feedback:	Initial Feedback	Low Intervention	Medium Intervention	High Intervention	No. withdrawn / Cancelled	Total to be investigated	Cases closed in period*	% of complaints upheld in period	% timeliness of response for those due in period
Apr –Sept 2019/20	19	5	1	0	0	6	7	57%	86%
Apr-Sept 2018/19	12	20	2	0	2	20	17	65%	94%
Difference	+7	-13	-1	0	0	-14	-10	-8%	-8%

* **For 2019/20, of the 7 closed complaints, 6 relate to the period 2019/20 and 1 relates to 2018/19 (but was closed in 2019/20). 4 from 7 complaints were upheld (3 for 2019/20 and 1 for 2018/19).**

Root cause analysis and associated learning:

Complaints are analysed and the top themes are identified below. Learning from upheld complaints is recognised by the service as part of complaint resolution.

Root cause analysis and learning from upheld complaints:	Root Cause 1 and associated learning	Root Cause 2 and associated learning	Root Cause 3 and associated learning
2019/20	Quality of Care		
Learning	• Medication Audits changed from weekly to daily and Senior Carers will be undertaking further medication administration training • Staff member (carer) reminded of professional standards required during all visits • Staff reminded to provide additional support during meal times and ensure rooms are regularly cleaned	N/A	N/A
2018/19	Missed Appointments	Quality of Care	Finance
Learning	• Providers to maintain consistency in carers call times • Staff reminded that all care calls must be provided and support plans followed at all times	• In-house system to be monitored to ensure quality & length of calls • Staff to ensure that all available contacts for clients are documented and are regularly checked and updated	• Direct payments provider to review internal processes for payments • Funding decisions to make clear reasoning for outcomes (legal advice etc.)

Complaints regarding internal teams and staff:

All **7** complaints responded to within this period are for internal teams/services. This compares with **17** of **20** during 2018/19.

Chart: Complaints by team, 2018/19 (blue) and 2019/20 (green)

Team	2018/19	2019/20
FINANCE	5	1
EARLY INTERVENTION & PREVENTION	4	2
THURROCK CARE AT HOME	4	0
HOSPITAL TEAM	1	1
COLLINS HOUSE	1	2
COMPLEX CARE	0	1
PREPARING FOR ADULTHOOD	1	0
REABLEMENT TEAM	1	0
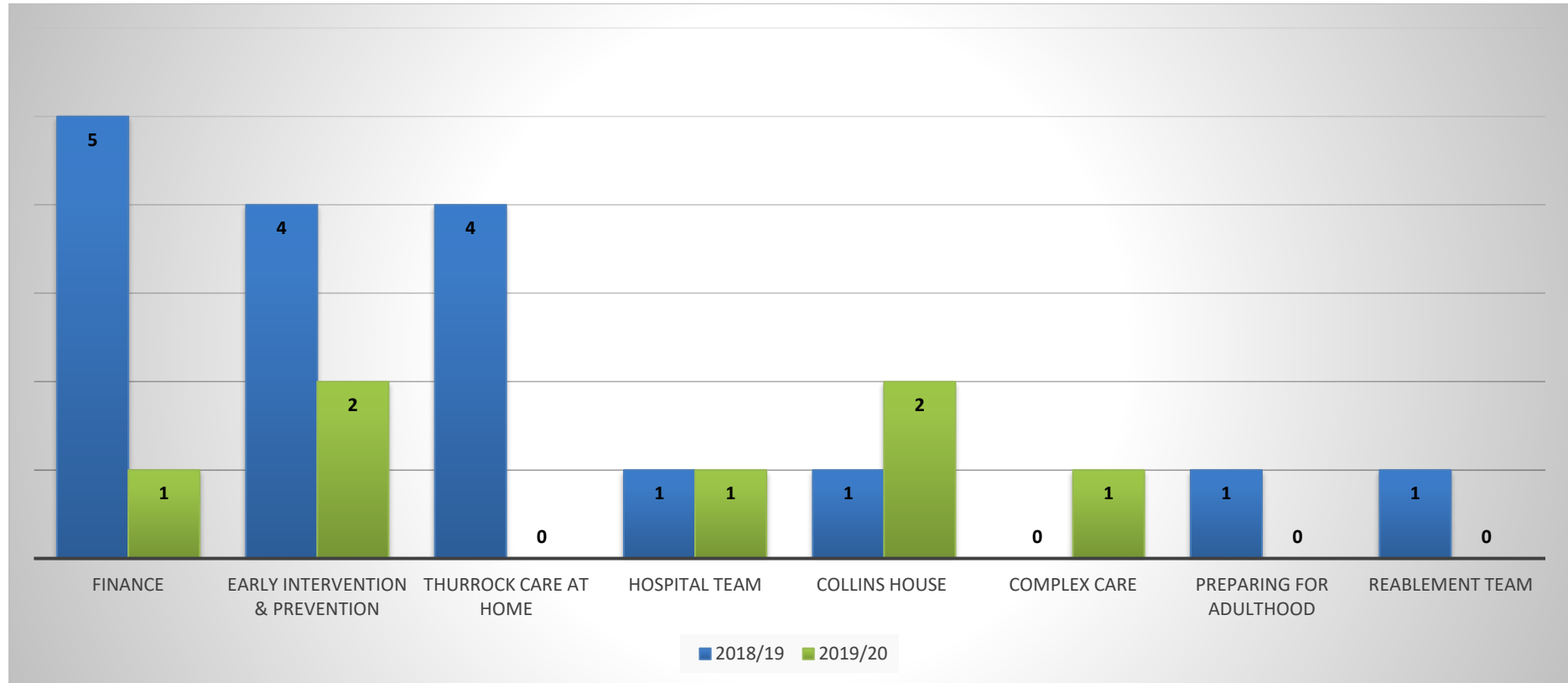
■2018/19 ■2019/20

Commissioned Providers:

During the reporting period for 2019/20**,** there were no (**nil**) complaints responded to for external commissioned providers. This compares with **3 from 20** during 2018/19.

Upheld Complaints:

Percentages for upheld complaints for the services below appears high. This is due to the low volume of complaints that are in-scope of this report. Figures in brackets below represent the numbers of upheld complaints.

Complaint Area	Volume 2019/20	% Upheld	Volume 2018/19	% Upheld
Finance	1	100% (1)	1	100% (1)
Early Intervention & Prevention	2	0% (0)	4	50% (2)
Thurrock Care at Home	0	N/A	4	100% (4)
Hospital Team	1	0% (0)	1	0% (0)
Collins House	2	100% (2)	1	100% (1)
Complex Care	1	100% (1)	0	N/A
Preparing for Adulthood	0	N/A	1	0% (0)
Reablement Team	0	N/A	1	0% (0)
Guardian Homecare	0	N/A	1	0% (0)
Lodge Care Group	0	N/A	1	100% (1)
Cedar House	0	N/A	1	100% (1)
Older People Mental Health	0	N/A	1	100% (1)

Outcomes:

All **3** complaints upheld for 2019/20 related to Quality of Care provided.

Local Government Ombudsman (LGO) Complaints:

2 funding issue complaints have been received from the LGO during the reporting period. Decisions are unknown at this stage.

Alternative Dispute Resolution (ADR):

Complainants are seeking resolution and welcome the involvement of a neutral third person who will be able to assist both the complainant and the service in negotiating a settlement to their complaint. ADR is implemented as a mechanism to resolve complaints swiftly should the complainant request escalation. This involves assessment of the presenting issues by the Complaints Team**.** It can also include mediation with the complainant and the service area.

There have been no ADR cases in the reporting period.

Enquiries:

In the reporting period the following was received:

- 3 MP Enquiries
- 23 Member Enquiries

Members Enquiries	Count by Team
Thurrock First	8
Safeguarding	4
Extra Care	3
Local Area Coordination	2
Finance	1
Early Intervention & Prevention	1
Thurrock Care at Home	1
Older People Mental Health	1
Catering	1
Preparing for Adulthood	1

MP Enquiries	Count by Team
Blue Badges	1
Complex Care	1
Finance	1

External Compliments:

A total of **39** compliments have been received during this period.

Service Area	Number of Compliments
Reablement Team	12
Older People Mental Health	6
Local Area Coordination	5
Early Intervention & Prevention	4
Thurrock Care at Home	4
Hospital Team	3
Disabled Facilities Grant	2
Collins House	2
Extra Care	1

Appendix 3 - 2019/20 - Children's Social Care – Complaints & Representations

Volume of Representations – April - September 2019/20 vs 2018/19:

Below is a comparison of all representations received during both years. A total of **91** representations were received in 2019/20 compared to **93** in the same period of 2018/19.

Representations

Category	2018/19	2019/20
COMPLIMENTS	16	11
INITIAL FEEDBACK	19	44
COMPLAINTS	25	12
MP ENQUIRIES	4	11
MEP ENQUIRIES	13	0
MEMBER ENQUIRIES	16	13
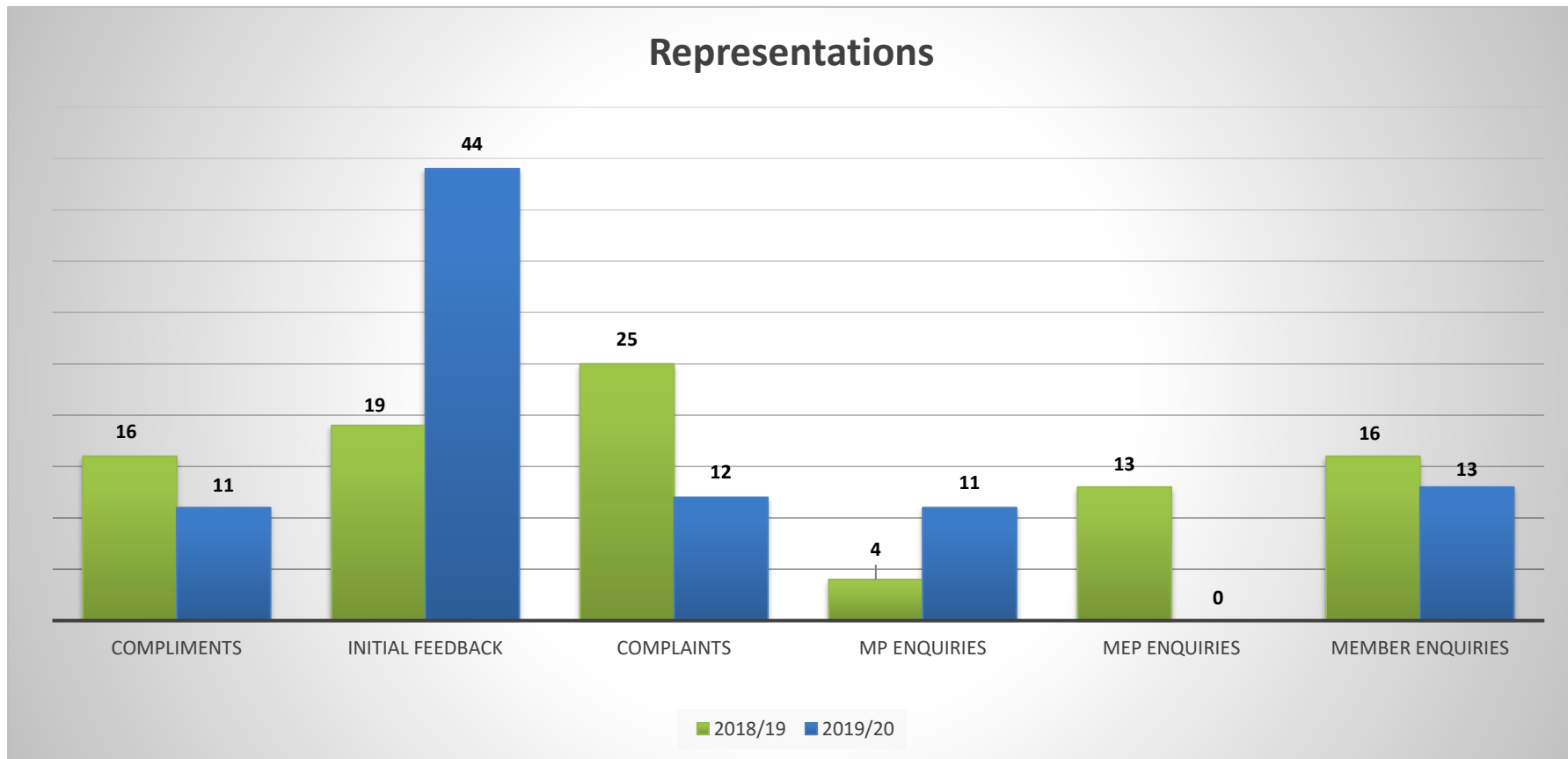
Complaints – 2018/19 vs 2019/20:

Below is the comparison between the two years with additional details provided. There were no escalations beyond stage 1 for both periods:

Feedback:	Initial Feedback	Stage 1 complaints	Stage 2 complaints	Stage 3 complaints	Alternative Dispute Resolution Cases	Cases closed in period*	Cases Cancelled	% of complaints upheld in period	% timeliness of response for those due in period
Apr-Sept 2019/20	44	12	0	0	2	9	4	44%	50%
Apr-Sept 2018/19	19	25	0	0	0	23	2	52%	100%
Difference	+25	-13	0	0	+2	-14	+2	-8%	-50%

*For 2019/20, of the 9 closed complaints, 8 relate to the period 2019/20 and 1 relates to 2018/19 (but was closed during 2019/20).

Root cause analysis and associated learning:

Key learning themes are identified below for the reporting period. Learning from upheld complaints is recognised by the service as part of complaint resolution.

Root cause analysis and learning from upheld complaints:	Root Cause 1 and associated learning	Root Cause 2 and associated learning	Root Cause 3 and associated learning
Learning for Apr-Sept 2019/20	**Savings** The team have developed a new process to: • Address inconsistencies in savings for looked after children • Ensure all young people receive regular savings going forward To review allowance payments annually and to ensure the system in place does not cause any disruption and/or inconvenience to the carer.	**Communication** Discussions have taken place within the service in relation to: • The importance of sharing plans across the service on a need to know basis • The need to ensure that information given to children about their care plans is accurate and up to date	**Assessment** A formal review to be conducted to ensure standards are maintained in all cases involving unaccompanied asylum seekers.
Learning for Apr-Sept 2018/19	**Communication** Internal changes to rota spreadsheets to reflect contact in the community. Staff given reflective practice sessions to attune themselves with how service changes affect users.	**Decision Making** Both sides of families to be contacted where children only live with one parent to ensure equal sharing of information.	**Policy and Training** Policy to be drafted to address the issue of savings for children in care. Further training to be provided to staff to remember the impact that professional opinion and timekeeping has on cases.

Breakdown of complaints received:

This may be different to figures within the upheld complaints section as this is based on closed complaints (not complaints received). The figures below will also exclude cancelled complaints.

