

Minutes of the Meeting of the Standards and Audit Committee held on 19 July 2023 at 7.00 pm

Present: Councillors Fraser Massey (Chair), Steve Liddiard (Vice-Chair), Gary Collins, Elizabeth Rigby, Kairen Raper and James Thandi

Charles Clarke (Co-opted Member)
Jasdip Singh Nijjar (Co-opted Member)

Apologies:

In attendance: Matthew Boulter, Head of Democratic, Scrutiny, and Member Services
Rachel Brittain, Binder, Dijker and Otte
Gary Clifford, Chief Internal Auditor
Ryan Ferguson, Binder, Dijker and Otte
Asmat Hussain, Interim Director of Legal and Governance and Monitoring Officer
Jonathan Wilson, Interim Director Finance and Section 151 Officer
Rhiannon Whiteley, 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 [Thurrock Council - Standards and Audit Committee, 19/07/2023 - YouTube](#)

39. Minutes

The minutes of the Standards and Audit Committee meeting held on 23 February 2023 were approved as a correct record.

40. Items of Urgent Business

The Chair agreed to hear two internal audit reports as items of urgent business as they were scheduled for this meeting but had missed the deadline to be included in the published agenda. The reports had been circulated to members in advance of the meeting and were published online so they were available to the public.

Chief Internal Auditor's Annual Report – Year ended 31st March 2023 (including summarised report for Year ended 31st March 2022)

The Chief Internal Auditor introduced the report and explained that under the Public Sector Internal Audit Standards, the Chief Internal Auditor is required to provide the Section 151 Officer and the Council with an opinion on the

adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in the risk management, governance and control processes.

The Chief Internal Auditor confirmed that the report has been split into two sections. The first part of the report is a summary to cover off the 2021/22 audit opinion which did not get presented last year. The opinion for 2021/22 was delayed due to low resourcing of the Internal Audit team. The report was subsequently deferred to September 2022 but following Intervention of the Secretary of State, it was agreed that further work was required with the Commissioners in place. The second part is the 2022/23 opinion.

The Chief Internal Auditor confirmed that based on outcomes from the Intervention and BVI report his overall opinion on governance, risk management and internal control for 2021/22 is **Red** which is a No Assurance opinion.

For 2022/23, the Chief Internal Auditor was unable to give an opinion due to the resource issues, which resulted in very limited work being undertaken, and the Intervention and Best Value report.

The Chief Internal Auditor highlighted at paragraph 3.7 of the report what he plans to address and this will include the following: -

- Improving communications, the supply of information and provision of training to members of the Standards & Audit Committee.
- Meeting regularly with the Chair of the Standards & Audit Committee on a one-to-one basis to discuss any specific concerns around the governance, risk management controls of the Council.

Members were invited to ask questions, key points raised included:

- The internal audit team recruited two internal auditors in September 2022, a senior auditor has also been recruited. There is still one vacant post in the team. The Chief Internal Auditor confirmed they are looking at utilising the APEX framework with Mazars. A meeting is taking place with Mazars on Friday to see how they can support the team. They are also considering the possibility of a shared service with another Local Authority.
- The implications of the internal audit were discussed and it was confirmed there was no regulatory risk but the external audit cannot place much reliance on the internal audit's work and this could mean external audit need to conduct more work at a cost.
- The new staff are still being trained to use the system but once this is completed the auditors will be able to place more reliance on the internal audit as more documentation will be logged on the system.

- The Chief Internal Auditor is commencing talks with Mazar to provide support to the Council. Mazar is being procured under the Croydon APEX framework.

ACTION 1- The Chief Internal Auditor will look into how Mazars support other Local Authorities such as Croydon and will report back to the Committee.

RESOLVED:

- 1.1 That the Standards & Audit Committee considers and comments on the Chief Internal Auditor's Annual Report – Year ended 31st March 2023 (including summarised report for Year ended 31st March 2022).**

Internal Audit Strategy and 6-month Plan 2023/24

The Chief Internal Auditor introduced the report and explained that between November and December 2022, a comprehensive Audit Needs Assessment (ANA) process was undertaken which involved attending meetings with each of the members of Directors Board (DB) to discuss the risks and priorities within their services. As a result, the Internal Audit Strategy and 6-month plan for 2023/24 was developed. Having the 6-month plan allows the service to react more quickly to changing priorities and risks associated with the Intervention processes and BVI report.

The Chief Internal Auditor confirmed that they will continually revisit the plan and any changes will be agreed by the Chief Internal Auditor and Chair of the Standards & Audit Committee following discussions with relevant officers. All changes will be reported to members of the Standards & Audit Committee at its next meeting.

The Chief Internal Auditor referred to page 7 of the appendix to the report and the declaration of the independent nature of the service. He also highlighted that on page 8 of the appendix a list of issues that might affect the Council is set out.

