

## Minutes of the Meeting of the Standards and Audit Committee held on 6 March 2018 at 7.00 pm

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<b>Present:</b>	Councillors Graham Hamilton (Chair), Gary Collins and Oliver Gerrish  Jason Oliver, Co-Opted Member
<b>Apologies:</b>	Councillors Tony Fish (Vice-Chair), Jack Duffin and Ben Maney
<b>In attendance:</b>	Sean Clark, Director of Finance & IT Gary Clifford, Client Manager for Audit Services Michael Dineen, Investigations Manager, Counter Fraud & Investigation Directorate Lee Henley, Information Manager David Kleinberg, Assistant Director for Fraud & Investigations Andy Owen, Corporate Risk Officer Charlotte Raper, Democratic Services Officer  Suresh Patel, Ernst & Young Jessal Raja, Ernst & Young

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

### **30. Minutes**

Jason Oliver highlighted that Stephen Rosser had been listed as a Councillor when noting apologies.

The minutes of the Standards and Audit Committee meeting held on 23 November 2017 were approved as a correct record, subject to this amendment.

### **31. Items of Urgent Business**

There were no items of urgent business.

### **32. Declaration of Interests**

There were no declarations of interests.

### **33. External Audit Plan 2017/18**

The Director of Finance and IT and representatives from Ernst and Young presented the report which introduced the Audit Plan covering the audit of the

2017/18 financial statements and the assessment of the Council's arrangements to secure economy, efficiency and effectiveness.

Councillor Collins queried the consequences if the Council missed the earlier deadlines that were being introduced. The Committee heard that there were no financial penalties however the Council's name would be listed in a report of those authorities who had been late and this posed a risk in terms of reputation.

Councillor Collins noted the extra fee shown on page 21 of the agenda due to the Council's expanded group consolidation and accounts and asked how much additional work was expected to be required. The representative from Ernst and Young advised that group accounts had to be audited each year, which was a fixed fee; the additional levy was due to the addition of a second company. Moving forward the amount of work required would depend upon the activity of the company. Councillor Collins continued to ask whether that meant the fee need not be so high next year. Members heard that next year the Council would be using different auditors; however that would typically be the case. The Director of Finance and IT added that the Council's main accounts were completed unconsolidated, with just the impact of Thurrock Regeneration Ltd. included, as the standing accounts to determine the amount of reserves, value of assets and so on. The consolidated accounts were a legislative requirement but did not impact upon the Council's ability to spend, reserves and balanced budget.

The Chair noted that when estimations were involved people would always have different opinions and perspectives which would result in differing values. There was also the risk of human error and therefore differences would not necessarily be fraudulent.

Jason Oliver questioned whether there were practices in place to mitigate against the potential for error through estimations and to review working practices. The Committee heard that there would be less time for the end of year accruals due to the earlier deadlines. The Council tended to accrue every penny identified however this year would need to include a de minimis. Discussions were underway with audit colleagues to agree approaches to be taken and there were plans in place.

Councillor Collins asked whether the gross expenditure figure listed on page 32 was an estimate or the actual figure. The Ernst and Young representative confirmed the materiality was based upon the per year gross expenditure.

**RESOLVED:**

**That the report be noted.**

**34. Annual Members Complaints Update Report**

The Director of Finance and IT presented the report which provided an update of complaints against Members of the Council, their status, outcome and

actions taken. The item was a matter of transparency however for data protection reasons could not go into much detail around specific cases.

The Chair outlined that if individuals made impulsive complaints they often thought better of the matter when it came to the formal process.

Councillor Collins sought clarification regarding the Nolan Principles. The Committee was advised that these principles provided a code of conduct in public life.

**RESOLVED:**

**That the Standards and Audit Committee note the report and comment on any perceived trends and training needs.**

**35. Complaints & Enquiries Report - April 2017 to September 2017**

The report outlined the Council's complaints statistics and performance for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017.

Jason Oliver noted that, in previous years, big swings were often due to reclassification of complaints and asked if that were the cause of the lack of correlation within figures. Members were advised there had been a big decrease in the number of housing repair complaints which made a big impact on the figures.

Councillor Collins referred to page 78 and English classes for contracted workforce. He sought assurance that issues were not resurfacing. The document showed actions from the previous year and relevant progress. Page 79 showed alignments to previous action and there were no repeated themes, which was a positive. Jason Oliver queried who funded the English lessons in question. It was not believed that these lessons were at a cost to Thurrock Council however officers would confirm that outside of the meeting.

Councillor Gerrish queried the figures and their relativity. He felt it would be useful moving forward to break the data down into like for like comparisons for directional trends. It was confirmed that the next report would be annual so would show the whole year's data but the point would be taken on board for future mid-year reports.