Complaints by Team

2018/19 ■ 2019/20
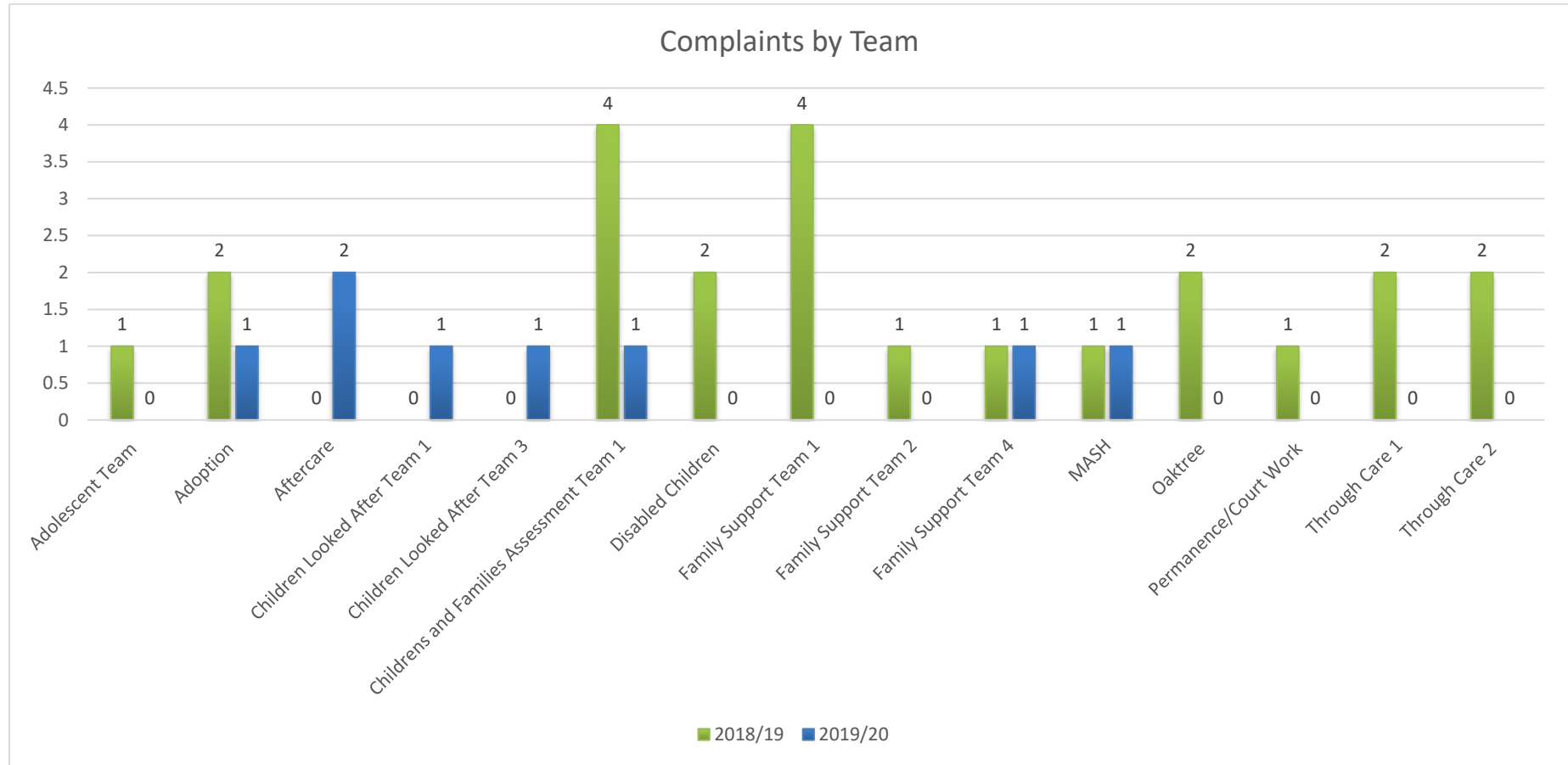
Upheld Complaints:

Percentages for upheld complaints across some areas are high as volumes of complaints are relatively low. Figures in brackets below represent the numbers of upheld complaints.

Complaint Area	Volume 2018/19	% Upheld	Volume 2019/20	% Upheld
Adolescent Team	1	100% (1)	0	N/A
Adoption	2	50% (1)	1	100% (1)
Aftercare	0	N/A	2	50% (1)
Children and Families Assessment Team CFAT	4	50% (2)	1	0%
Children Looked After Team 1	0	N/A	1	100% (1)
Children Looked After Team 3	0	N/A	1	0%
Disabled Children	2	50% (1)	0	N/A
Family Support Team 1	4	25% (1)	0	N/A

Family Support Team 2	1	100% (1)	0	N/A
Family Support Team 4	1	0% (0)	1	0% (0)
Leaving Care Team	0	N/A	1	100% (1)
MASH	1	0% (0)	1	0% (0)
Oaktree	2	100% (2)	0	N/A
Permanence/Court Work	1	100% (1)	0	N/A
Through Care 1	2	50% (1)	0	N/A
Through Care 2	2	50% (1)	0	N/A

LGO Complaints:

There were no Statutory LGO complaints during the reporting period.

Alternative Dispute Resolution (ADR) Cases:

Complainants are seeking resolution and welcome the involvement of a neutral third person who will be able to assist both the complainant and the service in negotiating a settlement to their complaint. ADR is implemented as a mechanism to resolve complaints swiftly should the complainant request escalation. This involves assessment of the presenting issues by the Complaints Team**.** It can also include mediation with the complainant and the service area.

For the reporting period, there have been 2 cases of successful ADR, both of which prevented escalations to Stage 2. This has resulted in an estimated saving of £3600 for the service/Council.

Initial Feedback:

The Council receives feedback which following assessment does not constitute a formal complaint but still requires addressing. Those within scope of an 'Initial Feedback' are sent to the service with a request that swift action takes place to resolve the issue. This should negate the need for a formal complaint taking place. For the reporting period the following 'Initial Feedback' has been recorded:

Team	Feedback Total
Children and Family Assessment Team 1	11
Disabled children	6
Family Support Team 4	5
Children Looked After Team 1	5
MASH	4
Fostering Team	3
Adoption Team	2
Aftercare	2
Prevention/Support Service	1
Family Support Team 3	1
Permanency / Court Team	1
Children Looked After Team 2	1
Children and Family Assessment Team 2	1
Family Support Team 2	1

Enquiries

During the reporting period the following enquiries were received:

- 13 Members
- 11 MP
- 0 MEP

Cllr Enquiries	Number by Team
Disabled children	3
Youth services	2
Children Looked After Team 1	2
Fostering Team	2
Children and Family Assessment Team 1	1
Family Support Team 4	1
MASH	1
Operation of homes	1

MP Enquiries	Number by Team
Children and Family Assessment Team 1	4
Aftercare	2
MASH	2
Child Protection/LADO	1
Family Support Team 4	1
Support for childminders	1

External Compliments:

11 Compliments have been received during this period, breakdown of teams is below.

Service Area	Total Received
Prevention/Support Service	5
Aftercare	1
Children and Family Assessment Team 1	1
Children Looked After Team 2	1
Family Support Team 3	1
Family Support Team 4	1
Fostering Team	1

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12 March 2020	ITEM: 6
Standards and Audit Committee	
Counter Fraud & Investigation Quarterly Update (Q3)	
Wards and communities affected: All	**Key Decision:** N/A
Report of: David Kleinberg, Assistant Director for Fraud & Investigation	
Accountable Assistant Director: David Kleinberg, Assistant Director for Counter Fraud & Investigation	
Accountable Director: Sean Clark, Corporate Director of Finance, Governance and Property	
This report is Public	

Executive Summary

The Counter Fraud & Investigation Department (CFID) is responsible for the prevention, detection and deterrence of all instances of alleged economic crime affecting the authority including: allegations of fraud, theft, corruption, bribery and money laundering.

CFID has developed working arrangements with other agencies to share the Council's counter-fraud culture providing specialist support and capabilities to those public bodies where necessary.

This report outlines the performance of CFID over the last quarter for Thurrock Council as a whole as well as the work the team have delivered nationally for other public bodies.

1. **Recommendation**

1.1 **The Standard and Audit Committee notes on the performance of the Counter Fraud & Investigation Department.**

2. **Introduction & Background**

2.1 Thurrock Council changed its approach to tackling fraud and economic crime in 2014, receiving support from the government to restructure its service, implementing specialist disciplines including Digital Forensics, Cyber Crime Unit, advanced Intelligence Analytics and a proactive operational capability.

2.2   The function has not only helped Thurrock detect £11m in those 5-years but also supported another 44 public authorities deal with serious and organised crime. In 2018 the team was recognised by the Ministry of Housing Communities and Local Government for its success in the national 'Counter Fraud Fund Programme' with its work detecting £26.2m of the entire £100m detected by the other 58 local authorities in England & Wales.

2.3   Despite the work the service conducts on behalf of other authorities, the core function of the service remains its priority – to reduce the risk of fraud, corruption and other economic crime affecting Thurrock Council and its supply chain.

3.   Performance

3.1   CFID has continued to be the resource dealing with referrals for fraud and economic crime affecting the council and its stance against fraud. The figures show the performance of the department for Quarter 3 of 2019/20.

- 80 reports of suspected fraud have been received within the period of Q3.

- 25 cases have been closed as 'no fraud' in Q3

- 9 sanctions have been delivered in cases of proven fraud.

- 6 Social housing properties have been recovered.

- 67 active investigations are currently being conducted.

- A total of £1,032,094 of fraud detected by the Counter Fraud Department so far this year.

4.   Work Plan for 2019/20

4.1   CFID has a programme of proactive work conducted to ensure the council's posture against fraud is robust and effective, which was presented and accepted by the Standards and Audit Committee in September 2019. **Appendix 1** sets out the progress made in delivering the Counter Fraud Strategy & Plan 2019/20.

4.2   The work programme is a working document and if during the year changes or additions to the plan are proposed between the CFID and the Section 151 Officer, these will be brought back to the Committee.

4.3   Due to the realignment of the reporting period for this department the work plan has been modified to ensure that the plan is delivered within the new reporting periods.

5.   National Counter Fraud

5.1 CFID's national work is undertaken under its 'National Investigation Service' or 'NATIS' operating model, providing mutual aid support to public bodies across the country.

5.2 NATIS is an Executive Board member of NAFN.gov Data & Intelligence. NAFN is a national body funded in-part by the Home Office that develops and shares intelligence across local councils and central government.

5.3 NATIS continues to provide support to HM Government Cabinet Office in the development of the national Counter Fraud Profession for all law enforcement agencies. This programme of developing the 'profession' is at the forefront of central government and due to the work NATIS and other local authority fraud departments are completing is starting to become relevant within the local government setting too.

6. Reasons for Recommendation

6.1 This report provides a detailed update to the Committee on the improved counter-fraud measures for the Council and how it is reducing fraud under the council's counter-fraud strategy.

7. Consultation (including Overview and Scrutiny, if applicable)

7.1 All Directors and Heads of Service were consulted with the current strategy to be taken by the Council in its counter-fraud approach.

8. Impact on corporate policies, priorities, performance and community impact

8.1 Work undertaken to reduce fraud and enhance the Council's anti-fraud and corruption culture contributes to the delivery of all its aims and priorities supporting good corporate governance.

9. Implications

9.1 **Financial**

Implications verified by: **Jo Freeman**

Finance Manager for Management Accounts

The report provides an update on current performance. It should be noted that the detection of fraud figures in the body of the report are not directly linked to the recovery of these funds as other factors need to be considered. Their performance against anticipated income targets are subject to separate monitoring and these are presented as part of the quarterly budget reports to Cabinet.

9.2 **Legal**

Implications verified by: **Deirdre Collins**

Senior Barrister

There does not appear to be any legal implications within this report

9.3 **Diversity and Equality**

Implications verified by: **Natalie Smith**

Strategic Lead: Community Development and Equalities

There are no specific equality and diversity implications arising from this update report.

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

None.

10. **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):

Counter Fraud & Investigation Policy & Strategy – thurrock.gov.uk/fraud
Counter Money Laundering Policy & Strategy – thurrock.gov.uk/fraud
CroweClarkWhitehill Annual Fraud Indicator – crowe.co.uk

11. **Appendices to the report**

Appendix 1 – Counter Fraud Strategy & Plan 2019/20.

Report Author:

Michael Dineen

Senior Manager

Counter Fraud & Investigation

**Counter Fraud
& Investigation**

See it. Report it. Stop it.

Counter Fraud Plan & Strategy

2019/20

thurrock.gov.uk

Foreword

"Last year we detected more fraud than previous years. The £3.4m detected represents annual social housing rents for 811 properties or 127 social care placements.

Increasing our resilience to the risk of fraud is our priority to ensure the most vulnerable of our society are not affected by the impact of fraud on our frontline services.

David Kleinberg,
Assistant Director for Counter Fraud & Investigations

The Counter Fraud & Investigation team began operating at an advanced level following government sponsorship in 2014. That grant investment in the service ensured that the best possible resources and capabilities could be leveraged at the issue of fraud and economic crime.

Having the best tools and resources still requires a continually refreshed understanding of the threats local government face and a focus of activity. The service has been part of the Government Counter Fraud Profession, with David Kleinberg the CF&I Assistant Director being seconded to write its standards from 2016.

In 2018 the new part of the department was launched – known as NATIS - the National Investigation Service, which has supported over 40 public authorities across the UK facing serious and organised crime.

Having the new NATIS function working side-by-side with Counter Fraud & Investigation provides access to an enhanced intelligence picture to protect the most vulnerable.

This new strategy & plan takes account of that additional resource and capability – the first of its kind anywhere in the UK, here in Thurrock.

Counter Fraud & Investigation

See it.   Report it.   Stop it.

Our Control Strategy

This year we install our control strategy which defines how we will be working over the next 12 months. This means that all the casework we adopt will be assessed and progressed in consideration of the 4 Questions below.

The Counter Fraud & Investigation team's partnership with the National Investigation Service ensures that we are able to identify at an earlier stage intelligence relating to the key priorities below, particularly those affecting the most vulnerable of society.

Who are We?

A specialist function to protect public finance from fraud and serious crime, using our legal framework as a local authority service

What is Our Purpose?

1. Protect the public purse from crime
2. Support the wider-public sector with shared, advanced capabilities

What are Our Priorities?

Crimes affecting a vulnerable adult or child

Organised crime targeting local government

Insider threats in local government

Improving local government's resilience to cyber crime

How do we Succeed?

Always acting Ethically in everything that we do, working to our values, attitudes and principles

Consider opportunities to work collaboratively with others for the benefit of our purpose, sharing our knowledge, experience and expertise

Apply the 4 'P' Strategy to Prevent, Protect and Prepare local government for economic crime, pursing offenders where necessary

Ensure our teams are fully equipped to respond to the threats faced from economic crime

Counter Fraud & Investigation

See it. Report it. Stop it.

Proactive Work Plan

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	Launch a new e-Learning Package for Countering Fraud, Bribery, Corruption and Money Laundering.	July – Sep 2019	COMPLETE – the eLearning Package has been designed and passed to HR & OD to rollout.	Michael Dineen	26/09/19
Council-wide	Develop an early intervention risk matrix for social housing tenants targeted by criminality.	July 2019 – March 2020	COMPLETED - Head of Intel and to complete a 'risk matrix' regarding reporting between all parties.	Philip Butt	
Council-wide	Cybercrime risk assessment across the council.	Nov 2019 - Now March 2020	Data Asset registers have been received; identifying where data is stored. NATIS to complete analysis on High Risk areas. This has been extended to March due to the complexity.	David Nash	
Council-wide	Enhancing counter fraud and money laundering controls for Social Care Finance.	Nov 2019 - Now Jan 2020	Meetings with Head of Social Care Finance to be arranged. The project lead has been absent so the programme has slipped to Jan 2020 and will be reported on in Q4.	Michael Dineen	
Council-wide	Renewed Education & Marketing Campaign for Countering Fraud,	January 2020	The new 'See it, Report it, Stop it' campaign has been developed and a further 2 posters have been designed (below) Snr Manager to	Nicholas Coker	

Counter Fraud & Investigation

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	Bribery, Corruption and Money Laundering		meet with Comms. to agree strategy.		
Revenues	Use of Data Matching Solution to compare NNDR data with law enforcement data.	July 2019	COMPLETE – Oneview is to be utilized for the material that has been gained so that the original data and then be actioned.	Nicholas Coker	3 August 2019
Council-Wide	NFI results to be analysed and any criminal investigations to be raised and dealt with by NATIS.	June 2019-March 2020	NATIS to review results and ensure any required investigations are recorded.	David Kleinberg Tanya Furber	

Counter Fraud & Investigation

See it.   Report it.   Stop it.