Members were invited to ask questions, key points raised included:

- The Interim Director of Finance and S151 officer confirmed that the divestment of investments is underway and the audit to assure members that this has been conducted properly has to happen afterwards. The sale of the solar assets is run by the administrators and they are just concluding phase 1. The goal is to sell the investments by November 2023.
- In completing the risk assessment and audit around divestment the Internal audit team will look at best practice and how other Local Authorities deal with asset disposal and via discussions with

colleagues in the service and external audit colleagues too. Members will be updated at appropriate points and in the appropriate forums. The Chief Internal Auditor confirmed since the BVI report and intervention the biggest changes have been around resources and the improvement in interaction between officers and members and the supply of information between them.

- The Interim Director of Finance and S151 officer stated that the previous investment strategy was underpinned by borrowing. Debt costs going forward and the Council is trying to reach financial stability and to reduce its debts. The focus currently is on divesting current investments. A commercial strategy will then be looked at for the future.

RESOLVED:

- 1.1** That the Standards & Audit Committee:

Agree the Internal Audit Services' 6-month Internal Audit Plan 2023/24 and acknowledge that it is likely to change significantly as a result of the work being undertaken as part of the BVI and Intervention processes.

41. Declaration of Interests

No interests were declared.

42. Terms of Reference

The Senior Democratic Services Officer confirmed that on page 15 of the agenda the terms of reference for the Committee is set out as it is in the constitution. It sets out important information about the committee. Members are asked to note and comment on the terms of reference.

The Chair added that members can comment if there is something they feel should or should not be in the terms of reference.

- It was confirmed the external audit strategy and materiality level remains the same
- It was noted the frequency of meeting required is at least 4 but extraordinary meetings could be arranged if required
- The size of the Committee is set by Full Council, if the Committee wanted to expand it this would need to be agreed at Full Council and this is also the same for substitutes. Through group leaders nominations can be made.
- The Interim Director of Legal and Governance and Monitoring Officer confirmed that judging by other Local Authorities who have gone into intervention, it could take 3-5 years to get the direction lifted and get

the Council's powers back. At the moment, the powers are with the Commissioners until the Secretary of State lifts the Direction. In the future, more inspectoral work could be introduced though the audit team and regular peer reviews could achieve something similar to the BVI report.

ACTION 2: Democratic Services to complete a benchmarking review of Standard and Audit Committees in terms of membership and Terms of Reference.

43. Verbal Update - External Audit Progress Report 2020/21

Rachel Brittain of BDO confirmed she had circulated an update timeline for the external audit. She explained that there are many factors involved in delivering the audit and it depends on receipt of good quality working papers. At the end of July the working papers needed to complete the audit were agreed. BDO are currently assessing and discussing the impacts from the Best Value Inspection report and undertaking a full revised risk assessment.

In September the revised audit plan and risk assessment will be brought to Committee. The finalisation process will be completed in December with a view to presenting the complete report to Committee in late December or January.

- The Interim Director of Finance and S151 officer confirmed that an additional resource has been brought in 2-3 days a week to assist with the audit. They will also be looking at prior years to 1st April 2018 to adjust accounts and assess the value of investments in light of what is known now and to confirm the values of investments at different points in time. The Interim Director of Finance and S151 officer confirmed it is a complex piece of work and although Thurrock's position is unique, numerous audits are delayed at various other Local Authorities.
- An audit request tracker is in place called the in-flow system which monitors all requests made and the finance team at Thurrock Council can respond on the tracker.

44. Gifts and Hospitality

The Interim Director of Legal and Governance and Monitoring Officer introduced the report. She explained that it is the first report of its kind to be presented to the Standards and Audit Committee.

The Members Code of Conduct provides that Members must register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of the date it was received. The Monitoring Officer is responsible for the register and any declarations must be made to the

Monitoring Officer. A form is now required to be completed even to register a nil return to ensure members apply their mind to this issue. The presumption is that Members should always not accept significant gifts or hospitality. Members were invited to ask questions, key points raised included:

- The Co-Opted Member requested that the register be made available to the public to check at any time
- Councillor Liddiard queried that favours and hospitality were often harder to define than gifts. The Monitoring Officer confirmed that if in doubt a member should declare it to the Monitoring Officer and also if they feel they are being put under pressure by anyone. There are lots of different scenarios where undue pressure and influence can arise and depending on the circumstances the Monitoring Officers advice will differ.
- The meeting discussed when businesses donate money for mayoral events. The Monitoring Officer clarified that this was different as the Mayor would be receiving it as a civic duty as the First Citizen. A Mayoral Register was discussed and the Monitoring Officer agreed she will look into this.
- It was clarified if a Member fails to declare the Monitoring Officer will complete an investigation and if found in breach of the Code of Conduct sanctions could be applied and the matter will be brought back to this Committee and a hearing could take place.

The Chair proposed an additional recommendation at 1.4 which was seconded by Councillor Liddiard and unanimously agreed by the Members of the Committee.

