

Minutes of the Meeting of the Standards and Audit Committee held on 12 March 2020 at 7.00 pm

Present: Councillors Gerard Rice (Chair), David Potter (Vice-Chair), Gary Collins and Cathy Kent

Apologies: Councillor Barry Johnson

In attendance: David Kleinberg, Assistant Director for Counter Fraud & Investigations
Jonathon Wilson, Assistant Director, Finance
Gary Clifford, Chief Internal Auditor
Lee Henley, Strategic Lead, Information Management
Andy Owen, Corporate Risk and Insurance Manager
Lisa Clampin, Binder Dijke Otte (BDO) Representative
Simiso Ngidi, Binder Dijke Otte (BDO) Representative
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.

30. Minutes

The minutes of the Standards and Audit Committee held on the 19 December 2019 were approved as a correct record.

31. Items of Urgent Business

There were no items of urgent business.

32. Declaration of Interests

There were no declarations of interest.

33. Complaints & Enquiries Report - April 2019 - September 2019

Lee Henley, Strategic Lead Information Management, presented the report that set out the Council's complaint statistics for the period April 2019 to September 2019. With the number of complaints received for the reporting period being 639 and compared to the same period last year had represented a reduction in the number of complaints received. During this reporting period 41% of the complaints had been upheld which had been an improvement compared with the same period last year. That 86% complaints had been responded to within the timeframe and 1909 member enquiries had been received of which 96% had been responded to within timeframe. Lee Henley

directed Members to Appendix 1 of the report which detailed the Top Ten Complaint Themes.

Councillor Collins questioned how Alternate Dispute Resolution would work. Lee Henley stated this was already in place and used primarily for Children's Social Care complaints that were one staged. That following Stage 1 if the complaint was escalated to Stage 2 the Council would commission an independent investigator and independent person which would be a cost to the Council. At this stage the complaints team would get involved with the complaint and service to try and resolve it.

Councillor Rice questioned how many enquiries were sent to the Ombudsman. Lee Henley stated this figure were not to hand but a lot of enquiries were sent to the Ombudsman prematurely.

Councillor Collins questioned whether the 17% of the Stage 1 complaints that had been upheld were a common theme. Lee Henley stated the 17% had been related to delays in processing of applications and the lack of action in enforcement cases.

Councillor Rice queried whether complaints or grievances had been received in regards to the Planning Department. Lee Henley stated that if complaints were made they would be responded to.

RESOLVED

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

34. Counter Fraud & Investigation Quarterly Update (Q3)

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 updated on the performance of the department for quarter 3 of 2019/20 and on the proactive work plan to which Members were referred to Appendix 1.

Councillor Rice questioned whether the performance figures had been based on a specific activity or had been based on borough wide activities. David Kleinberg stated that the figures had been based on borough wide activities and advertising had been used to encourage such activities to be reported.

Councillor Collins questioned whether the 67 active investigations referred to in the performance section of the report had been specific to Thurrock Council activity again David Kleinberg confirmed that this figure had been Thurrock based. Councillor Collins further questioned how many activities had been investigated outside the borough. David Kleinberg stated that approximately

250 investigations had been conducted with the majority being procurement or supply fraud.

Councillor Potter questioned whether residents could report activities anonymously. David Kleinberg stated that there three routes residents could use, either telephone, email or through the on-line form.

RESOLVED:

That the Standards and Audit Committee noted on the performance of the Counter Fraud and Investigation Department.

35. Certification of Claims and Returns 2018/19

Jonathan Wilson, Assistant Director Finance, updated Members on the Certificate of Claims and Return work completed in 2018/19 and explained that the most significant element of that work had been in relation to the Housing Benefits subsidy claim. That two further claims and returns that require an external audit opinion are the Teachers' Pension claim and the Pooling of Capital Receipts return. This work was in progress and was expected to be completed imminently.

With no questions from Members, the Chair referred members to the recommendation in the report.

RESOLVED

That the findings from the Certification of Claims and Returns work completed to date was noted.

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

Andy Owen, Corporate Risk and Insurance Manager, presented the report that provided details of how the Council's Risk and Opportunity Management arrangements compared against good practice, outlined the current Risk and Opportunity Management activity, the proposals to maintain and improve the practice across the organisation and included the updated Risk and Opportunity Management policy, strategy and framework. Members were referred to the results of the Council's performance against good practice and some comparison against the model for the years 2011 to 2019. Members were also referred to Appendix 1 which contained a summary of current activity and proposals and Appendix 2 which was the risk and opportunity management policy, strategy and framework document.

Councillor Rice stated that with the Council being £1.2billion in debt and that figure potentially rising to £2billion in 2022/23 questioned how the Corona Virus would put the Council at risk and was the Council's money safe. Jonathan Wilson stated that it was hard to assess the impact as things were currently fluid but stated the Council's investments were largely in renewable

energy assets such as solar farms which may limit the impact relating to the virus on the Council. The timeframe of those investments were short to medium term with short term of three years and up to a maximum of ten years. That borrowing from the local authority market had been a choice made that dated back to 2010 and the key reason was it provided a cheaper source of finance than say Public Works Loan Board (PWLB). Jonathan Wilson reassured Members that daily monitoring was undertaken, market updates were received from various sources and following discussions in recent months consideration would be undertaken on how much should borrowing be allocated between short or long terms investments. Since 2010 the Council had received a significant financial benefit from the approach.