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12 March 2020	ITEM: 7
Standards and Audit Committee	
Certification of Claims and Returns 2018/19	
Wards and communities affected: All	**Key Decision:** N/A
Report of: Sean Clark, Corporate Director of Finance, Governance and Property	
Accountable Assistant Director: Jonathan Wilson, Assistant Director of Finance	
Accountable Director: Sean Clark, Corporate Director of Finance, Governance and Property	
This report is Public	

Executive Summary

The Certification of Claims and Returns work for 2018/19 is completed by BDO. The findings from the work conducted to date will be presented by BDO.

1.   Recommendation(s)

1.1   That the findings from the Certification of Claims and Returns work completed to date is noted.

2.   Introduction and Background

2.1   The most significant element of this work is in relation to the Housing Benefits subsidy claim. This work is completed according to the methodology set by the Department for Work and Pensions (DWP).There are two further claims and returns requiring an external audit opinion and this work has also been completed by BDO.

2.2   The certification of the Housing Benefit subsidy claim was completed in November 2019. The detailed findings are presented to the Committee by BDO who are happy to receive questions. All findings have been accepted and agreed by officers.

3.   Issues, Options and Analysis of Options

3.1   BDO were required to certify one claim relating to the year 2018/19. The Housing Benefit claim was audited against a DWP methodology and the summary of the findings are set out below.

3.2 The total value of the Housing Benefits subsidy claim was £43.86m – the audit work identified only minor amendments and adjustments which are summarised below:

- Rent Allowances – overall calculated error from sample testing of £7,335 due to the incorrect assessment of earned income. The total value of rent allowance benefit paid was £22,889,467.
- Rent Rebates – overall calculated error from sample testing of £5,980 due to the incorrect assessment of earned income. The total value of rent rebate paid was £20,433,054.
- Non-HRA Rent Rebates - overall calculated error from testing of £26 due to the incorrect assessment of earned income. This was amended on the claim form. The total value of rent rebate paid was £786,949.

As the authorities overall processing accuracy was good and remained significantly below the DWP's threshold for error, there was a small positive financial impact to the Council as a result of the above adjustments.

3.3 It is pleasing to note the overall quality of the claim is high and the fee for the work on the Housing Benefits subsidy claim continues to fall.

3.4 The total proposed fee for the audit of the Housing Benefit claim is £14,900 which represents a decrease of 4.9 per cent relative to 2017/18. This reflects the continued improvement in the processes supporting the completion of the claim compared with the prior year.

3.5 BDO also audit the Teachers' Pension claim and the Pooling of Capital Receipts return. The work is ongoing and has not identified any significant issues to date.

3.6 The total fee for this work is proposed to be £10,500 – a decrease of 46 per cent compared with the prior year (subject to completion of the work).

4.   Reasons for Recommendation

4.1 The Committee is asked to note the findings of the report. Future reports to the Committee will contain updates on the recommendations raised.

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

5.1 The matters have been considered by this Committee. The detailed findings from the report have been discussed and agreed with relevant officers. They are also subject to the review of the Director of Finance, IT & Legal.

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

6.1 There are no direct implications arising from this report in terms of the community and delivery of services.

7. **Implications**

7.1 **Financial**

Implications verified by: **Jonathan Wilson**
Assistant Director of Finance

The financial implications have been noted in the body of the report.

7.2 **Legal**

Implications verified by: **Tim Hallam**
Assistant Director of Law and Governance

There are no specific legal implications of the report. The claims and returns are certified under section 28 of the Audit Commission Act 1998.

7.3 **Diversity and Equality**

Implications verified by: **Natalie Smith**
Community Engagement and Project Monitoring Officer

There are no specific implications from 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**

None

Report Author:

Jonathan Wilson

Assistant Director of Finance

Corporate Finance

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12 March 2020	ITEM: 8
Standards and Audit Committee	
Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework	

Wards and communities affected: All.	**Key Decision:** Non-key.

Report of: Andy Owen, Corporate Risk & Insurance Manager

Accountable Assistant Director: Jonathan Wilson, Assistant Director of Finance

Accountable Director: Sean Clark, Corporate Director of Finance, Governance & Property

This report is 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 Standards and Audit Committee to consider the effectiveness of the Council's ROM arrangements the report is presented on an annual basis.

The report provides details of how the Council's ROM arrangements compare against good practice, outlines the current ROM activity, the proposals to maintain/improve the practice across the organisation and includes the updated ROM Policy, Strategy and Framework.

1. **Recommendations**

1.1 **That Standards and Audit Committee note the results of the review, the current ROM activity and proposals to maintain and improve the practice across the organisation.**

1.2 **That Standards and Audit Committee note and approve the updated ROM Policy, Strategy and Framework.**

2. **Introductions and Background**

2.1 Risk and Opportunity Management is an integral part of the Council's Corporate Governance and Performance Management arrangements and the Council has a statutory responsibility under the Account and Audit Regulations to put in place arrangements for the management of risks.

2.2 The Council has for a number of years used the ALARM/CIPFA Risk Management Model to test the Council's performance against good practice.

2.3 The ALARM/CIPFA Model resembles the European Foundation for Quality Management model (EFQM) and breaks down risk management activity into seven strands with five focussed on enablers and two focussed on results:

Enablers criteria for Risk Management
A. Leadership & Management
B. Policy & Strategy
C. People
D. Partnerships & Resources
E. Processes

Results criteria for Risk Management
F. Risk Handling & Assurance
G. Outcomes & Delivery

2.4 The Enabler section covers what an organisation does and the Results section covers what an organisation achieves. Each strand is covered by a series of questions that are designed to explore where the organisation scores against good practice. The answers to the questions are weighted to reflect their relative impact on performance and collated into a final score for each strand.

2.5 These results are then used to calculate the overall scores for the Enabler and Results sections. A summary of Thurrock's scores against the model is outlined below:

ENABLERS			Score
A	4/4	LEADERSHIP & MANAGEMENT	75/100
1	✓	Information and decision making	24/32
2	✓	Escalation and reporting systems	10/12
3	✓	Accountability and management responsibility	24/32
4	✓	Leading risk management implementation	17/24

B	2/2	POLICY & STRATEGY	75/100
1	✓	Risk management policy	50/60
2	✓	Strategy	25/40

C	4/4	PEOPLE	74/100
1	✓	Culture	20/25
2	✓	Responsibility	14/20
3	✓	Skills and guidance - capability	24/35
4	✓	Communication	16/20

D	3/3	PARTNERSHIPS & SHARED RESOURCES	70/100
1	✓	Partnerships and shared services	35/50
2	✓	Finance	20/30
3	✓	Tools	15/20

ENABLERS			Score
E	6/6	PROCESSES	74/100
1	✓	Links to business/service processes overview	25/35
2	✓	Risk Identification and Analysis	25/30
3	✓	Risk response	10/15
4	✓	Risk reporting and review	4/5
5	✓	Information Risk	5/5
6	✓	Service Continuity	5/10

RESULTS			Score
F	2/2	RISK HANDLING & ASSURANCE	71/100
1	✓	Risk handling	43/60
2	✓	Assurance	28/40

G	2/2	OUTCOMES & DELIVERY	70/100
1	✓	Risk management contribution to overall performance	40/60
2	✓	Contribution to specific outcomes	30/40

Additional Questions	
-	Go to additional questions

Comparison to Alarm's National Performance Model for Risk Management

ENABLERS LEVEL KEY	
Level 5 - Driving	85%+
Level 4 - Embedded and integrated	70%+
Level 3 - Working	45%+
Level 2 - Happening	20%+
Level 1 - Awareness	0+

Your Score--> Level 4 - Embedded and integrated 70%+

RESULTS LEVEL KEY	
Level 5 - Driving	85%+
Level 4 - Embedded and integrated	70%+
Level 3 - Working	45%+
Level 2 - Happening	20%+
Level 1 - Awareness	0+

Your Score--> Level 4 - Embedded and integrated 70%+

2.6 The Council has retained Level 4 - Embedded and integrated for the Enabler and Results criteria.

3. Analysis and Evaluation of Results

3.1 The table below shows Thurrock's scores against the model for the years 2011 to 2019:

Strand	Year								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
A. Leadership & Management	62	62	72	73	75	75	75	75	75
B. Policy & Strategy	34	63	73	75	75	75	75	75	75
C. People	59	68	69	71	71	71	71	74	74
D. Partnership/Shared Resources	56	56	65	70	70	70	70	70	70
E. Processes	67	70	72	74	74	74	74	74	74
F. Risk Handling & Assurance	53	64	66	66	66	66	71	71	71
G. Outcome & Delivery	60	65	68	68	70	70	70	70	70

3.2 The review has revealed that:
- For all 7 strands the Council has retained Level 4 – embedded and integrated (70%+).
- For all 7 strands the Council's score is the same as the previous year's results. The current ROM activity to maintain the practice resembles those identified for last year. No significant changes were identified by the review and this has led to the same scores as the previous year.

3.3 A summary of the current ROM activity and proposals to maintain and further embed the practice across the organisation are included in Appendix 1.

3.4 The challenge facing the Council is to ensure that adequate ROM arrangements remain in place and form part of the decision making process both at operational and strategic levels.

3.5 As part of the review the ROM Policy, Strategy and Framework has been refreshed and some minor changes made to update the document. The updated ROM Policy, Strategy and Framework are included in Appendix 2.

4. Reasons for Recommendation

4.1 To enable Standards and Audit Committee to consider the effectiveness of the Council's ROM arrangements the report is presented on an annual basis.

4.2 The report provides details of how the Council's ROM arrangements compare against good practice and outlines the current ROM activity and proposals to maintain and improve the practice across the organisation.

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

5.1 The results of the annual review, outline of the current ROM activity and proposals to maintain and improve the practice across the organisation were be reported to Directors Board 25th February 2020, via Performance Board representatives 3rd February 2020.

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: **Dammy Adewole**

Senior Management Accountant

There are no direct financial implications as a result of this report. Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduced the likelihood of financial claims and/or loss faced by the Council.

7.2 Legal

Implications verified by: **Tim Hallam**

Acting Head of Law, Assistant Director of Law and Governance and Monitoring Officer

The Council is required to have a sound system of internal control and carry out an annual review of its effectiveness under the Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act 2014. As well as being a statutory requirement, effective risk and opportunity management and the processes underpinning it provide a more robust means to identify and manage risk and reduce the likelihood of legal claims or regulatory challenges against the Council.

7.3 Diversity and Equality

Implications verified by: **Natalie Smith**

Strategic Lead Community Development & Qualities

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:

- ALARM/CIPFA Risk Management Model - Review papers.

9. Appendices to the report:

- Appendix 1 - Summary of Current Activity and Proposals to Maintain and Embed the Practice
- Appendix 2 - Risk & Opportunity Management Policy, Strategy & Framework

Report Author:

Andy Owen

Corporate Risk & Insurance Manager

Summary of Current ROM Activity and Proposals to Maintain/Embed the Practice

ROM Priorities	Summary of Current ROM Activity
• Review and Update the ROM Policy, Strategy and Framework	• ROM Policy, Strategy & Framework updated and reported to Standards & Audit Committee 14th Mar 2019, via Directors Board 26th Feb 2019 and Performance Board representatives 12th Feb 2019. • The revised ROM Policy, Strategy & Framework presented to Department Management Teams March 2019 to maintain ROM awareness across the Council.
• Maintain Strategic/Corporate level ROM	• Review and reporting arrangements for the Strategic/Corporate Risk and Opportunity Register established and Performance Board and Department Management Teams made aware of the 2019/20 arrangements Mar 2019. • In Quarter 1 Refresh of the Strategic/Corporate Risk and Opportunity Register undertaken during Apr to Jun 2019 and reported to Standards & Audit Committee 18th Jul 2019, via Directors Board 2nd Jul 2019 and Performance Board 18th Jun 2019. • In Quarter 2 Review of the Strategic/Corporate Risk and Opportunity Register items undertaken during Jul - Aug 2019 by Directorates and progress against plans monitored by Directorate Management Teams. • Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register undertaken during Oct to Nov 2019 and reported to Standards & Audit Committee 19th Dec 2019, via Directors Board 3rd Dec 2019 and Performance Board 12th Nov 2019. • In Quarter 4 Review of the Strategic/Corporate Risk and Opportunity Register commenced Jan 2019 and to be reported to Directors Board 10th Mar 2020 via Performance Board 2nd Mar 2020.
• Maintain and further develop Service level ROM, including project and partnership ROM.	• Support provided to Performance Board for the review of Service/Team Planning arrangements 2019/20. ROM section of Service Plan template/guidance for 2019/20 updated and Service Plans (including risk and opportunity registers) developed Mar 2019. • Guidance and templates for project level ROM reviewed and updated and provided via ROM page of the Council's Intranet. • ROM principles that should be applied by services when working with Partners or Third Parties reviewed and included in the Finance Procedure Rules of the Constitution.
• Continue to embed ROM and build skill/capacity for ROM across the Council.	• Department Management Teams made aware of the ROM arrangements/guidance available Mar 2019. • ROM information regularly updated and made available on the ROM page of the Council's Intranet. • Risk management arrangements reviewed against the ALARM/CIPFA RM Model (including review of the ROM Policy & Strategy). Report to be presented to Standards and Audit Committee 12th Mar 2020, via Directors Board 25th Feb 2020 and Performance Board 3rd Feb 2020.

ROM Priorities	Summary of Proposals to Maintain/Embed the Practice
• Review and Update the ROM Policy, Strategy and Framework • Maintain Strategic/Corporate level ROM • Maintain and further develop Service level ROM, including project and partnership ROM. • Continue to embed ROM and build skill/capacity for ROM across the Council.	• Update ROM guidance in line with revised ROM Policy, Strategy & Framework - by Mar 2020. • Update Department Management Teams of the revised ROM Policy, Strategy and Framework to maintain awareness of the ROM arrangements across the Council - Mar 2020. • Review the reporting timeframe/arrangements for Strategic/Corporate Risk and Opportunity Register - by Mar 2020. • Update Department Management Teams of the review and reporting arrangements for the Strategic/Corporate Risk and Opportunity Register - Mar 2020. • Undertake In Quarter 1 Refresh of the Strategic/Corporate Risk and Opportunity Register and report to Standards & Audit Committee via Directors Board and Performance Board representatives - Mar to Jul 2020. • Undertake In Quarter 2 Review of the Strategic/Corporate Risk and Opportunity Register. Items to be reviewed by Directorates and progress against action plans monitored by Directorate Management Teams - Jul to Aug 2020. • Undertake Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register and report to Standards & Audit Committee via Directors Board and Performance Board representatives - Sept to Dec 2020 • Undertake In Quarter 4 Review of the Strategic/Corporate Risk and Opportunity Register and report to Directors Board and Performance Board representatives - Jan to Mar 2021 • Provide support to Directors Board, Performance Board, Directorate Management Teams and Services to further embed the Business Planning, Performance Management and Risk & Opportunity Management Frameworks (i.e. development and ongoing monitoring of risk/opportunity registers as part of the service planning and performance management review arrangements) - Feb to Dec 2020 • Continue to work with services to embed risk & opportunity management arrangements for key projects - Apr 2020 to Mar 2021. • Continue to raise ROM awareness with Department Management Teams- Apr 2020 to Mar 2021. • Maintain regular updates of ROM Information on the ROM page of the Council's Intranet - Apr 2020 to Mar 2021. • Annual review of ROM arrangements against good practice (e.g. ALARM/CIPFA RM Model) and reporting of developments/outcomes to Standards & Audit Committee via Directors Board and Performance Board - Dec 2020 to Mar 2021

Risk and Opportunity Management Policy and Strategy
December 2019

Title:	Risk and Opportunity Management Policy and Strategy.
Purpose:	Outlines the overarching ROM framework for Thurrock Council.
Owner:	Andy Owen, Corporate Risk & Insurance Manager
Approved by:	N/A
Date:	December 2019
Version:	1.8
Status:	Draft
Review Frequency:	Annual
Next Review Date:	December 2020
Consultation:	N/A

Purpose

The Risk and Opportunity Management Policy & Strategy outlines the overarching risk and opportunity management framework in Thurrock detailing where a formal approach to risk and opportunity management must be adopted by officers.