**RESOLVED:**

**That the Standards and Audit Committee note the statistics and performance for the reporting period.**

**36. Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework**

The Interim Insurance & Risk Manager presented the report which provided details of how the Council's ROM arrangements compare against good

practice. The report also outlined current ROM activity and proposals to maintain/improve the practice across the organisation. The ROM Policy, Strategy and Framework had also been updated.

Jason Oliver recalled that each year the Committee commended the department for their upward growth and this year was the first year that level 4 had been met in every single category, which was a real achievement.

The Chair noted that there was only one more stage before achieving 'perfection'. The Committee heard that the Council might be at the maximum limit given its available resources, but would work to resolve that. Risk and Opportunity Management was a part of good management practice, however it was not quite at the forefront of everything all departments did. There was also the issue of evidencing that these works were undertaken at times.

Councillor Collins congratulated the team for their hard work adding that it was more than just achieving a good score, but also maintaining such a high level.

Jason Oliver felt it important to recognise that the Council had faced financially challenging years and there was a need to exercise a level of pragmatism in striking a balance between the limited resources and service delivery.

**RESOLVED:**

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

**37. Internal Audit Progress Report 2017/18**

The Chief Internal Auditor introduced the report which provided an update of work undertaken since the last report issued on 23 November 2017.

Councillor Collins noted that the General Data Protection Regulations (GDPR) affected schools and asked if the Council was on target in that respect. Members were advised that schools were data controllers in their own right and, while the Council provided advice to schools, ultimately it was not the Council's responsibility. Jason Oliver added that Essex County Council had published data, which had been circulated to all schools in Thurrock, in relation to GDPR. Thurrock Council offered a range of services to schools to help them prepare for the GDPR deadline.

**RESOLVED:**

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

**38. Strategy for Internal Audit 2017/18 to 2019/20 and Annual Internal Audit Plan 2018/19**

The Chief Internal Auditor introduced the report which commented on the Audit Plan for 2018/19, the second in a three year strategy.

Jason Oliver highlighted that KPMG had published recommendations for external audit regarding cyber security. He queried whether this had been given any consideration. The Director of Finance and IT advised that external consultants had been brought in to carry out a review. He did not want to discuss details in a public setting given the sensitive nature of the issue, however a summary report would be brought to the Committee in due course.

**RESOLVED:**

**That the Standards and Audit Committee receive and agree the Strategy for Internal Audit 2017/18 to 2019/20 and the Annual Internal Audit Plan 2018/19.**

**39. Counter Fraud & Investigation Quarter Three Report - 2017/18**

The Assistant Director for Fraud and Investigations presented the report which outlined the performance of the Counter Fraud and Investigation Department over the last three quarters to December 2017, as related to Thurrock Council.

Councillor Collins asked whether work had also been undertaken for the Police, though this was not listed. It was confirmed that Thurrock's was the only cyber-crime team within Local Authority at the moment and therefore the department did work with other Local Authorities and several Police services.

Councillor Collins continued to query new legislation regarding the origins of money. The Committee was advised that it had been introduced under money laundering guidance and put the onus on accountants and similar professionals to identify the origins of money.

The Chair asked whether it was too early to report relevant successes. It was currently premature however Members heard that processes were constantly reviewed and tested.

Councillor Gerrish questioned whether the performance outlined on page 174 was exclusive of the work for third parties. This was confirmed to be correct and the Committee was informed that the Annual report would show that information.

The Chair felt the department should be recognised for being at the forefront in terms of cyber security and the assistance they provided to other local authorities, and other areas within the public sector. He felt that it seemed odd that the origin of resources was only just being investigated. The Assistant Director for Fraud and Investigations outlined that criminals were clever and tended to make businesses to enable money laundering. The Council was however very robust, with one of the biggest risks being the right to buy; the threat was not from tenants themselves but tenants who had become indebted to criminals and forced out of their homes as a means of money laundering through the right to buy process. The Director of Finance and IT continued that the Council received very little funds in cash and banks and lawyers were also required to investigate, which provided another level of security.

**RESOLVED:**

**That the Standards and Audit Committee note the performance of the Counter Fraud and Investigation Directorate over the last quarter.**

**40. Work Programme**

The Committee was advised that the majority of reports presented were standing items and would be carried over to the next municipal year, and there would be additional focus on cyber security and GDPR. Members were invited to suggest any items they felt had been overlooked. The Chair noted that there was potential risk in the shape of the Lower Thames Crossing, but accepted that it might be too premature to discuss those risks.

**The meeting finished at 8.03 pm**

Approved as a true and correct record

**CHAIR**

**DATE**

**Any queries regarding these Minutes, please contact  
Democratic Services at [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)**