

Minutes of the Meeting of the Standards and Audit Committee held on 23 November 2017 at 7.00 pm

Present: Councillors Graham Hamilton (Chair), Tony Fish (Vice-Chair), Gary Collins, Oliver Gerrish, Ben Maney and Luke Spillman (Substitute) (substitute for Jack Duffin)

Jason Oliver, Co-Opted Member

Apologies: Councillors Stephen Rosser

In attendance:

Sean Clark, Director of Finance & IT
Gary Clifford, Client Manager for Audit Services
David Kleinberg, Group Manager, Counter Fraud and Investigation
Andy Owen, Corporate Risk Officer
Charlotte Raper, 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.

20. Minutes

The minutes of the Standards and Audit Committee meeting held on 21 September 2017 were approved as a correct record.

21. Items of Urgent Business

There were no items of urgent business.

22. Declaration of Interests

There were no declarations of interests.

23. Thurrock Annual Audit Letter 2016/17

The Director of Finance and IT presented the report which summarised the information received at the previous meeting of the Standards and Audit Committee. The external auditors had issued Thurrock Council with an unqualified audit opinion on the 2016/17 financial statements and an unqualified value for money conclusion. There was an obligation to present this information to the Committee in a more formal way.

The Chair noted two misstatements listed on p25 and asked whether they were due to human error. The Director of Finance and IT advised that

sometimes misstatements were not errors but the Council and external auditors would disagree, often around the value of assets.

Councillor Spillman sought details of the impact these misstatements had upon the Council's budget. The difference in figures would fall into the Council's unusable reserves, but in reality there was no impact as the valuation of assets was only realised if they were disposed of.

RESOLVED:

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

24. Regulation of Investigatory Powers Act (RIPA) 2000 - Six Monthly Activity Report

The Director of Finance and IT presented the report which provided an update on the usage and activity of RIPA requests during April 2017 – September 2017.

The Chair noted that there had recently been reports in the newspaper of a successful fraud investigation into poppies, which showed that such operations could be fruitful. The Director of Finance and IT advised that more detail might be available within the Counter Fraud report later on the agenda.

Councillor Gerrish noted the reduction year on year listed in 3.1 of the report and queried whether this reflected a reduction in the number of operations. The Committee heard that RIPA was an absolute last resort and therefore used sparingly. The reduction did not reflect the number of operations.

RESOLVED:

That the Standards and Audit Committee noted the statistical information relating to the use of RIPA from April 2017 to September 2017.

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

The Interim Insurance and Risk Manager introduced the report which provided the Committee with the key risks and opportunities identified by the review and updated information in relation to the Strategic / Corporate Risk and Opportunity Register. The report also gave assurances that the Council's risk and opportunity management arrangements were effective.

Councillor Collins noted that the sickness and absence remained above average for the sector and questioned the main causes. The Director of Finance and IT advised that the three main issues were stress / anxiety, musculoskeletal and surgery. There were a number of surgery related absences at present which impacted the long-term sickness figures.

Councillor Collins continued to ask whether this was envisaged to be a temporary situation, referring to P71, action 10 and the sickness action plan. The Director of Finance and IT outlined that star chambers had involved the Director of HR and OD and HR officers attending Director's Management Team meetings, for each department, with key officers to ensure the rules and challenges around long-term sickness were understood such as use of Occupational Health and Return to Work interviews. Within his own directorate short term sickness was down however overall figure had risen as there were 3-4 members of staff with long-term conditions and it did not take much to seriously impact upon the figures.

The Vice-Chair queried how a scheme such as Universal Credit, with an in-built 4-6 week delay which could lead to unintended consequences such as rent arrears, would be picked up within the risk register. The Interim Insurance and Risk Manager informed the Committee that Universal Credit formed part of the welfare reform risk which was included within the wider register however had not be mentioned within the report as it did not obtain a high enough rating.

Councillor Collins noted that the advice for residents within tower blocks remained unchanged since the Grenfell tragedy. The Council had worked with the fire service and their advice remained the same at present, though it could change as a result of the Grenfell enquiry. The advice was to remain within the abode unless you were directly affected by the fire. The matter would be discussed in greater detail at Overview and Scrutiny Committee, but the report aimed to provide assurance that the risk was being considered.

Jason Oliver questioned comments around business continuity as little seemed to have changed over 2½ years. The Director of Finance and IT felt there was a wording issue within this section of the report as the situation was definitely improving and there had been a push from Performance Board challenging directorates. The choice of working did not fully convey this.

Councillor Spillman noted that the Council was facing the worst housing crisis in years, and before the Government's budget announcement had had no means to deal with the issues regarding supply. More and more residents were facing poverty due to rising rents however the report only rated the risk around housing as a 9, which he found surprising. The Director of Finance and IT accepted that the challenge was well-founded and the matter would be taken back to the service responsible for the assessment to provide their rationale.