Councillor Rice also made reference to two large projects in Thurrock the A13 widening and the Stanford Le Hope station and questioned how much the Council has overspent. Jonathan Wilson provided an overview of the current position and stated that large scoped projects would come with some complexities and agreed to provide Councillor Rice with an update outside the committee.

Councillors Collins questioned whether the Council had any PFI loans outstanding to which he was informed there was none.

Councillor C Kent referred to the Risks and Opportunity Management Strategy and questioned if the Council were to be hit by the Corona Virus how quickly the Council would be able to keep on track. Andy Owen stated that executive plans would be put together to mitigate those areas that might hit the Council, working groups would be set up to monitor the situation, business continuity plans were up to date, impact assessments would be undertaken of staff and the Council were seeking guidance from Government on a daily basis.

Councillor Collins questioned the welfare of staff and residents who had to self-isolate due to the Corona Virus. Andy Owen stated that the Health and Safety Risk Assessment would be carried out by managers on their staff. For residents, this would form part of the Adult Social Care business continuity plan. Councillor Rice stated that there was a clear risk for staff and residents and their welfare was vital.

Members discussed Corona Virus at some length and the potential risks that could affect the Council such as local elections and planning committee meetings.

RESOLVED

- 1. That Standards and Audit Committee noted the results of the review the current Risk and Opportunity Management activity and proposals to maintain and improve the practice across the organisation.**

2. **That Standards and Audit Committee noted and approved the updated Risk and Opportunity Management policy, strategy and framework.**

37. Internal Audit Progress Report 2019/20

Gary Clifford, Chief Internal Auditor, presented the report that outlined the works that had been undertaken since the last Internal Audit Progress Report had been presented to the committee in December 2019. Members were informed that in that period four reports had been finalised to which three had received a green (positive) assurance opinion. The remaining report had been an advisory review of Extra Care that had been raised due to concerns around the processes in place to manage cash in the service and Members were referred to Appendix 1 of the report that included the work currently being undertaken and those key findings alongside recommendations.

Councillor Rice referred to the Assignment: Accounts Receivable, Action and Responses on the “write off procedure” and questioned how much money was involved in this procedure. Gary Clifford stated that it had been one payment of £30,000 that should have gone further up the chain than it did.

Councillor C Kent questioned the Assignment: Accounts Payable and what the source of the problem had been on the credit note report. Gary Clifford stated that this had been a problem with the report that was produced by Oracle to which a work around that been found and would probably be the permanent solution going forward.

RESOLVED

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

38. External Audit Plan 2019/20

The report was introduced by Jonathan Wilson, Assistant Director Finance. The report covered the audit for the 2019/20 financial statements and had assessed the Council’s arrangements on security economy, efficiency and effectiveness. The plan had also set out the audit process with the auditors reporting back to committee in July 2020. Members were briefed on the key financial statement risks identified and the steps taken to address them. These were Management Override of Controls, Revenue (and Expenditure) recognition, Valuation of Property Plant and Equipment and Pension Liability Valuation.

Jonathan Wilson also highlighted the current delivery risk inherent in the delivery of external audit deadlines in the sector currently. The key issues were the early closure timetable and the ability of external audit firms to recruit quality staff to positions. Many 2018/19 deadlines had been missed in the sector and there remained a higher risk to the Council in 2019/20.

The BDO Representative, Lisa Clampin, walked the Committee through the audit planning report and provided Members with an overview of the key audit matters identified when reviewing the planned audit strategy for the Council for the year ending 31 March 2020; that BDO strategy had been predicated on a risk based approach and would continue to be updated through the assessment of the audit; the risks identified alongside the risk rating, fraud risk present, the test approach and the impact of any significant judgements or estimates. Members were informed that a BDO member of staff had declared that they had a family member employed by the Council and that individual had not been involved in the audit. Members were advised that any impact on fees would be brought back to committee.

Councillor Collins questioned the £120,000 figure on page 113 of the agenda to which Lisa Clampin stated this was an error and should have read £140,000.

Councillor Rice referred to Valuation of Pension Liabilities and whether the Corona Virus would have any significant funding problems in the long term for pension funds. Lisa Clampin stated this would not be driven that way it was a longer term scheme with liabilities having the potential to go up and down. Jonathan Wilson stated that the triennial valuation had been recently undertaken but this would had not included this impact. However each annual reassessment of the Pension Valuation was made by the actuary and it was expected the initial assessment of the impact would be included in the final valuation figures for 2019/20.

Councillor Rice referred to the Valuation of Pension Liability and asked for some clarity on how the risk to membership data and cash flows provided to the actuary at year end may not be accurate. Lisa Clampin stated that this was audit risk and thinking about “what could go wrong” scenarios. That when the audit was undertaken they were trying to gain reassurances through the testing and the procedures being undertaken that financial statements are free from material mistakes. That looking at what could go wrong to reduce that risk and what could impact the valuations.

RESOLVED

That the Standard and Audit Committee noted the report.

The meeting finished at 8.07 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**