The document details the priorities of Corporate Risk and Opportunity Management (CR&OM) over the next year, how risk and opportunity is monitored, reported and escalated across the Council and what duties are placed on officers across the Authority to ensure compliance.

Staff Governed by the Policy and Strategy

The Risk and Opportunity Management Policy and Strategy apply to all staff including and not limited to temporary staff and contractors. A failure to comply could be damaging to the finances and reputation of the Council.

Executive Summary

This combined risk and opportunity management policy and strategy details the Council's framework for managing business risk and opportunity. The risk and opportunity management framework is the culture, processes and structures that are directed towards effective management of potential risks and opportunities that the council faces in delivering its objectives.

Thurrock Council takes risks and recognises that risk is involved in everything it does and that it has a duty to manage these risks. This duty is to staff, residents and people working in the borough, service users, partners and funding agencies. Effective risk and opportunity management makes sound business sense and is good management practice.

The Risk and Opportunity Management Guide expands on the principles laid out in this document; and provides more support on how to undertake a risk and opportunity assessment.

Contents

Risk & Opportunity Management Policy

Risk needs to be managed and consideration of risk should not stifle innovation. The Council delivers services in an increasingly litigious and risk-averse society and believes that risk management is a tool for exploiting opportunities as well as safeguarding against potential threats. Thurrock Council uses the discipline of risk and opportunity management to promote innovation in support of the Council's strategic priorities and objectives.

The risk and opportunity management framework is the all-encompassing approach that the Council takes towards risk and opportunity management; including the adoption of this Policy & Strategy, the resourcing of Corporate Risk and Opportunity Management (CR&OM) and the consideration of risk and opportunity management in other corporate policies and procedures.

The risk and opportunity management discipline involves the identification, evaluation, management, review and escalation of risk and opportunity. Whenever an officer is involved in an activity which has significant levels of risk, it is important that the risk management process is formalised by, for example, undertaking a risk assessment or detailing risks in a report. The Council recognises that the approach to risk management should be proportionate to the level of risk present.

The management of risk and opportunity is woven throughout the Council's key governance frameworks and as such there are specific requirements for all officers to adopt a formal approach to risk and opportunity management in the following areas;

- Key decision making reports
- Corporate and Service planning processes
- Programme and Project management
- Procurement and commissioning processes
- Partnership working arrangements
- Change management processes.

CR&OM is responsible for developing and embedding the risk and opportunity management framework within which risks and opportunities are to be managed across the Council. This includes developing risk and opportunity management capacity within the Council's workforce through the offer of guidance and support.

All Council officers are responsible for the management of the risks and opportunities that surround their role and adherence to the risk and opportunity management framework.

The Risk and Opportunity Management Policy is reviewed on an annual basis by CR&OM. Standards and Audit Committee Members are consulted as part of this process. The Risk and Opportunity Management Policy was approved by Cabinet and any major changes to the document will be submitted to Cabinet for re approval.

Adherence to the requirements set out in the Risk and Opportunity Management Policy and Strategy is monitored by CR&OM and reported to Standards and Audit Committee, via Directors Board as appropriate.

Risk & Opportunity Management Strategy

Thurrock Council believes that through the proactive management of its significant business risks and opportunities it will be in a stronger position to deliver the strategic priorities and objectives

To this end, CR&OM has been issued the remit of developing and embedding an enterprise-wide risk and opportunity management framework.

There is strong senior management support for risk and opportunity management. The Council has a developing risk culture and a positive attitude to risk – recognising that well managed risk brings opportunity and innovation.

The Risk & Opportunity Management Framework

Having a robust and systematic risk and opportunity management framework which is embedded throughout the organisation will;

- Help officers to fully understand the event, cause and effects of the risks and opportunities that they face, and in turn make more informed decisions on how best to manage risks and opportunities.
- Allow officers to analyse and prioritise risks and opportunities; helping inform decisions on the management, escalation and communication of risks and opportunities.
- Reinforce officers' understanding of risks/opportunities and how they will be managed; as well as encouraging the assignation of roles and responsibilities for the management of risks/opportunities.
- Provides senior managers and members with the assurance that risks and opportunities are being considered and managed across the organisation, and where necessary the risks and opportunities are escalated for their input and guidance.

Key Risk and Opportunity Management Objectives

In order to realise the organisational benefits of managing risk/opportunity and deliver upon their remit of developing and embedding a risk and opportunity management framework, CR&OM has identified the following objectives;

1. To maintain and review the risk and opportunity management framework which takes into account new and emerging risk and opportunity management practices in accordance with the principles of British Standard 31100.
2. To ensure the Council actively manages the risks to and the opportunities for the achievement of strategic and operational priorities, objectives and plans.
3. To ensure risks and opportunities are considered and discussed as part of the councils key decision making processes.
4. To ensure all programmes and projects in the council have a robust approach to risk and opportunity management.
5. To ensure officers consider the risks and opportunities associated with partner organisations, delivery agents and the voluntary sector.
6. To ensure officers consider the management of risk and opportunity within the procurement and commissioning process.
7. To integrate and embed risk and opportunity management throughout the working culture of the Council by providing support and guidance to officers.
8. To monitor adherence to the Risk and Opportunity Management Framework and report on performance to Standards & Audit Committee, via Directors Board and Performance Board.

Defining Risk and Opportunity Management

Thurrock Council's definition of Risk and Opportunity Management is:

"The planned and systematic approach to identify, evaluate and manage the risks to and the opportunities for the achievement of objectives"

This compliments the CIPFA Better Governance Forum's definition of risk and the context of risk management as detailed in the British Standard 31100, which state:

"Risk arises as much from failing to capture opportunities, as it does from threat that something bad will happen" (Definition of risk - CIPFA Better Governance Forum).

"Risk management is as much about exploiting potential opportunities as preventing potential problems" (Context of risk management – British Standard 31100).

Corporate Risk and Opportunity Management (CR&OM)

CR&OM sits within the Finance, Governance & Property Directorate and is led by the Corporate Risk & Insurance Manager who is mandated to;

- Establish the risk and opportunity management framework through developing procedures, tools and guidance on how to manage risk and opportunity;

- Embed the framework by providing guidance and support to officers across the Council on how to comply with it.

The tools that CR&OM has developed are available on the Risk and Opportunity Management page on the Council's Intranet, see: Risk and opportunity management - Thurrock Council intranet

Risk and Opportunity Management in Thurrock Council

Thurrock Council's risk management strategy was first developed in 2005 and it is reviewed on an annual basis. The risk management strategy focussed on the potential negative effects of uncertainty (risk) and as a result, uncertainties that could have beneficial effects (opportunities) were generally overlooked. The framework was therefore revised and Opportunity Management incorporated in the approach. The Risk and Opportunity Management framework was introduced in 2008.

Standards and Audit Committee and Directors Board act as the risk and opportunity management oversight bodies; receiving regular reports throughout the year and providing challenge and support to the whole process. The Cabinet Member for Finance & Transformation and the Director of Finance, Governance & Property promote risk and opportunity management across the Council in their respective roles of member and officer risk & opportunity management champions.

The ROM Policy & Strategy provides an overview of the risk management framework within Thurrock Council and outlines CR&OM objectives in the short/medium term to further develop and embed the framework.

Risk and Opportunity Management Priorities 2019 - 21

The following priorities will be incorporated into Corporate Risk Management's plans for 2019-2021

- Review and update the ROM Policy, Strategy and Framework.
- Maintain Strategic/Corporate level ROM.
- Maintain and further develop Service level ROM, including Project and Partnership ROM.
- Continue to embed ROM and build skill/capacity for ROM across the Council.

Governance and Compliance

The management of risk is woven throughout the Council's key governance frameworks and as such there are specific requirements for all officers to adopt a formal approach to risk and opportunity management in the following areas;

- Key decision making reports.
- Corporate and Service Planning.
- Programme and Project management.
- Procurement, Commissioning and Contract Management.
- Partnership working arrangements.
- Change management processes.

A formal approach to risk and opportunity management will involve for example, undertaking a risk assessment or detailing risks in a report. The Council recognises that the approach to risk and opportunity management should be proportionate to the level of risk or opportunity involved. For more information refer to the Risk and Opportunity Management Guide, that is available via the Risk and Opportunity Management page on the Council's Intranet, see link for details: Risk and opportunity management - Thurrock Council intranet

Compliance with the Risk and Opportunity Management Framework

This policy and strategy is just one part of the Councils risk and opportunity management framework. Other key components include the risk/opportunity rating system, risk and opportunity assessment templates and strategic/corporate risk and opportunity register.

To ensure consistency it is important that these tools are adopted across the Council. Any variations or dispensations will be kept to a minimum and must be approved by CR&OM.

Service Managers, Assistant Directors and Directors have responsibilities to ensure that staff adheres to the risk and opportunity management framework. For more information on the roles and responsibilities of all staff please refer to the Risk and Opportunity Management Framework table, Appendix A at the end of this document.

Monitoring, Reporting & Escalating Risk and Opportunity

CR&OM continually monitors the management of risk/opportunity across the Council. This is done through regular reviews of each Directorates/Departments key risks and opportunities.

Each Directorates/Departments performance in relation to compliance to the risk and opportunity management framework and management of risk/opportunity is monitored on a regular basis through the directorate/department management teams.

Risks/opportunities are escalated and reported throughout the organisation in a number of different ways. Through the regular review of key service, department and directorate risks and opportunities, a process of aggregation and escalation occurs and the items considered by Directorate/Department Management Teams. The Directorate/Department risks and opportunities with strategic/corporate significance are then further analysed to develop strategic/corporate risks and opportunities which are reported to Directors Board quarterly and Standards & Audit Committee on a bi annual basis.

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To inform judgements on key decisions the associated risks, opportunities and management response arrangements are detailed within reports to Cabinet.

Within programmes and projects the monitoring, reporting and escalation of risk/opportunity is less formal. CR&OM provides support to programmes and projects, and the corporate programme and/or project management methodology details the approach that should be followed for monitoring, reporting and escalating risk/opportunity to project and programme boards.
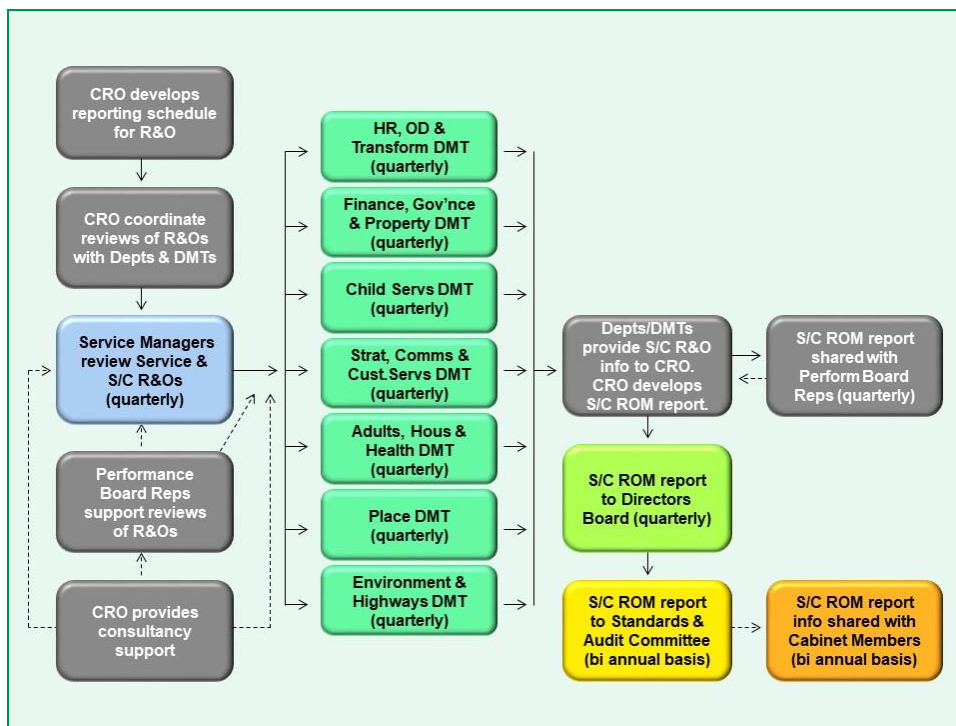
Monitoring & reporting - strategic/corporate risk & opportunity register

Thurrock Council's Risk and Opportunity Management Maturity – Review

The development of the risk and opportunity management framework and the level to which it is embedded in the working practices of the organisation are reviewed against good practice on an annual basis. The improvement opportunities highlighted by the review are used to inform the CR&OM priorities and plans for the short/medium term.

Further Guidance, Tools and Support

The latest version of the Risk and Opportunity Management Policy and Strategy and all other documents are available on the Risk and Opportunity Management page of the Council's Intranet, see: Risk and opportunity management - Thurrock Council intranet. Alternatively the details can be obtained from CR&OM via the following contact:

Andy Owen
Corporate Risk & Insurance Manager
Thurrock Council
Email: aowen@thurrock.gov.uk
Direct Dial: 01375 652174
Internal Extension: 63313

Risk and Opportunity Management Framework

Who	Key Roles & Responsibilities	Report Type	By Whom	Frequency
Council	Receive and act upon: • Reports from Cabinet, S&AC and Head of Paid Service. • Reports, recommendations and advice from S&AC	• e.g. Annual Governance Statement; ROM Policy, Strategy and Framework report and other relevant reports.	Cabinet, Standards & Audit Committee.	Annually or as appropriate
Cabinet	• Agree the ROM Policy, Strategy & Framework and receive reports on them. • Hold the political responsibility for ROM within each individual portfolio. • Identify a lead portfolio holder for ROM	• ROM Policy, Strategy & Framework and other relevant reports. • Receive updates on the Strategic/Corporate R&Os & action plans	Standards & Audit Committee and Directors Board	• Annually or as appropriate • Bi Annual
Standards & Audit Committee	• Oversee and challenge assurance and the ROM arrangements	• Review of ROM Policy, Strategy & Framework • Receive updates on the Strategic/Corporate R&Os & action plans • Receive assurance on effectiveness of ROM	Director of Finance & IT	• Annually • Bi Annual • Annually
Directors Board	• Strategic leadership group for ROM • Oversee the ROM Policy, Strategy & Framework • Responsible for effectiveness of R&O and assurance arrangements and any management or mitigation. • Quarterly monitoring of Strategic/Corporate R&Os & associated action plans.	• Review of ROM Policy, Strategy & Framework. • Reviews of Strategic/Corporate R&Os and action plans. • Review / Benchmarking of ROM	Director of Finance & IT	• Annually • Quarterly • Annually
Corporate Risk & Opportunity Management	• Establish the ROM Policy, Strategy & Framework & alignment of ROM with other key business frameworks & processes • Stewardship of the Strategic/Corporate R&O Register • Review /Benchmarking of ROM • Establish Service level ROM • Provide consultancy and advice on ROM	• Review of ROM Policy, Strategy & Framework. • Reviews of Strategic/Corporate R&Os and action plans. • Review / Benchmarking of ROM	Corporate Risk & Insurance Manager	• Annually • Quarterly • Annually
Directors & Assistant Directors	• Monitoring of Strategic/Corporate R&Os for the directorate or Council. • Escalation as appropriate of Strategic/Corporate R&Os to DB • Monitoring of high level R&Os facing the directorate or Council (e.g. programme, partnership, project and service R&Os)	• Reviews of Strategic/Corporate R&Os and action plans to DB • Report to Portfolio Holders on the high level R&Os facing the Directorate or Council	Directors & Assistant Directors	Quarterly or as required
Directorate/Department Management Teams	• Identification and monitoring of Strategic/Corporate and other key risks/opportunities facing the department • Escalation as appropriate of S/C R&Os to Directors Board	• Review of R&Os and R&O Registers as a standing agenda item at DMT meetings • DMT to receive & approve updates to S/C R&Os and action plans	Directors, Assistant Directors, Service Manager or Lead Officer	Quarterly or as required by Director or DMT
Performance Board	• Support the review and development of ROM Policy, Strategy & Framework. • Support the development/review of the Strategic/Corporate R&Os register. • Review / Benchmarking of ROM	• Review of ROM Policy, Strategy & Framework. • Reviews of Strategic/Corporate R&Os and action plans. • Review / Benchmarking of ROM	Corporate Risk & Insurance Manager	• Annually • Quarterly • Annually
Service Managers	• Identification, management and review of R&Os within their Service or area of responsibility. • Monitoring and escalation as appropriate of R&Os to either Director/Assistant Director or relevant DMT	• Review of R&Os and R&O Registers as a standing agenda item at Service SMT meetings. • Review of Strategic/Corporate R&Os and action plans to DMT • Report to DMT on identified R&Os that require consideration for escalation to the S/C R&O Register	Service Managers	Quarterly or as required by Director, Assistant Director or DMT
Programme & Partnership Boards or Project Managers	Responsible for the identification, management and monitoring of R&Os within their given areas.	• Report on the management of R&Os and escalation of high level R&Os as required or necessary	Programme Boards, Partnership Boards and Project Managers	Quarterly or as required by Director, Assist Director, DMT or Service Manager
Employees	To manage risk effectively in their job and report hazards, risks or opportunities to their Service Manager, Assistant Director or Director.	• Report incidents, risks and opportunities following the procedures laid down in corporate policies.	All Employees	As necessary or required.