Councillor Maney queried whether it was anticipated that staff sickness levels would fall to in line with the national average or just back to their previous level. The Director of Finance and IT admitted that they were not falling enough and it was unlikely to meet the national average soon however the systems in place were stronger than they had been in all the time he had worked for Thurrock Council. He was confident levels would reduce, but how quickly they would fall to the national average was another question.

The Chair questioned whether there was any differentiation between sickness as a result of surgery complications and those who had to attend surgery, and whether there was a level acceptability for of unintended but unavoidable cases such as those resulting from a car crash rather than a mountaineering accident per se. Anyone who had time off relating to surgery was categorised in the same way and it was not within the policy to differentiate. As part of the wider process sometimes it reached the point that the period became detrimental to the service and a sickness stage three could be triggered. This stage could lead to dismissal. The process was not pleasant however the Council had a responsibility as staff wages were funded through tax payers' money and there was a duty to provide services. There was a finite amount of flexibility however increased ability for staff to work from home helped avoid this situation.

RESOLVED:

- 1. That Standards and Audit Committee noted the items and details contained in the Dashboard (Appendix 1).**
- 2. That Standards and Audit Committee noted the 'In Focus' report (Appendix 2), which included the key items identified by the review.**

26. Internal Audit Service Update 2017/18

The Chief Internal Auditor presented the report which provided a high level summary of the progress made by the service since 1 April 2015, when it was brought back in house.

RESOLVED:

That the Standards and Audit Committee agreed that the new structure will improve the service being provided by internal audit and will provide Members of the Standards and Audit Committee with additional assurance around the internal control, risk management and governance frameworks to senior management and Members.

27. Internal Audit Progress Report 2017/18

The Chief Internal Auditor presented the report which updated the Committee on the progress of work undertaken since the report presented at the previous meeting.

Jason Oliver noted there were weaknesses within the IT control mechanisms at both Aveley Primary and St Mary's RC Primary. There were national directives to adopt cyber essentials and he queried whether this had been taken into account in the audit process. It had not. Local Authorities had a duty to share information with local schools. The Chief Internal Auditor advised he would seek a response from the service and bring back to the

Committee. The Director of Finance and IT advised there had been a number of recommendations and improvements and it was good to strengthen security. The matter would be brought back to the Committee once resolved.

RESOLVED:

That the Standards and Audit Committee considered reports issued and the work being carried out by Internal Audit in relation to the 2017/18 audit plan.

28. Counter Fraud & Investigation Quarterly Status Report

The Group Manager – Counter Fraud & Investigation presented the report which outlined work being conducted by the Counter Fraud and Investigation Department (CFID) to deliver the annual work plan and strategy for countering fraud and economic crime as well as the outcomes achieved in the investigations into identified criminality.

Councillor Spillman questioned how many instances of reported and confirmed fraud involved Council staff, and whether there were any concerns around ongoing problems within the Housing Department. The figures were not immediately available but would be circulated outside of the meeting. Investigations and trials were ongoing so officers could not discuss in much detail however the department would continue to work with the Internal Audit department to monitor. If fraud was alleged the CFID delved deep into the service to investigate and did not stop until they were confident that the risk was removed and controls understood. The Director of Finance and IT outlined that when Universal Credit was introduced Thurrock Council took the view to grow the Counter Fraud service and the more closely you looked at something the more you would uncover. The department was picking up on a number of things which previously would have been dealt with by HR but in reality were crimes rather than misconduct. Thurrock was not hiding its failings and was taking the risk very seriously.

The Chair praised Officers for not shying away from the sometimes embarrassing truth of fraud within the system.

Councillor Maney appreciated the “Did you know” boxes. He noted that page 108 of the agenda indicated that £1.3m had not been recovered. The Group Manager – Counter Fraud & Investigation informed the Committee that the CFID’s recovery rate was 5x that of its nearest comparison, HMRC, but accepted that the information might not look positive out of context. The Chair added the risk of diminishing returns if chasing vanishing amounts of money.

Jason Oliver asked what the department was doing to continue to improve the service and increase revenue. The department continuously reviewed its practices. Fraud was often not recognised by organisations such as Local Authorities so they continued to push the message that Councils can also be victims of fraud, to offer advice and guidance. Fraud had almost become a

business in its own right for criminals and the CFID continued to target organisations to share their practices and approach.

Councillor Collins congratulated the team for their achievements and thanked them for all their work. This was echoed by the Chair

RESOLVED:

That the Standards and Audit Committee:

- 1. Noted the performance of the Counter Fraud and Investigation Department over the last quarter.**
- 2. Commented on the new Counter-Fraud, Bribery and Corruption Guidance shown at Appendix 1.**
- 3. Commented on the new Counter-Money Laundering Guidance shown at Appendix 2.**

29. Work Programme

The Standards and Audit Committee noted the work programme.

The meeting finished at 7.55 pm

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**