ACTION 3: The Head of Democratic, Scrutiny, and Member Services will look into making the register of Gifts and Hospitality to be published online so it is available to the public at all times

ACTION 4: Members Services will look into a Mayoral Register and provide feedback to the Committee

RESOLVED:

That the Standards and Audit Committee:

1.1 Notes the report.

1.2 Receives a review of the Gifts and Hospitality Register for Councillors on an annual basis.

- 1.3 **Notes and comments on the process for great transparency and accountability for gifts and hospitality set out in paragraph 2.7.**
- 1.4 **Asks the accountable Director to look into whether a live Register of Gifts and Hospitality can be published online and updated regularly so the public can see it**

45. Member Training Schedule 2023/24

The Head of Democratic, Scrutiny, and Member Services introduced the report and explained it has been brought to the Committee so they can provide input and comment on the training schedule, which had been refreshed following the intervention.

Members were invited to ask questions, key points raised included:

- Committee members had noted an increase in training
- Committee members raised the issue of training clashing with other meetings. It was confirmed that there are a lot of evening committee meetings which made it difficult to slot in evening training sessions that didn't clash with anything. Training in the daytime was a challenge as lots of members work during the day. It was clarified that mop up sessions would be provided to assist with this and online or video recorded training sessions were also being looked into.
- Committee members were assured that training must be useful and accessible to them.
- The use of a Member Training Passport was discussed to identify gaps in training.

The Chair proposed an amendment to recommendation 1.5 that the Committee would delegate a representative from Democratic Services to work with Group Leaders to obtain nominations for the sub-committee and this was unanimously agreed by Members.

RESOLVED:

- 1.1 **For the Standards and Audit Committee to review and comment on the Member Training Schedule for 2023/24.**
- 1.2 **The Committee agree to receive a quarterly report, where necessary, on Member attendance and feedback at training sessions.**
- 1.3 **Establish a Sub-committee of the Standards and Audit Committee to oversee and engage with Member Learning and Development.**
- 1.4 **Agree the terms of reference attached at appendix D for the proposed sub-committee.**

1.5 To make and agree nominations to the sub-committee membership. The Committee agree to delegate a representative of Democratic Services to work with Group Leaders and obtain nominations for the sub-committee.

46. Complaints received under the Member's Code of Conduct - Report to Follow

The Interim Director of Legal and Governance and Monitoring Officer introduced the report. She explained that the report sets out, in summary, details of complaints against members of the Council received during the municipal year 2022/23.

The Interim Director of Legal and Governance and Monitoring Officer confirmed that the report was very restricted and did not confirm names or detailed information about the complaint however more information could be given to members in an exempt session. There is an exempt spreadsheet which is restricted due to personal and confidential data contained within. The spreadsheet in the report going forward can contain additional information requested by members. The Interim Director of Legal and Governance and Monitoring Officer confirmed they can also look at themes of complaints and link this with member learning development.

Members were invited to ask questions, key points raised included:

- Members queried the length of time it took to investigate complaints. The Monitoring Officer confirmed she was happy to bring this back to Committee.
- The Committee discussed the possible sanctions for complaints eg an informal apology or an agreement for a member to attend further training
- Vexatious complaints were discussed. The Monitoring Officer confirmed she will need to look if Thurrock has vexatious policy.
- Members queried if the number of complaints was high. The Monitoring Officer confirmed they do look on the high side however she can complete some benchmarking work and bring this back to Committee.
- The meeting discussed members attendance at committees and issues when meetings clashed with other meetings and this affecting their attendance as they cannot be in two places at once. Members requested that this is noted as it should not affect their attendance.
- The meeting discussed if the Council uses AI now and what plans there might be to use it in the future

ACTION 5 – The Monitoring Officer will update the Committee if Thurrock Council has a vexatious policy

ACTION 6 – The Monitoring Officer will look into providing the Committee with training on how to run a complaints hearing including a mock complaint hearing

ACTION 7– The Monitoring Officer to bring back to Committee the results of benchmarking from other Local Authorities the number of complaints made

ACTION 8 – The Committee requested a report on Members Attendance at Committees

ACTION 9 – The Head of Democratic, Scrutiny, and Member Services will look into whether Mod Gov can offer a category in the attendance section to cover when a member is engaged on other Council business.

RESOLVED

1.1 That the Committee note the outcomes on complaints received under the Members Code of Conduct.

47. Work Programme

The following reports will be added to the September meeting; Public Sector internal audit self assessment and the Code of Corporate Governance for Thurrock Council.

The Monitoring Officer confirmed a private meeting with Committee members and the external auditors will be arranged for 30 minutes before the next Committee meeting.

External and internal audit updates will now be a regular standing item on the work programme

A report on the Counter Fraud Strategy should be included on the work programme as the Council will be developing a Fraud Charter.

A report on the whistle blowing, Corruption and Bribery policy.

An item on Contract Management/ lessons learnt could be brought back to Committee and the person in charge of contracts can confirm that provisions are now in place.

A briefing note on the new changes to Procurement law in 2024 to be provided.

The meeting finished at 9.18 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**