

Minutes of the Meeting of the Standards and Audit Committee held on 12 September 2019 at 7.00 pm

Present: Councillors Gerard Rice (Chair), David Potter (Vice-Chair), Gary Collins, Oliver Gerrish, Barry Johnson and Jane Potheary

In attendance: Sean Clark, Director of Finance & IT
Lisa Clampin, Binder Dijke Otte (BDO) Representative
Gary Clifford, Chief Internal Auditor
Lee Henley, Strategic Lead, Information Management
David Kleinberg, Assistant Director, Fraud and Investigation
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.

12. Minutes

The minutes of the Standard and Audit Committee held on the 18 July 2019 were approved as a correct record.

Councillor Gerrish asked for an update on the recruitment of the Co-Opted seats to the committee. Sean Clark stated that a job description had now been approved and democratic services were corresponding with HR Recruitment Team and had hoped to have a person in place for the December committee.

13. Items of Urgent Business

There were no items of urgent business.

14. Declaration of Interests

There were no declarations of interest.

15. Annual Complaints & Enquiries Report 2018/19

Lee Henley, Strategic Lead Information Management, presented the report that set out the Council's complaints statistics for the period 1 April 2018 to 31 March 2019. With the number of complaints received for the reporting period was 1483 and compared to the same period last year had represented a reduction in the number of complaints received. During this reporting period 43% of the complaints had been upheld which had been a slight increase compared with the same period last year. Lee Henley directed Members to Appendix 1 of the report which detailed the Top Ten Complaint Themes.

Councillor Potheary asked when an update would be available on the Housing – Complaint Dashboard 2018-19, Focus on Fire Safety and Estate improvement within areas of the 15 Tower Blocks. Lee Henley stated he would refer back, establish this information and would feedback to Members.

Councillor Collins questioned whether the Housing Repairs shown on the Top Ten Complaint Themes had been due to the refurbishment work being undertaken in Corringham. Lee Henley referred Councillor Collins to the further analyse in the report but stated the figures were based on themes rather than individual wards.

RESOLVED:

That the Standard and Audit Committee noted the statistics and performance for the reporting period.

16. Internal Audit Progress Report 2019/20

Gary Clifford, Chief Internal Auditor, stated that Internal Audit Plan for 2019/20 had been discussed at the Standards and Audit Committee on the 14 March 2019 and stated this was a progress report that covered work undertaken since the start of the plan year. Members were referred to the four levels of assurance opinions and how these were categorised and referenced in the Appendix to the report. Gary Clifford referred Members to the table displaying the final, in draft and work in progress reports, explained the work and other issues for which no reports would be generated and changes to the Annual Plan. In particular, he anticipated that a significant impact would be made on resources due to the additional work undertaken on the troubled family's programme.

Councillor Potheary questioned how the deadlines and timeframes worked for the Air Quality Officers Task Group. Gary Clifford stated timeframes were agreed with management but would depend on the level of the recommendation and when it could realistically be implemented.

RESOLVED

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

17. Internal Audit Charter 2019

Gary Clifford, Chief Internal Auditor, presented the Internal Audit Charter which was the formal document that defined the internal audit services purpose, authority and responsibility. The Internal Audit Charter established internal audit's position within the council.

The Chair, Councillor Rice, signed the Charter on behalf of the Standard and Audit Committee.

RESOLVED

That the Standards and Audit Committee approved the Internal Audit Charter 2019 and the Chair of the Standards and Audit Committee signed the Charter on behalf of the Committee.

18. Counter Fraud and Investigation - Q1 Update

David Kleinberg, Assistant Director for Fraud and Investigation, presented the report that 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 referenced to the performance figures for Quarter 1 of 2019/20 in particular to the five social housing properties that had been recovered and to the new e-Learning Package for Countering Fraud, Bribery, Corruption and Money Laundering which would be rolled out in September 2019.

Councillor Collins asked what the recovery of the five social housing properties meant. David Kleinberg stated that this covered the investigation work that had taken place, the gathering of evidence, the team working with the housing department and putting that property back into circulation.

Councillor Collins questioned what Act this would fall under. David Kleinberg stated this would be covered by the Prevention of Social Housing Fraud Act 2013. Councillor Collins asked whether the Proceeds of Crime Act 2002 would be used. David Kleinberg stated that although effective the process was very time consuming and the recovery was difficult.

RESOLVED:

- 1. That the Standards and Audit Committee commented on the performance of the Counter Fraud and Investigation Department.**
- 2. That the Standards and Audit Committee agreed to the edited Work Plan for 2019/20.**

19. Thurrock Annual Audit Letter 2018/19

Sean Clark, Director of Finance and IT, reported on the Thurrock Annual Audit Letter 2018/19 and highlighted the responsibilities of the external auditors. With the Letter summarising the work and conclusions alongside the wider areas of work completed. Members were referred to the Appendix report. Sean Clark stated that the content of the Letter had been largely reported on at the July 2019 Standard and Audit Committee as part of the Audit Results Report which confirmed:

- The Council received an unmodified audit opinion on the 2018/19 financial statements.
- The Council received an unmodified value for money conclusion.

- The Annual Government Statement was consistent with external audit's knowledge of the Council.

Sean Clark stated that work had been undertaken with the External Auditors and a modified version of Accounts and Value for Money Statement had been produced. Members were informed that the funds in reserve had not changed.

Lisa Clampin, Binder Dijke Otte (BDO), stated the Letter had summarised the key issues arising from the work that had been undertaken in respect of the year ended 31 March 2019 and took Members through the Financial Statements, Final Materiality, the four Material Misstatements and Unadjusted Audit Differences stated in the report. Members were informed that the Audit Certificate could not be issued until they had completed the review of the Whole of Government Accounts return.

Lisa Clampin recognised the efforts of both sides and was grateful to the Finance Team for their support through the process and that a de-brief session between both parties would be organised.

Councillor Rice queried the Pension Liability Valuation with the liability that this could increase by £5 million. Lisa Clampin stated that this money had already been accounted for and Sean Clark stating that there was some uncertainty if it would be £4.7 as this figure had been based on assumptions.

Councillor Rice questioned whether an explanation should be added to the report that was available on the website. Sean Clark agreed to take that away as an action point.

Councillor Johnson questioned why the 12 unadjusted audit differences had been mentioned when the Council had already agreed not to adjust. Lisa Clampin responded by stating that the report had to report everything to highlight those issues adjusted and that some of those 12 unadjustments had been quite high. Under regulations these findings had to be reported but the external auditors had concurred with the views of the Council to not amend the accounts.

Councillor Collins questioned when the dead line would be for the certificate to be issued and what would happen if this was not met. Sean Clark stated that the 31 July had been set by Government and there would be no significant consequences for not meeting this and explained that Thurrock Council would not be the only Council in this position as many Councils had a changes of auditors that impacted on meeting this deadline.

Councillor Potheary asked for clarification from the External Auditor regarding the materiality level of £6.3 million and that the Council had no obligation to adjust them. Lisa Clampin stated that this figure had been based on materiality levels but stated that Thurrock would be out by £1.9 million for the financial year 2018/19.

Councillor Potheary questioned the misstatements and the additional fees incurred and asked what measures would be in place going forward. Lisa Clampin stated that this would form part of the de-brief with the Finance Team and could have been due to the different opinions of auditors and different approaches but lessons would be learned where applicable.

RESOLVED:

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

20. Work Programme

Members discussed the Standards and Audit Committee work programme.

The meeting finished at 7.50 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**