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12 March 2020	ITEM: 9
Standards and Audit Committee	
Internal Audit Progress Report 2019/20	

Wards and communities affected: All	**Key Decision:** Non-key
Report of: Gary Clifford – Chief Internal Auditor	
Accountable Director: Sean Clark – Corporate Director of Finance, Governance & Property	
This report is public	

Executive Summary

The Internal Audit Plan 2019/20 was discussed by the Standards & Audit Committee at their meeting of 14 March 2019. This progress report covers work undertaken since the last progress report presented to the Committee on 19th December 2019.

1. **Recommendation(s)**

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

Consider reports issued and the work being carried out by Internal Audit in relation to the 2019/20 audit plan.

2. **Introduction and Background**

2.1 The Accounts and Audit Regulations 2015 require that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.

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 2019/20 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   The reports issued by Internal Audit provide 4 levels of assurance opinion. The 4 opinions use a Red/Amber/Green (RAG) assurance level and reports are now categorised as:

- Green; Amber/Green (positive assurance opinions);
- Amber/Red (negative assurance opinion that provides some assurance but a number of weaknesses were identified); and
- Red (negative assurance opinion).

3.2   The purpose of this progress report is not only to highlight reports issued as final but to provide members with an update on work which has reached the draft report stage and work currently in progress. The status of work currently being undertaken is shown at Appendix 1.

3.3   During the period being reported on, we have finalised 4 reports. 3 of these were assurance reports and all received a Green (positive) assurance opinion. These were Accounts Payable, Accounts Receivable and Member's Allowances.

3.4   The remaining report was an advisory review of Extra Care. This was requested following concerns raised around the processes in place to manage the cash in the service. The service generates cash through a number of sources including meals through the café and events it arranges for residents. A number of weaknesses were identified and reported back to senior management and are included in Appendix 1. This review resulted in the service looking at an alternative process which involved becoming cashless. It was very pleasing to note that management reacted in a very positive and swift way to address these issues, thereby reducing the risks to both staff and residents.

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, Corporate Directors, Directors and Assistant Directors before being reported to Directors Board and the Standards & Audit Committee.

5.2 All terms of reference and draft reports are discussed and agreed with the relevant Corporate Directors, Directors, Assistant Directors 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 2019-20. Recommendations made are designed to further the implementation of these corporate priorities.

7. Implications

7.1 **Financial**

Implications verified by: **J Wilson**

Assistant Director - 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. The costs associated with the implementation of audit recommendations will be considered and, where possible, met from existing budgets.

7.2 **Legal**

Implications verified by: **T Hallam**

Acting Head of Law, Assistant Director of Law and Governance and Monitoring Officer

The contents of this report and appendixes form part of the council's responsibility to comply with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015, including to at least annually undertake an effective internal audit to, amongst other things, evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance. The council has delegated responsibility for ensuring this is taking place to the Standards & Audit Committee. There are no legal implications directly arising from this report.

7.3 **Diversity and Equality**

Implications verified by: **R Lee**

Team Manager – Community Development & Equalities

There are no direct diversity or equality 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 Plan and its outcomes are a key part of the council's risk management and assurance frameworks. 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:**

- Strategy for Internal Audit 2017/18 to 2019/20 and Internal Audit Plan 2019/20

- Internal Audit Reports issued in 2019/20.

9. **Appendices to the report**

- Appendix 1 – Internal Audit Progress Report.

Report Author:

Gary Clifford
Chief Internal Auditor
Thurrock Council Internal Audit Service, Finance, Governance & Property

Thurrock Council

Standards & Audit Committee

Internal Audit Progress Report 2019/20

Date of Committee: 12th March 2020

thurrock.gov.uk

Introduction

The internal audit plan for 2019/20 was presented to the Standards & Audit Committee on 14th March 2019. This report provides an update since the last progress report presented to the Committee on 19th December 2019.

Table showing reports issued as Final, in Draft and Work in Progress (WIP)

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Accounts Payable	Final	Green	0	2	2
Accounts Receivable	Final	Green	0	3	1
Member's Allowances	Final	Green	0	3	0
Extra Care	Final	Advisory	N/A	N/A	N/A
Housing Rents	Draft	N/A	N/A	N/A	N/A
Mileage	Draft	N/A	N/A	N/A	N/A
Purchase Cards	Draft	N/A	N/A	N/A	N/A
Electrical Safety Inspections	Draft	N/A	N/A	N/A	N/A
Payroll (including HR)	WIP	N/A	N/A	N/A	N/A
Corporate Health and Safety	WIP	N/A	N/A	N/A	N/A
Housing Allocations	WIP	N/A	N/A	N/A	N/A
Council Tax	WIP	N/A	N/A	N/A	N/A

Work and other issues for which no reports are generated

The work around the payment by results funding provided as part of the troubled families programme continues.

The Chief Internal Auditor has completed the grievance investigations.

There have been numerous meetings with senior management to develop a new 3 year Strategy and Annual Plan. The final plan will be presented to the next meeting of the Standards & Audit Committee. This includes a specific Strategy and Plan for the provision of a programme of IT audits.
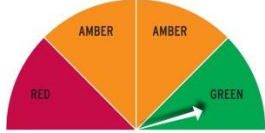
Changes to the Annual Plan
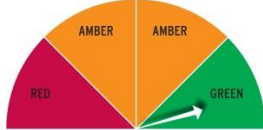
It is anticipated there will continue to be a significant impact on resources due to the additional work being under taken on the troubled family's programme which may result in other audits being deferred or taken out of the plan. However, increased confidence in the process could mean we reduce our sample size. This will be discussed with the Director of Finance, Governance & Property and the service lead officer.
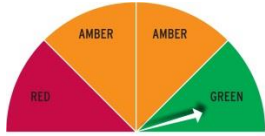
Internal Audit were approached to undertake a series of audits for Environmental Health to enable them to retain their British Standards Institution (BSI) ISO 9001 accreditation. These reviews involve testing the policies, procedures, processes, risk management and quality management arrangements in each of the service areas. Initially, whilst the staff are familiarising themselves with these services, the process is likely to be fairly

resource intensive but this will reduce as they gain more knowledge and skills. This work is continuing during February and March 2020.

Key Findings from Internal Audit Work

Assignment: Accounts Payable	Opinion: Green	
Headline Findings: Our review of **Accounts Payable** identified 2 medium and 2 low recommendations around the adequacy of the control framework. The objective of the review was to ensure that all expenditure is committed, approved and accounted for in line with the organisation's financial procedure rules and creditors are paid in a timely manner in accordance with targets. The main issues identified were around the need to review the number of people with Administrator access and a problem with Oracle in respect of the application of credit notes. The 4 medium and 1 low recommendation from the previous report had been actioned.		

Action and Response	Responsible Officer	Date
Action – Whilst acknowledging that timed access will only be granted to consultants on an, as and when required basis, the number of Administrators within the individual services needs to be reviewed. This will reduce the likelihood of breaches of system security. **Response** - Review undertaken and reduced number of Administrators from 28 to 15. Majority (8) of these are ICT staff who have to help fill in on the service desk due to resourcing issues. Further review to take place with HR to see if they still need this level of access.	Senior Technology Consultant (Oracle)	Actioned
Action – The outstanding credit note report to be fixed as soon as possible and report reviewed regularly to ensure all amounts have been applied and debtor's invoices raised for those credits which are outstanding for more than three months. **Response** - The service have developed a workaround to address this issue. A zero payment run is carried out periodically which applies the credits to the correct accounts.	Financial Administration Section Manager	Actioned

Assignment: Accounts Receivable	Opinion: Green	

Headline Findings: Our review of the **Accounts Receivable** identified 3 medium and 1 low recommendation around the adequacy of the control framework. The objective of the audit was 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 provide an opinion. The areas covered included policies and procedures, raising of sundry debtors, postings of receipts to appropriate accounts, suspense items, debt recovery, write offs and Management information. The main issues identified were around invoice requests not being submitted in a timely manner, hierarchy issues with the move to Oracle Cloud, recovery of VAT from write offs and monitoring and recovery of debts where probate is being undertaken.

Action and Response	Responsible Officer	Date
Action – Departments should be reminded of the requirement to raise requests for debtors' invoices in a timely manner. This helps to reduce the likelihood non-payment. **Response** - Reminder to be sent to Departments.	Financial Administration Section Manager	April 20
Action – The write off procedure programmed on the system needs to be reviewed to ensure the limits are correctly input and only those with the appropriate limits receive the write offs on their dashboard for authorisation. In addition, a report on write offs of receivable debts showing VAT that can be reclaimed from HMRC needs to be created. **Response** - There were some issues with the hierarchy but these have now been corrected. A report has been developed to address the issues around reclaiming VAT. This is available to the Senior Financial Accountant (CB) who will then be able to recover any VAT due.	Financial Administration Section Manager Senior Financial Accountant	Actioned
Action – It is recommended that Adults Social Services Finance team regularly monitor all accounts. In addition, they should undertake probate checks and contact the family, where it has been granted, to discuss payment arrangements. Management should also consider whether the engagement of 1 Solicitor from Barking and Dagenham is enough resource to ensure debts are being chased in a timely manner. As the Solicitor is employed one day a week, they should sit with the team whilst working on debts. Not only would this be invaluable for the staff who can ask advice, but would also help them to become more efficient in recovering debts, and consequently, less reliant on Legal. **Response** - Accounts with large debt were regularly monitored. However, smaller debts (below £5K) are now being monitored and followed up. The Solicitor does chase up probate issues but resources are not sufficient so it can take a long time to recover debts. Team Manager to speak to the Solicitor to see if they can spend more time in the office.	Customer Finance Team Manager	April 20

Assignment: Member's Allowances	Opinion: Green	

Headline Findings: Our review of the **Member's Allowances** identified 3 medium recommendations around the adequacy of the control framework. The objective of the audit was to confirm Member's Allowances were paid as per Thurrock Council Members' Allowance Scheme. The areas covered included member's allowances and mileage and subsistence. The main issues identified were around Special Responsibility Allowances where it was identified that in 1 case, a member was being paid an allowance for a responsibility they no longer had and in 1 other case, they were being paid the wrong rate for their responsibility. There has not been an audit in this area for a number of years so there were no recommendations to follow up.

Action and Response	Responsible Officer	Date
Action – The Democratic Services Manager to instruct Payroll to recover the overpayment and ensure budgets are monitored regularly. **Response** - The overpayment has been recovered.	Democratic Services Manager	Actioned
Action – It is recommended that the overpaid member is contacted to arrange repayment of the overpaid allowance. **Response** - Payroll are organising a suitable way to arrange repayment.	Strategic Lead – Pay & Operations	May 2020
Action – It is recommended that: • Appendix 1 within the Constitution, Chapter 11 should be updated every year. • The part of the budget relating to member's remuneration and expenses, should be passed to the Democratic Services Manager to ensure changes are monitored. • The Democratic Services Manager should request confirmation from Payroll that the relevant changes have been actioned. • Members should be formally informed of their remuneration at the beginning of the municipal year. All of the above will reduce the likelihood of further overpayments in the future. **Response -** The Constitution will be updated annually. The service are looking to transfer the budget to the Democratic Services Manager in the near future. The Democratic Services manager is looking at developing a form to show changes which will be signed off by Payroll. The Democratic Services Manager will email members with their remuneration details at the start of the municipal year.	Democratic Services Manager	May 2020

Assignment: Extra Care	Advisory	Opinion not provided

Headline Findings: Our review of the **Extra Care** identified 2 high and 2 medium recommendations around the adequacy of the control framework. The objective of the review was to undertake an advisory review of the financial arrangements at the Extra Care facilities are robust and protect the vulnerable adults who reside there and the staff who work there. This review was undertaken at the request of management within the service.

Action and Response	Responsible Officer	Date
Action – Income collection and the management of the residents' accounts should be regularly checked independently by a manager. If a purchase card system is adopted then reconciliation needs to occur between purchases made, banking and budget management. Income from the Cafes should be monitored and forecast to estimate income trends and allocate resources. This should become easier to manage with the implementation of cashless services. A lack of robust income management may hinder service provision and have poor outcomes for residents. Salary advances should be channelled through the proper payroll procedures to avoid non-compliance with Thurrock Council HR policies. Events management and financial records maintained on behalf of residents should be carried out in accordance with policy and be clear and transparent. Poor financial management practices are not in line with the Council's Constitution and may also result in non-compliance with the policy for the protection of residents' finances and belongings. **Response** - New Café manager to undertake a monthly review of all income and expenditure via reports from the Smartt Software system, which will be implemented from 1 December 2019 2 x new Purchase Card holders have been identified (café cook and Admin at Piggs Corner) and purchase cards have been ordered. Both staff members are required to undertake training in reconciliation processes. Management of the café services will be transferring to the existing meals on wheels manager (to be renamed Friendship cafe team manager) and incorporated into the new Friendship café. The new manager will discuss monthly reports with the strategic lead and monitor income and expenditure in line with Council financial monitoring processes. New Budget code to be set up through amalgamation of 2 existing codes for the Cafe and Meals on Wheels. Any future events arranged for residents by staff, will be managed through the existing Smartt software currently used by the meals on wheels service. No cash will be collected; residents will be invoiced for any events they participate in via the Councils finance team who will produce invoices and collect payments. Reports will be available via the Smartt Software.	Strategic Lead - Provider Services	Actioned Actioned Jan 20 Apr 20 Actioned

Action and Response	Responsible Officer	Date
Action – Independent management review of the reconciliation process is required on a regular basis. A lack of independent management review of income collection at the Cafes nor reconciliation sign off, leaves records open to the risk of mismanagement or errors. Failure to keep appropriate records, carry out daily reconciliations of the meals served to the income collected and a clear segregation of duties could also result in cash being misappropriated. **Response** - The removal of cash collection from the processes will ensure that salary advances are no longer possible	Strategic Lead - Provider Services	Actioned
Action – Policies and procedures need to be made available to staff. Without such policies and a manual, duties and responsibilities could become confused and/or not operated. **Response** - New accounting process to be produced and training rolled out when new cashless system is implemented	Strategic Lead - Provider Services	Dec 19
Action – Safe audits need to be implemented to ensure that there is an independent review of its contents, to check that residents' money is protected and the value of monies held does not exceed insurance limits. **Response** - The introduction of a cashless system will ensure no cash is placed in the safe. Cash belonging to residents who cannot manage their own finances will no longer be collected and stored in the safe. Instead all events and meals will be managed through the cashless process. Residents and their family / advocates will be responsible for making direct payments for services such as hairdressing, chiropody etc.	Strategic Lead - Provider Services	Actioned

12 March 2020	ITEM: 10
Standards and Audit Committee	
External Audit Plan 2019/20	
Wards and communities affected: All	**Key Decision:** N/A
Report of: Sean Clark, Corporate Director of Finance, Governance and Property	
Accountable Assistant Director: Jonathan Wilson, Assistant Director of Finance	
Accountable Director: Sean Clark, Corporate Director of Finance, Governance and Property	
This report is Public	

Executive Summary

This report introduces the External Audit Plan for 2019/20 which will be presented by BDO.

