

## **Minutes of the Meeting of the Standards and Audit Committee held on 18 July 2019 at 7.00 pm**

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<b>Present:</b>	Councillors Gerard Rice (Chair), David Potter (Vice-Chair), Oliver Gerrish, Barry Johnson and Jane Pothecary
<b>Apologies:</b>	Councillor Ben Maney
<b>In attendance:</b>	Sean Clark, Director of Finance & IT Jonathon Wilson, Assistant Director, Finance Michael Dineen, Senior Manager & Senior Appropriate Officer (POCA) Lee Henley, Strategic Lead, Information Management Lisa Clampin, Binder Dijke Otte (BDO) Representative Simiso Ngidi, Binder Dijke Otte (BDO) Representative Juel Swift, Binder Dijke Otte (BDO) Representative Jenny Shade, Senior Democratic Services Officer

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

### **1. Minutes**

The minutes of the Standards and Audit Committee held on the 14 March 2019 were approved as a correct record.

### **2. Items of Urgent Business**

There were no items of urgent business.

### **3. Declaration of Interests**

There were no declarations of interest.

### **4. Regulation of Investigatory Powers Act (RIPA) 2000 - 2018/19 Activity Report**

Lee Henley, Strategic Lead, Information Management, provided members with an update on the usage and activity of the Regulation of Investigatory Powers Act 2000 (RIPA) requests during 2018/19. Lee Henley stated that RIPA directed surveillance could not be summarised in detail due to data protection requirements and to ensure that no on-going investigations were compromised.

Councillor Pothecary questioned whether the success rate was known on those that had the power to make such requests. Lee Henley stated that a

robust authorisation process was in place from the start and specific details could not be provided to Members to the nature of the requests.

## **RESOLVED**

**That Members noted the statistical information relating to the use of the Regulation of Investigatory Powers Act 2000 for the period 2018/19.**

### **5. Chief Internal Auditor's Annual Report - Year ended 31 March 2019**

Jonathan Wilson, Assistant Director Finance, introduced the Chief Annual Auditor's Annual Report and referred Members to the Chief Internal Auditor opinion which was supported by three green opinion ratings in respect of Governance, Risk Management and Internal Control. The report with the findings being available for Member information in the attached Appendix.

Members had no questions so the Chair called for the recommendation to be approved.

## **RESOLVED**

**That Members considered and commented on the Chief Internal Auditor's Annual Report for the year ending 31 March 2019.**

### **6. Refresh of the Strategic / Corporate Risk and Opportunity Register**

Jonathan Wilson, Assistant Director Finance, provided Members with an update on the key risk and opportunities identified and the revised strategic/corporate risk and opportunity register. Members were referred to the Appendices and stated that any risk or opportunity that had been currently rated at 12 would automatically become a focus.

Members had no questions so the Chair called for the recommendations to be approved.

## **RESOLVED**

**1. That Members noted the items and details contained in the Dashboard.**

**2. That Members noted the "In Focus" report which highlighted the higher priority items identified by the review.**

### **7. Audit Results Report for the Year Ended 31 March 2019**

The Chair informed Members the Appendix 1 to the report had been tabled.

Jonathan Wilson, Assistant Director Finance, introduced the report to Members. BDO then provided an update on the details of the findings from their audit of the 2018/19 financial statements to date. This focussed on how

the key risks identified at the planning stage had been met and the proposed amendments. It was noted there was no impact on the useable reserves of the Council. There was one unadjusted items in respect of the valuation of the pension liability and this will be addressed in 2019/20. It was the first year of the audit and while the work had been challenging the experience was positive and a good working relationship developed.

Jonathan Wilson stated the audit was nearing its final completion with two potential adjustments which largely offset each other.

Lisa Clampin from BDO thanked the Thurrock Council's Finance team for their collaboration and cooperation and stated the report provided Members with an overview of the audit matters that were important to the Standard and Audit Committee when reviewing the results of the audit of the financial statements.

Sean Clark, Director of Finance, stated there was a huge amount of information in the statement and agenda for Members to read but reminded Members that the important note was "have the Council got the amount of money that they said we had". Sean Clark stated that the report had identified no issues to date which would impact the General Fund reserve balance of £11 million.

Councillor Gerrish questioned the one unadjusted item on the liabilities to the Essex Pension Fund and what the impact would be on the Council. Sean Clark stated every three years the valuation of pensions was made and identified balances and how much the Council needed to pay. Sean Clark stated that the change to the case law would not affect local authorities as yet and had therefore not amended the 2018/19 financial statements with the expected impact.

Councillor Potheary questioned whether journals were being reviewed by the same person that raised them. Sean Clark stated that journals were identified by the service and raised by finance and there was further review processes undertaken at various levels on a monthly basis. Lisa Clampin stated that Finance had a healthy journal process in place for management overview and could identify inappropriate behaviour.

Councillor Potheary asked whether Thurrock Council mirrored other local authorities. Lisa Clampin stated there was a range of processes in place at other Local Authorities.