1.   Recommendation(s)

1.1   That the report be noted.

2.   Introduction and Background

2.1   This report introduces the Audit Plan that will cover the audit of the 2019/20 financial statements and the assessment of the council's arrangements to secure economy, efficiency and effectiveness.

2.2   The plan sets out the audit process and the auditors will report on their findings to the Committee in July 2020.

2.3   The plan sets out the key risks and the areas the auditors will focus on.

2.4   The key financial statement risks identified are noted below along with steps taken by the Council to address them. The significant risks identified are audit risks which are largely common to all local authorities and are set out below:

- Management Override of Controls

ISA (UK) 240 presumes that management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare

fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

There have been no identified instances of management override identified at the Council from previous audits and the system of internal control continues to address this inherent risk.

- Revenue (and Expenditure) Recognition

There is risk in respect of the existence (recognition) of revenue and capital grants that are subject to performance conditions before these may be recognised as revenue in the comprehensive income and expenditure statement (CIES). There is also a risk of manipulation of expenditure recognition by inappropriately deferring expenditure to the following year.

There have been no concerns raised in this area from either internal or external assessments in prior periods. The Council remains satisfied the revenue recognition processes in place remain appropriate.

- Valuation of Property, Plant & Equipment (PPE)

There is an inherent risk over the valuation of land, buildings, dwellings and investment properties where valuations are based on incorrect assumptions or where updated valuations have not been provided for a class of assets at year-end.

There have been no significant issues noted in previous reviews by external audit and the Council continues to ensure assets are valued in accordance with the requirements of the Code of Practice.

- Pension Liability Valuation

There is a risk the valuation of the pension liability is not based on accurate membership or appropriate assumptions and hence there is an inherent risk of material misstatement.

The Council continues to liaise with Essex Pension Fund to ensure all data inputs into the valuation process are complete and accurate. This risk applies to all members of the Essex Pension Fund.

2.5   The external auditors have identified one further significant risk in relation to sustainable resources. The Council need to deliver approved savings targets and the planned investment income to maintain financial sustainability in the medium term and there remains a risk this may not be delivered.

The Council has developed a detailed medium-term financial strategy to meet the significant financial challenges over this period. This is based on a commercial approach which balances the budget over the next 3 years. The

Council continues to manage this risk through appropriate due diligence and financial monitoring.

2.6   The proposed audit fees are set out in Appendix A. The planned fee for the main audit and VFM conclusion is £107,967. This is consistent with the base audit fee for 2018/19.

3.   Issues, Options and Analysis of Options

3.1   The report is only for nothing as it is the report of the external auditors.

4.   Reasons for Recommendation

4.1   To make the Committee aware of the external audit programme of work and the associated fees.

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

5.1   There has been an ongoing dialogue between officers and the external auditors and the plan has been reviewed in detail.

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

6.1   Robust financial processes safeguard the Council's assets that support the Council in delivering its policies and priorities

7.   Implications

7.1   **Financial**

Implications verified by: **Jonathan Wilson**

Assistant Director of Finance

These are included in the body of the report.

7.2   **Legal**

Implications verified by: **Tim Hallam**

Assistant Director of Law and Governance

There are no specific implications from this report.

7.3   **Diversity and Equality**

Implications verified by: **Natalie Smith**

Strategic Lead of Community Development

There are no specific implications from this report.

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

There are no specific implications from the 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 1 – BDO Audit Planning Report for Thurrock Council 2019/20

Report Author:

Jonathan Wilson

Assistant Director of Finance

Finance

Report to the Standards and Audit Committee

THURROCK COUNCIL

Audit Planning Report: year ending 31 March 2020

BDO
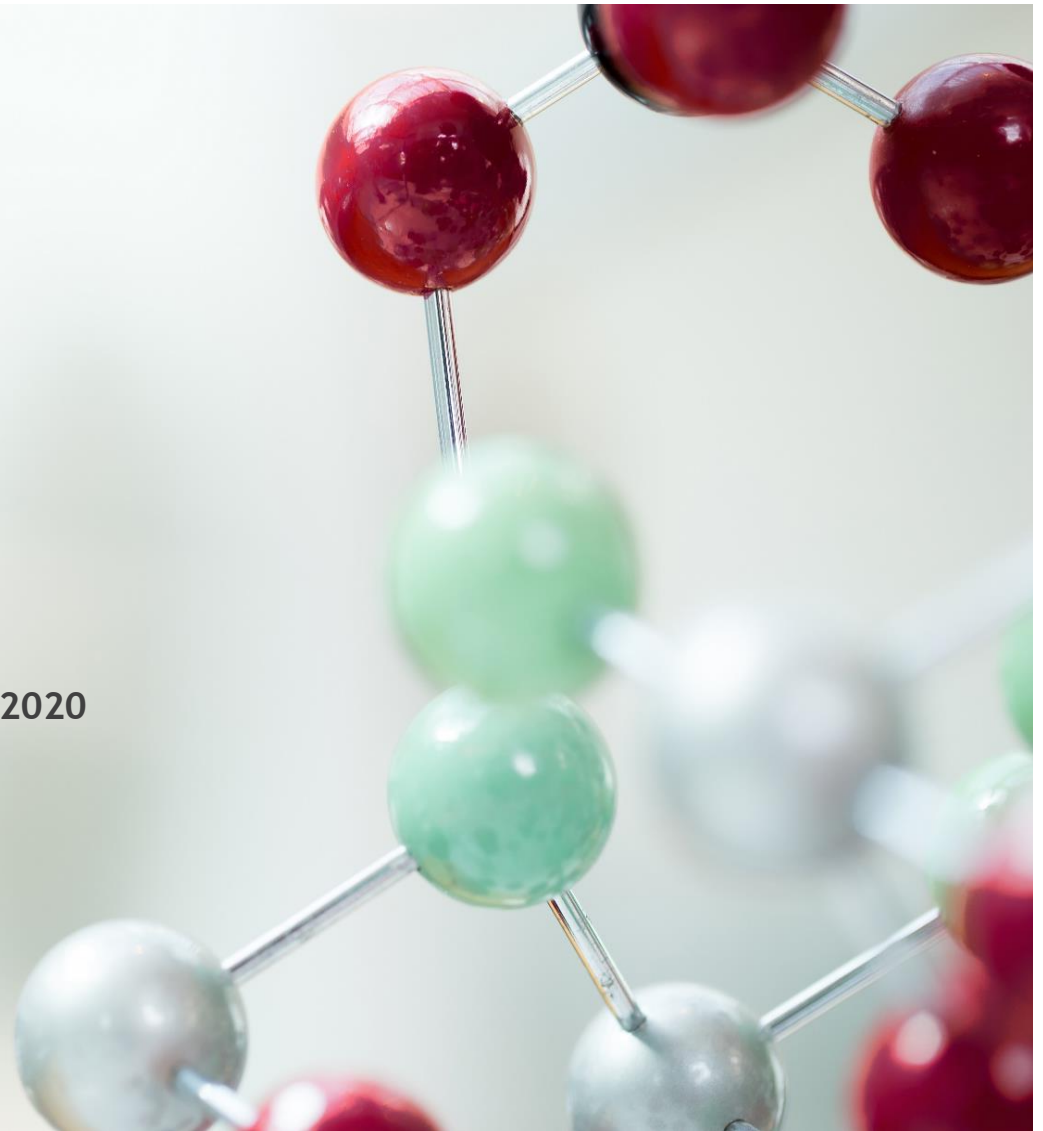
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CONTENTS

WELCOME

We have pleasure in presenting our Audit Planning Report to the Standards and Audit Committee of Thurrock Council (the 'Council'). This report forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process with those charged with governance.

It summarises the planned audit strategy for the year ending 31 March 2020 in respect of our audit of the financial statements and consolidated entities (together the 'Group') and use of resources; comprising materiality, key audit risks and the planned approach to these.

The planned audit strategy has been discussed with management to ensure that it incorporates developments in the business during the year under review, the results for the year to date and other required scope changes.

We look forward to discussing this plan with you at the Standards and Audit Committee meeting on 12 March 2019 and to receiving your input on the scope and approach.

In the meantime if you would like to discuss any aspects in advance of the meeting please contact one of the team.

Lisa Clampin

12 February 2020

Lisa Clampin

t: 01473 320716

m: 07791 397160

e: lisa.clampin@bdo.co.uk

Simiso Ngidi

t: 01473 320861

m: 07970 010825

e: simiso.ngidi@bdo.co.uk

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SCOPE AND MATERIALITY
Executive summary

This summary provides an overview of the key audit matters that we believe are important to the Standards and Audit Committee in reviewing the planned audit strategy for the Council and Group for the year ending 31 March 2020.

It is also intended to promote effective communication and discussion and to ensure that the audit strategy appropriately incorporates input from those charged with governance.

Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties.

Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

Materiality

Planning materiality for the Council and Group will be set at 1.75% of gross expenditure for the year (prior year 1.5%). This will be revisited when the draft financial statements are received for audit.

Although materiality is the judgement of the engagement lead, the standards and Audit Committee is obliged to satisfy themselves that the materiality chosen is appropriate for the scope of the audit.

CLEARLY TRIVIAL
£140,000

GROUP MATERIALITY
£7,300,000

CLEARLY TRIVIAL
£140,000

SINGLE ENTITY MATERIALITY
£7,300,000
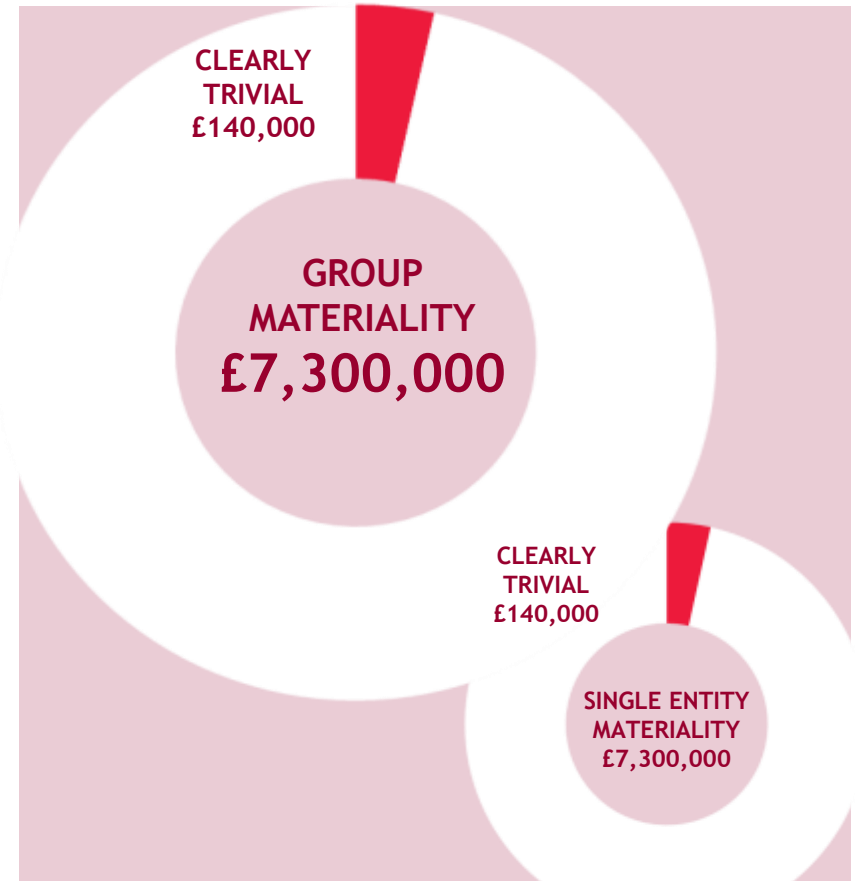
AUDIT STRATEGY
Executive summary

Our audit strategy is predicated on a risk based approach, so that audit work is focused on the areas of the financial statements where the risk of material misstatement is assessed to be higher, or where there is a risk that the organisation has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have discussed the changes to the Council's systems and controls in the year with management and obtained their own view of potential audit risk in order to update our understanding of the Group's activities and to determine which risks impact on the numbers and disclosures in the financial statements, or on its arrangements for securing economy, efficiency and effectiveness in its use of resources.

We will continue to update this assessment throughout the audit.

The table on the next page summarises our planned approach to audit risks identified.

AUDIT RISKS OVERVIEW
Executive summary

Risk identified	Risk rating	Fraud risk present	Testing approach	Impact of significant judgements and estimates
Management override of controls	Significant	Yes	Substantive	Medium
Revenue recognition	Significant	Yes	Substantive	Low
Expenditure cut-off	Significant	Yes	Substantive	Low
Valuation of non-current assets	Significant	No	Substantive	High
Valuation of pension liability	Significant	No	Substantive	High
Valuation of financial instruments	Normal	No	Substantive	Medium
Allowance for non collection of receivables	Normal	No	Substantive	Medium
Sustainable finances (use of resources)	Significant	N/A	N/A	N/A

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INDEPENDENCE AND FEES
Executive summary

Independence

We confirm that the firm complies with the Financial Reporting Council's Ethical Standard for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards. One of our colleagues at BDO has declared that they have family employed by the Council. The individual is not involved in the audit and they've been advised that they cannot provide any services to the Council.

Fees

	2019/20	2018/19
Code audit fee	£102,967	£102,967
Additional audit fee: Group consolidation*	£5,000	£5,000
Additional audit fee: Work on financial instruments valuations and prior period adjustment*		£9,000
Total audit fees	**£107,967**	**£117,032**
Fees for non-audit services - audit related:		
• Certification of housing benefits subsidy claim	(1) 14,900	£14,900
• Certification of pooled housing capital receipts return	£3,500	£3,500
• Certification of teachers' pensions return	£7,000	£7,000
Total non-audit services fees	**£25,400**	**£25,400**
Total fees	**£133,367**	**£142,367**

(*) This is the proposed additional fees for work on consolidation, financial instrument valuation and prior period adjustment. This has not been approved as yet and therefore not yet billed.

(1) This fee is for the initial testing on the base sample of 20 cases per benefit type plus three sets of 40+ testing from the prior year. Any additional testing required will be charged at £750 per set of "40+ testing" required

Amendments to the proposed fees

The 2019/20 planned Code fee is the PSAA-published level. The Scale is based on the historical position from 2012/13 and so does not reflect any of the changes in audit scope and depth linked to current audit requirements for property, plant and equipment or pensions liability valuation work or group accounts work. Discussions on the total fee impact will be held initially with officers in the context of detailed operational planning and interim audit scope so as to best mitigate increases.

OVERVIEW
Audit scope and objectives

Key components of our audit objectives and strategy for the Group are highlighted and explained on the following pages.

Audit planning is a collaborative and continuous process and our audit strategy, as reflected here, will be reviewed and updated as our audit progresses.

We will communicate any significant changes to our audit strategy, should the need for such change arise.

Reporting	Objectives
Auditing standards	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
Financial statements	We will express an opinion on the Council and Group financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2019/20 and other directions.
Statement of Accounts	In addition to our objectives regarding the financial statements, we will also read and consider the other information contained in the Statement of Accounts to consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.
Use of Resources	We will report whether we consider that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
WGA	We will review the Whole of Government Accounts (WGA) return and express an opinion on whether it is consistent with the audited financial statements.
Additional powers and duties	Where necessary we may be required to: issue a report in the public interest; make a written recommendation to the Council; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
Report to the Standards and Audit Committee	Prior to the approval of the financial statements, we will discuss our significant findings with the Standards and Audit Committee. We will highlight key accounting and audit issues as well as internal control findings and any other significant matters arising from the audit.

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AUDIT SCOPE ENTITIES, COMPONENTS AND AUDIT RISKS

As Group auditor we are required to design an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion ISA (UK) 600

A high-level overview of how we have designed the Group audit strategy is summarised below to ensure you have clear oversight of the scope of the work we intend to perform on each entity.

Audit Risks, covered later in this report, are cross referenced to each entity to provide clarity over how these arise within your business and where the focus of the audit work will be.

The clearly trivial threshold for all components has been set at the Group level, being £120,000.

AUDIT SCOPE ENTITIES, COMPONENTS AND AUDIT RISKS 2

Entity	Nature of Operations	Audit classification	Reason for classification	Audit Risks	Component Materiality and basis of assessment	Audit strategy
Thurrock Council	Provides full range of local authority services	Significant component	Size and Risk	Risk no. 1 - 8	£6.2 million	Statutory audit by BDO UK
Thurrock Regeneration Limited	Delivery of regeneration projects in the borough	Non significant component	Size	Risk no. 1,2,4	N/A – Non significant component	Specified procedures performed by BDO UK
Thurrock Regeneration Homes Limited	The rental and housing management of the developments by Thurrock Regeneration	Non significant component	Size	Risk no. 1	N/A – Non significant component	Specified procedures performed by BDO UK

BDO TEAM
Team responsibilities

Lisa Clampin

Partner

t: 01473 320716

m: 07791 397160

e: lisa.clampin@bdo.co.uk

As audit engagement lead I have primary responsibility to ensure that the appropriate audit opinion is given.

In meeting this responsibility I ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to report on the financial statements and communicate as required by the ISAs (UK), in accordance with our findings.

I will ensure that we have undertaken sufficient work to assess the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources against the guidance published by the National Audit Office.

I am responsible for the overall quality of the engagement and am supported by the rest of the team.

Simiso Ngidi

Manager

t: 01473 320861

m: 07970 010825

e: simiso.ngidi@bdo.co.uk

I will lead on the audit of the Council. I work closely with Lisa to develop and execute the audit strategy. I will be a key point of contact on a day to day basis and will ensure that timelines are carefully managed to ensure that deadlines are met and matters to be communicated to management and the Standards and Audit Committee are highlighted on a timely basis.

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OVERVIEW
Audit risks

We have assessed the following as audit risks. These are matters assessed as most likely to cause a material misstatement in the financial statements or impact on our use of resources opinion and include those that will have the greatest effect on audit strategy, the allocation of audit resources and the amount of audit focus by the engagement team.

Key: Significant / Normal

Description of risk	Significant risk	Normal risk	Overview of risk
1. Management override of controls	■		Auditing standards presume that management is in a unique position to perpetrate fraud by overriding controls.
2. Revenue recognition	■		Auditing standards presume that income recognition presents a fraud risk.
3. Expenditure cut-off	■		For public sector bodies the risk of fraud related to expenditure is also relevant.
4. Valuation of non-current assets	■		The valuation of non-current assets is a significant risk as it involves a high degree of estimation uncertainty.
5. Valuation of pension liability	■		The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty.
6. Allowance for non collection of receivables		■	There is a risk over the valuation of this allowance if incorrect assumptions or source data are used, or an inappropriate methodology is applied.
7. Valuation of financial instruments		■	The valuation of financial instruments involves a degree of estimation uncertainty.
8. Sustainable finances (use of resources	■		The Council will need to deliver its savings and achieve income targets to maintain financial sustainability in the medium term and there is a risk that these projections will not be met.

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MANAGEMENT OVERRIDE OF CONTROLS

Auditing standards presume that management is in a unique position to perpetrate fraud by overriding controls.

Significant risk	■
Normal risk	
Fraud risk	■
Assess design & implementation of controls to mitigate	■
Significant Management estimates & judgements	
Controls testing approach	
Substantive testing approach	■
Risk highlighted by Council	

Risk detail

- ISA (UK) 240 - The auditor's responsibilities relating to fraud in an audit of financial statements requires us to presume that the risk of management override of controls is present and significant in all entities.

Planned audit approach

Our audit procedures will include the following:

- Review and verification of journal entries made in the year, agreeing the journals to supporting documentation. We will determine key risk characteristics to filter the population of journals. We will use our IT team to assist with the journal extraction;

- Review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias; and

- Review of unadjusted audit differences for indications of bias or deliberate misstatement.

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REVENUE RECOGNITION

Auditing standards presume that income recognition presents a fraud risk.

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

Risk detail

Under auditing standards there is a presumption that income recognition presents a fraud risk. For the Council, we consider the risk of fraudulent revenue recognition to be in respect of the accuracy and existence of grant income with performance conditions.

Planned audit approach

We will test an increased sample of revenue grants included in income to documentation from grant paying bodies and check whether recognition criteria have been met.

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EXPENDITURE CUT-OFF

For public sector bodies the risk of fraud related to expenditure is also relevant.

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

Risk detail

For net-spending bodies in the public sector there is also risk of fraud related to expenditure. For the Council, we consider the risk of fraud to be in respect of the cut-off of expenditure at year-end.

Planned audit approach

We will test an increased sample of expenditure either side of year end, to confirm that expenditure has been recorded in the correct period and that all expenditure that should have been recorded at year end has been.

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VALUATION OF NON-CURRENT ASSETS

The valuation of non-current assets is a significant risk as it involves a high degree of estimation uncertainty.

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

Risk detail

Local authorities are required to ensure that the carrying value of land, buildings and dwellings is not materially different to the current value (operational assets) or fair value (surplus assets, assets held for sale and investment properties) at the balance sheet date. There is a risk over the valuation of these assets due to the high degree of estimation uncertainty and where updated valuations have not been provided for a class of assets at the year-end.

Planned audit approach

Our audit procedures will include the following:

- Reviewing the instructions provided to the valuer and the valuer's skills and expertise in order to determine if we can rely on the management expert;

- Confirming that the basis of valuation for assets valued in year is appropriate based on their usage;

- Reviewing accuracy and completeness of information provided to the valuer, such as rental agreements and sizes;

- Reviewing assumptions used by the valuer and movements against relevant indices for similar classes of assets;

- Following up valuation movements that appear unusual; and

- Confirming that assets not specifically valued in the year have been assessed to ensure their reported values remain materially correct.

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VALUATION OF PENSION LIABILITY

The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty

Significant risk	
Normal risk	
Fraud risk	
Assess design & implementation of controls to mitigate	
Significant Management estimates & judgements	
Controls testing approach	
Substantive testing approach	
Risk highlighted by Council	

Risk detail

The valuation of the defined benefit obligation is a complex calculation involving a number of significant judgements and assumptions. The actuarial estimate of the pension fund liability uses information on current, deferred and retired member data and applies various actuarial assumptions over pension increases, salary increases, mortality, commutation take up and discount rates to calculate the net present value of the liability.

There is a risk that the membership data and cash flows provided to the actuary at year end may not be accurate, and that the actuary uses inappropriate assumptions to value the liability. Relatively small adjustments to assumptions used can have a material impact on the Council's share of the scheme liability.

Planned audit approach

Our audit procedures will include the following:

- Agreeing the disclosures to the information provided by the pension fund actuary;
- Reviewing the competence of the management expert (actuary);
- Reviewing the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data;
- Reviewing the controls in place for providing accurate membership data to the actuary;
- Contacting the pension fund auditor and requesting confirmation of the controls in place for providing accurate membership data to the actuary and testing of that data; and
- Checking that any significant changes in membership data have been communicated to the actuary.

ALLOWANCE FOR NON COLLECTION OF RECEIVABLES

There is a risk over the valuation of this allowance if incorrect assumptions or source data are used, or an inappropriate methodology is applied.

Significant risk	
Normal risk	■
Fraud risk	
Assess design & implementation of controls to mitigate	
Significant Management estimates & judgements	
Controls testing approach	
Substantive testing approach	■
Risk highlighted by Council	

Risk detail

There is a risk over the valuation of this allowance if incorrect assumptions or source data are used, or an inappropriate methodology is applied. IFRS 9's Expected Credit Loss model applies to financial assets but does not include amounts receivable under statute such as council tax and business rates receivables.

Planned audit approach

We will review the provision model for significant income streams and receivables and debt balances to assess whether it appropriately reflects historical collection rates by age of debt or arrears and, for receivables classified as financial instruments, includes appropriate assumptions for expected credit losses.

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VALUATION OF FINANCIAL INSTRUMENTS

The valuation of financial instruments involves a degree of estimation uncertainty.

Significant risk	
Normal risk	■
Fraud risk	
Assess design & implementation of controls to mitigate	
Significant Management estimates & judgements	
Controls testing approach	
Substantive testing approach	■
Risk highlighted by Council	

Risk detail

There is a risk over the valuation of the financial instruments designated at fair value through profit and loss, these are valued using techniques which have a high level of estimation uncertainty.

Planned audit approach

Our audit procedures will include the following:

- Engaging our valuations team to assess the reasonableness of the assumptions applied; and

- Agree input data to source documentations.

SUSTAINABLE FINANCES (USE OF RESOURCES)

The Council will need to deliver it savings and achieve income targets to maintain financial sustainability in the medium term and there is a risk that these projections will not be met.

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

Risk detail

The Medium Term Financial Strategy (MTFS) covering the period from 2020/21 to 2024/25 forecasts further revenue reductions in Government funding from grants and that will continue into the future. The MTFS also acknowledges pressures from inflation, increasing pay awards and other demographic and economical pressures.

The Council has set a balanced budget (surplus) for three of the five years of the MTFS period. Delivery of the Council's commercial investment strategy is key to the achievement of the MTFS. The Council has reported a number of service pressures on the General Fund and expected delays on the achievement of investment income for 2019/20 as at the end of September 2019. The current MTFS has identified savings of £0.9m for 2020/21 to produce a balanced budget.

The financial and commercial management challenges faced by the Council are notable, in particular the dependence upon delivery of material commercial investment income in 2019/20. As a result we conclude that there is a significant risk in respect of sustainable resource deployment.

Planned audit approach

Our audit procedures will include the following:

- Review the assumptions used in the MTFS and assess the reasonableness of the cost pressures and the amount of Government grant reductions applied;

- Review the monitoring of the delivery of the budgeted savings;

- Review the investment plans and the adequacy of those plans; and

- Sample a number of savings schemes and plans for detailed review.

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OTHER MATTERS REQUIRING FURTHER DISCUSSION

Fraud

Whilst the Directors of the Council have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit and includes making enquiries of management and those charged with governance.

We have not been made aware of any actual, alleged or suspected incidences of fraud. We request confirmation from the Standards and Audit Committee on fraud and a discussion on the controls and processes in place to ensure timely identification and action.

Management believe that there is low risk of material misstatement arising from fraud and that controls in operation would prevent or detect material fraud.

Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We will review the reports issued by the Council's internal audit function although we do not plan to place reliance on their work in respect of their assessment of control processes.

Laws and regulations

We will consider compliance with laws and regulations. The most significant of these for your organisation includes VAT legislation, Employment Taxes, Health and Safety and the Bribery Act 2010. We will make enquiries of management and review correspondence with the relevant authorities.

OTHER MATTERS REQUIRING FURTHER DISCUSSION 1

Accounting policies

We will report to you on significant qualitative aspects of your chosen accounting policies. We will consider the consistency and application of the policies and we will report to you where accounting policies are inconsistent with the CIPFA Code of Practice on Local Authority Accounting 2019/20, applicable accounting standards or other direction under the circumstances.

Significant accounting estimates and judgements

We will report to you on significant accounting estimates and judgements. We will seek to understand and perform audit testing procedures on accounting estimates and judgements including consideration of the outcome of historical judgements and estimates. We will report to you our consideration of whether management estimates and judgements are within an acceptable range.

Financial statement disclosures

We will report to you on the sufficiency and content of your financial statement disclosures.

Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment or fraud. Our audit approach includes the consideration of related party transactions throughout the audit including making enquiries of management and the Standards and Audit Committee.

Any other matters

We will report to you on any other matters relevant to the overseeing of the financial reporting process. Where applicable this includes why we consider a significant accounting practice that is acceptable under the financial reporting framework not to be the most appropriate.

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GOING CONCERN

Directors are required to make an assessment of the Council's ability to continue as a going concern.

Directors' responsibilities

It is the Directors' responsibility to make an assessment of the Council's ability to continue as a going concern to support the basis of preparation for the financial statements and disclosures in the financial statements. This is a requirement of the accounting standards.

This assessment should be supported by detailed cash flow forecasts with clear details of the key underlying assumptions, consideration of available finance throughout the forecast period, and a consideration of the forecast's sensitivity to reasonably possible variations in those assumptions along with any other relevant factors.

The going concern assessment should cover a minimum of 12 months from the date of the directors' approval of the financial statements. However, consideration should also be given to any major events or circumstances that may fall outside this period.

Audit responsibilities

Our responsibilities in respect of going concern are:

(a) To obtain sufficient appropriate audit evidence regarding, and conclude on, i) whether a material uncertainty related to going concern exists; and ii) the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements; and

(b) To report in accordance with ISA (UK) 570.

We will obtain an understanding of the business model, objectives, strategies and related business risk, the measurement and review of the Council's financial performance including forecasting and budgeting processes and the Council's risk assessment process. We will evaluate:

a) The Directors' method, including the relevance and reliability of underlying data used to make the assessment, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other.

b) The Directors' plans for future actions in relation to the going concern assessment including whether such plans are feasible in the circumstances.

c) The adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment and any material uncertainties that may exist.
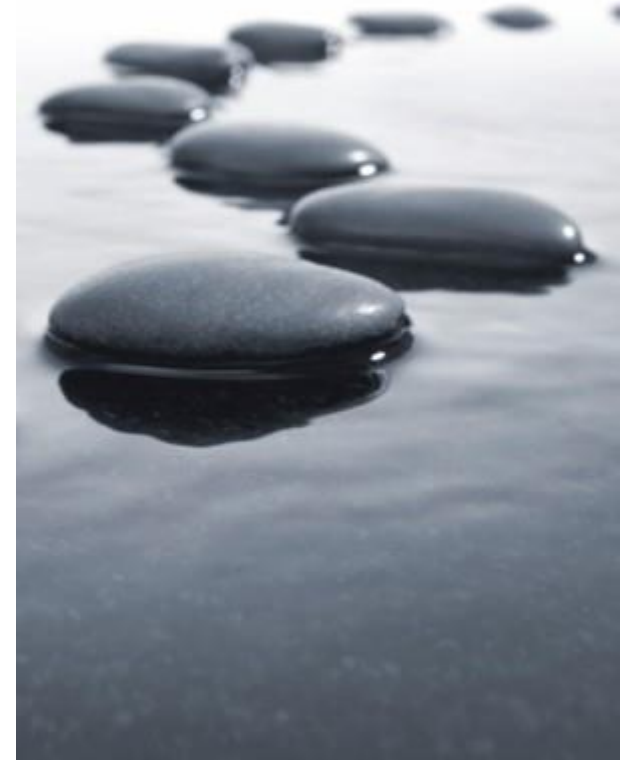
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IT GENERAL CONTROLS

IT General Controls (ITGCs) are the policies and procedures that relate to many IT applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. They commonly include controls over data center and network operations; system software acquisition, change and maintenance; access security; and application system acquisition, development, and maintenance.