Councillor Gerrish questioned how the issues identified would be monitored throughout the year. Sean Clark stated that an update on the External Audit Plan for 2019/20 would be brought to the Standard and Audit Committee on the 12 March 2020.

**RESOLVED**

**That Members considered the comments of the external auditors as set out in the attached report and noted their findings.**

**8. Financial Statements and Annual Governance Statement 2018/19**

The Chair informed Members the Appendix 3 to the report had been tabled.

Jonathan Wilson, Assistant Director Finance, provided Members with an update on the draft financial statements and referred Members to the Appendices in the report. Jonathan Wilson briefed Members on the significant governance issues that had been addressed to improve the council's governance arrangements and would be updated throughout the year. The Chair would be required to sign the letter of representation on behalf of the Council by the 31 July 2019.

The Chair questioned the total of Developers Contributions in the Housing Revenue Account. Jonathan Wilson, Assistant Director - Finance, stated that this was the money spent this year and that money unspent would be carried over to the appropriate item next year.

Councillor Gerrish noted the big improvement in the (Surplus) Deficit to the General Fund and Housing Revenue Account balances from £3.3 million in 2017/18 to £13.2 million in 2018/19. Sean Clark stated that the statement would be different throughout the year but these were the final accounts. Members were informed that there had been a surplus of £2.7 million in the Housing Revenue Account and agreement had been made to draw down on the Minimum Revenue Provision. Sean Clark stated that there would likely be a surplus to the 2019/20 balances.

Councillor Gerrish questioned whether the Co-Opted seats to the Standard and Audit Committee were to be filled. Sean Clark, Director of Finance, noted the Co-Opted Members absence from the committee and stated that a vacancy advertisement would be put back on-line.

Sean Clark stated that Members should approve the recommendations based on the reports they had seen in the Agenda this evening and that the letter of representation would be signed off by the Chair by the 31 July 2019. That delegation had been given to Jonathan Wilson as Deputy S151 Officer.

**RESOLVED**

- 1. That Members considered the comments within the Audit Results Report considered earlier in the agenda and approved the Financial Statements.**
- 2. That Members noted the issues contained within, and approve, the Annual Governance Statement.**
- 3. That Members approved the letter of representation on behalf of the Council to be signed by the Chair of the Committee.**

*Simiso Ngidi left the committee room at 7.50pm*

## **9. Counter Fraud & Investigation Annual Report & Strategy**

Michael Dineen from the Counter Fraud and Investigation Department, presented the report to Members which outlined the performance of the Counter Fraud and Investigation Team over the last year as well as the Council's strategy to tackle fraud in 2019/20. Members were informed that the team had detected £3.4 million of fraud and recovered £941,155 which had demonstrated that for every £1 spent on the service it had detected £2 in fraud. Members were directed to the Control Strategy within the report that highlighted the team's purpose, priorities and how the team plan to succeed.

The Chair stated that it was good to see that Social Housing Fraud had recovered properties as this had been a concern in the borough.

Councillor Gerrish questioned whether Thurrock's results were similar to other local authorities. Michael Dineen stated that Thurrock was on-par with Wansford Council which covered five London Boroughs. Members were informed that high levels of fraud had been detected but that for every £1 million of fraud identified a quarter was recovered.

Councillor Potheary questioned what checks were in place for the wide range of referrals made. Sean Clark, Director of Finance, stated that in Thurrock there was a pro-active approach and that governance checks were in place to monitor such referrals.

Councillor Potheary questioned whether a social housing amnesty had been considered in Thurrock. Michael Dineen stated an amnesty had taken place in Thurrock before but would not recommend at this time as it may ruin ongoing investigations.

Michael Dineen stated that he was proud of the team in how they were pro-active in their work which had enabled the team to excel.

Sean Clark stated that he was proud of the team and echoed the comments made by Michael Dineen.

Councillor Potheary questioned whether increasing the spent to £2 would detect £4 in fraud. Michael Dineen stated the team were pro-active in time and effort when dealing with fraud and was proud of what the team had achieved but stated that doubling the budget would not double results. Members were informed that great lengths had been put in place that for every £1 million of fraud identified a quarter was recovered.

## **RESOLVED**

- 1. Members noted the performance of the Counter Fraud and Investigation team over the last year.**

2. **Members agreed the Counter Fraud and Investigation strategy and work programme for 2019/20.**

## **10. Annual Information Governance Report**

Lee Henley, Strategic Lead Information Management, updated Members on the Annual Information Governance Report and referred Members to the Appendices in the report.

Members had no questions so the Chair called for the recommendations to be approved.

### **RESOLVED**

1. **That Members noted the Information Governance activity and performance.**
2. **That Members supported the Data Protection Compliance activity detailed within Appendix 2.**
3. **That Members supported the project to reduce manual records volumes and costs across the Council.**

## **11. Work Programme**

Members discussed the Standard and Audit Committee Work Programme.

**The meeting finished at 8.05 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)**