ITGCs are an important component in systems of internal control, and sometimes have a direct impact on the reliability of other controls.

IT assurance is embedded in our audit strategy to ensure the IT systems provide a suitable platform for the control environment and is undertaken in conjunction with our IT Assurance team. Our testing strategy includes a tailored range of data analytics, system configuration and IT environment testing.

We will also obtain an understanding of the information system, including the related business processes relevant to financial reporting, to include:

- Oracle;

- Northgate;

- Logotech; and

- Controcc.

INDEPENDENCE

Page 129

Under ISAs (UK) and the FRC's Ethical Standard we are required, as auditors, to confirm our independence.

We have embedded the requirements of the auditing standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement.

This document considers such matters in the context of our audit for the year ending 31 March 2020.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Group.

One of our colleagues at BDO has declared that they have family employed by the Council. The individual is not involved in the audit and they've been advised that they cannot provide any services to the Council.

We also confirm that we have obtained confirmation that external audit experts involved in the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Council and the Group.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

Non-audit services

Details of services, other than audit, provided by us to the Group during the period and up to the date of this report are set out in the fees table on the following page.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

FEES SUMMARY

Fees for year ending 31 March 2020 and prior year

	2019/20	2018/19
Code audit fee	£102,967	£102,967
Additional audit fee: Group Consolidation	£5,000	£5,000
Additional audit fee: Work on financial instruments valuations and prior period error		£9,000
Total audit fees	**£107,967**	**£116,967**
Fees for non-audit services - audit related:		
• Certification of housing benefits subsidy claim	[1] 14,900	£14,900
• Certification of pooled housing capital receipts return	£3,500	£3,500
• Certification of teachers' pensions return	£7,000	£7,000
Total non-audit services fees	**£25,400**	**£25,400**
Total fees	**£133,367**	**£142,367**

[1] This fee is for the initial testing on the base sample of 20 cases per benefit type plus three sets of 40+ testing from the prior year. Any additional testing required will be charged at £750 per set of "40+ testing" required

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APPENDICES CONTENTS

COUNCIL'S RESPONSIBILITIES

The Council's responsibilities and reporting

Financial reporting

The Council is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which the Council accounts for its stewardship and use of the public money at its disposal.

The form and content of the Council's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Council is also required to prepare schedules or returns to facilitate the preparation of consolidated accounts such as HM Treasury's Whole of Government Accounts.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2019/20, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.

Use of resources

Councils are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a Governance Statement.

In preparing its Governance Statement, the Council will tailor the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.

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OUR RESPONSIBILITIES
Responsibilities and reporting

Our responsibilities and reporting – financial reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members of the Council.

We read and consider the 'other information' contained in the Statement of Accounts such as the additional narrative reports. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

Our responsibilities and reporting – use of resources

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

This means that we have regard to relevant guidance issued by the National Audit Office and undertake sufficient work to be able to satisfy ourselves as to whether the Council has put arrangements in place that support the achievement of value for money.

What we don't report

Our audit is not designed to identify all matters that may be relevant to the Council and the Standards and Audit Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

COMMUNICATION WITH YOU

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Those charged with governance

References in this report to those charged with governance ('TCWG') are to the Council as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Standards and Audit Committee.

In communicating with the Standards and Audit Committee, representing TCWG of the parent and the Group, we consider TCWG of subsidiary entities to be informed about matters relevant to their subsidiary. Please let us know if this is not appropriate.

Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered. We will meet with management throughout the audit process. We will issue regular updates and drive the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Audit Planning Report

The Audit Planning Report sets out all planning matters which we want to draw to your attention including audit scope, our assessment of audit risks and materiality.

Internal Controls

We will consider internal controls relevant to the preparation of financial statements in order to design our audit procedures and complete our work. This is not for the purpose of expressing an opinion on the effectiveness of internal control.

Audit Completion Report

At the conclusion of the audit, we will issue an Audit Completion Report to communicate to you key audit findings before concluding our audit opinion. We will include any significant deficiencies in internal controls which we identify as a result of performing audit procedures. We will meet with you to discuss the findings and in particular to receive your input on areas of the financial statements involving significant estimates and judgements and critical accounting policies.

Once we have discussed the contents of the Audit Completion Report with you and having resolved all outstanding matters we will issue a final version of the report.

TEAM MEMBER ROTATION

This table indicates the latest rotation periods normally permitted under the independence rules of the FRC's Ethical Standard.

In order to safeguard audit quality we will employ a policy of gradual rotation covering the team members as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Lisa Clampin Engagement lead	1	5 years
Simiso Ngidi Manager	1	10 years

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MATERIALITY: DEFINITION AND APPLICATION

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Concept and definition

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):

- Narrative disclosure e.g. accounting policies, going concern; and

- Instances when greater precision is required (e.g. Remuneration and Staff Report and related party transactions).

International Standards on Auditing (UK) also allow the auditor to set a lower level of materiality for particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Calculation and determination

We have determined materiality based on professional judgement in the context of our knowledge of the Group, including consideration of factors such as industry developments, financial stability and reporting requirements for the financial statements.

We determine materiality in order to:

- Assist in establishing the scope of our audit engagement and audit tests;

- Calculate sample sizes; and

- Assist in evaluating the effect of known and likely misstatements on the Group financial statements.

Reassessment of materiality

We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.

Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope.

MATERIALITY: DEFINITION AND APPLICATION

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If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.

You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

Unadjusted errors

We will communicate to you all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.

Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.

We will obtain written representations from the [Audit Committee] confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.

We will request that you correct all uncorrected misstatements. In particular we would strongly recommend correction of errors whose correction would affect compliance with contractual obligations or governmental regulations. Where you choose not to correct all identified misstatements we will request a written representation from you setting out your reasons for not doing so and confirming that in your view the effects of any uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as whole.

AUDIT QUALITY

BDO's audit quality cornerstones underpin the firm's definition of audit quality.

BDO is committed to audit quality. It is a standing item on the agenda of the Leadership Team, who in conjunction with the Audit Stream Executive, monitors the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections. We welcome feedback from external bodies and are committed to implementing necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external regulators, the firm undertakes a thorough annual internal Audit Quality Assurance Review and as a member firm of BDO International network we are also subject to a quality review visit every three years. We have also implemented additional quality control review processes for all listed and public interest entities.

More details can be found in our Transparency Report at www.bdo.co.uk

MINDSET
- Scepticism
- Independent
- Focus on the shareholder as user
- Robustness and moral courage.

KNOWLEDGEABLE, SKILLED PEOPLE
- Knowledge of the business
- Intelligent application of auditing standards
- Intelligent application of accounting standards
- Understanding of the control environment.

AUDIT QUALITY CORNERSTONES

- How to assess – benchmarking
- Where to focus – risk-based approach
- How to test – audit strategy
- What to test – materiality and scope.

DILIGENT PROFESSIONAL JUDGEMENTS

- Audit reports
- Management letter
- Audit Committee Reports
- Top quality financial statement.

HIGH QUALITY AUDIT OUTPUTS

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AQR RESULTS 2018/19

Overview

The FRC released their Audit Quality Review (AQR) results for the 7 largest accountancy firms in July 2019 for the review period 2018/19. A copy of all of the reports can be found on the FRC Website. We are very proud of our results in this review period where, for the second year running, 7 of the 8 files reviewed were assessed as either good or requiring only limited improvements.

Firm's results

The graphs demonstrates our performance in relation to the other 6 largest firms and our continuous improvements and maintenance of that improvement over the last 6 review periods .

We include details of our model 'The Cycle of Continuous Improvement'. We acknowledge that the firm has performed well over the last few years however we are not complacent and need a strong process in place to maintain this high level of audit quality and deal rapidly and effectively with issues as they arise. This also highlights how our program of root cause analysis plays an important role in high audit quality.

We would encourage you to read our report which includes:

- Details of the root cause analysis we have been undertaking to address issues raised;

- The actions we have/are undertaking to address the issues raised by the AQR; and

- A number of areas of good practice the AQR review team identified whilst undertaking their review.

More details will be included in our Transparency Report which will be available on our www.bdo.co.uk.
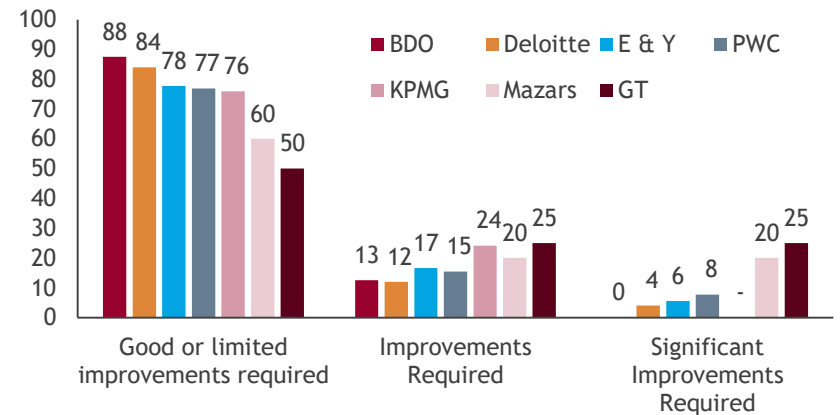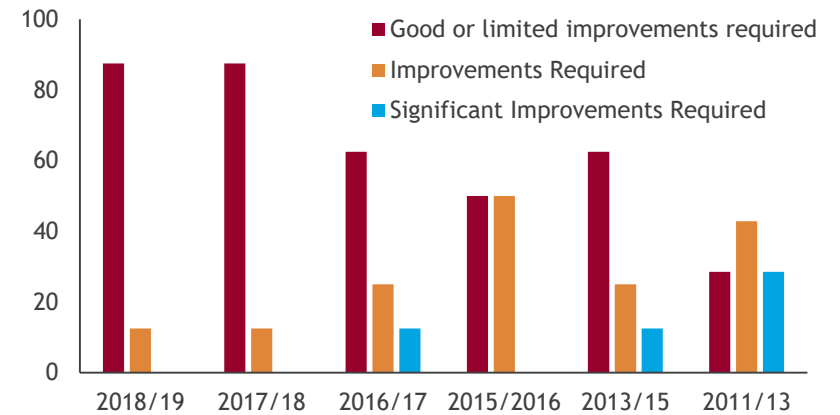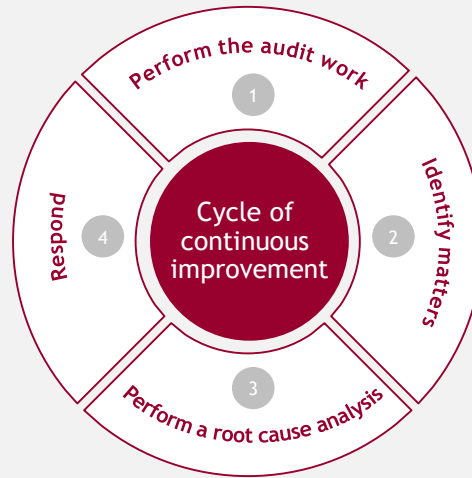
AQR RESULTS 2018/19
BDO performance

Live files require:
- Review of audit quality by senior team members

and may require:
- Hot review of financial statements
- Technical support for audit work
- Appointment of engagement quality control reviewer

Completed files may be subject to:
- Internal Audit Quality Assurance Review
- External review from AQR or QAD

Considerations of how to address:
- Behavioural matters
- Operational changes required
- Cultural matters to be escalated

Responses may include:
- Updating operational practices
- Embedding matter into performance review and development process for staff
- Staff coaching
- Amending audit approach firm-wide or for specific assignments
- Targeted messaging to relevant audiences (e.g. grades, ranks or sector specialists)
- Updated guidance material

Responses inform training plans

Perform the audit work — 1

Identify matters — 2

Perform a root cause analysis — 3

Respond — 4

Cycle of continuous improvement

Nature of matters may be:
- Client/assignment specific issues
- Common findings/repeating issues that have need to be tracked and/or escalated
- Firm-wide matters
- "Best practice" examples

May be at Individual assignment or 'whole-firm' level:
- Identification and assessment of root cause
- Productive process to learn from matters and improve quality
- "Best practice" examples treated in the same way as "issues"
- Consideration of appropriate responses to issues identified, proposed and escalated as appropriate

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FOR MORE INFORMATION:

Lisa Clampin

t: 01473 320716
m: 07791 397160
e: lisa.clampin@bdo.co.uk

Simiso Ngidi

t: 01473 320861
m: 07970 010825
e: simiso.ngidi@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

BDO is an award winning UK member firm of BDO International, the world's fifth largest accountancy network, with more than 1,500 offices in over 160 countries.

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Standards & Audit Committee Work Programme 2019/20

Dates of Meetings: 18 July 2019, 12 September 2019, 19 December 2019, 12 March 2020

Topic	Lead Officer
18 July 2019	
Regulation of Investigatory Powers Act (RIPA) 2000 - 2018/19 Activity Report	Lee Henley
Chief Internal Auditor's Annual Report – Year ended 31 March 2019	Gary Clifford
Refresh of the Strategic / Corporate Risk and Opportunity Register	Andy Owen
Audit Results Report for the Year Ended 31 March 2019	BDO / Sean Clark
Financial Statements and Annual Governance Statement 2018/19	BDO / Sean Clark
Counter Fraud & Investigation Annual Report & Strategy	David Kleinberg
Annual Information Governance Report	Lee Henley
Red Reports (as required)	
12 September 2019	

Annual Complaints & Enquiries Report 2018/19	Lee Henley
Internal Audit Progress Report 2019/20	Gary Clifford
Counter Fraud & Investigation - Q1 Update	David Kleinberg
Thurrock Annual Audit Letter 2018/19	BDO / Sean Clark
Internal Audit Charter 2019	Gary Clifford
<mark>Red Reports (as required)</mark>	
19 December 2019	
Regulation of Investigatory Powers Act (RIPA) – Activity Report April 2019 – September 2019	Lee Henley
Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register	Andy Owen
Internal Audit Protocol 2019	Gary Clifford
Internal Audit Progress Report 2019/20	Gary Clifford
Counter Fraud & Investigation Quarterly Update (Q2)	David Kleinberg
<mark>Red Reports (as required)</mark>	
12 March 2020	
External Audit Plan 2019/20	Lisa Clampin (BDO)/Jonathan Wilson

Certification of Claims and Returns Report 2018/19	BDO/Jonathan Wilson
Complaints and Enquiries Report – April 2019 to September 2019	Lee Henley
Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework	Andy Owen
Draft Internal Audit Strategy 2018/19 to 2020/21 and Annual Internal Audit Plan 2020/21	Gary Clifford
Internal Audit Progress Report 2019/20	Gary Clifford
Counter Fraud & Investigation Quarterly Update	David Kleinberg
Red Reports (as required)	

Reports for 2020/21:

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Clerk: Jenny Shade

Last Updated: May 2019

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