

Minutes of the Meeting of the Audit Committee held on 3 October 2024 at 7.00 pm

Present: Councillors Fraser Massey (Chair), Srikanth Panjala (Vice-Chair), Mark Hurrell, Ngozi Alike and Alex Anderson

Apologies: Co-opted Members Charles Clarke and Jasdip Singh Nijjar

In attendance:

Rachel Brittain, Binder Dijke Otte (BDO)
Michael Dineen, Assistant Director Counter Fraud, Enforcement and Community Safety
Daniel Fenwick, Executive Director Corporate Services/Monitoring Officer
Tracie Heiser, Head of Customer Services
Frankie Smith, Head of Financial Assurance Internal Audit Risk and Insurance
Caroline May, Assistant Director
Rachael Steel, Information Services Manager

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.

11. Apologies

12. Minutes

The minutes of the Audit Committee meeting held on 11 July 2024 were approved as a correct record.

13. Items of Urgent Business

There were no items of urgent business.

14. Declarations of Interest

No interests were declared.

15. BDO Progress Report - Statement of Accounts and Audit 2020-21 2022-23

The Assistant Director of Strategic and Corporate Finance introduced the report to the Committee. The Assistant Director of Strategic and Corporate

Finance confirmed that a new backstop date of the 13 December 2024 has been set for all accounts for financial years up to and including 2022/23.

Rachel Brittain of Binder Dijker Otte (BDO) provided a PowerPoint presentation to the Committee.

The following key points were highlighted by Members: -

- Members queried where the information was that has not been obtained yet. Rachel Brittain confirmed that the information is from third parties but she would have expected the Council to have it too. Rachel Brittain confirmed that where there is an investment in one organisation it may also have subsidiaries and because of the passage of time and these complex structures it has been difficult to get beyond the first company.
- Members queried when the objection from the member of the public was made. Rachel Brittain confirmed that it was made in September 2021. It is heavily linked to classification and valuation.
- Members queried if it was unusual to receive an objection. Rachel Brittain confirmed that it was not unusual and in her experience, in bigger Authorities, she would expect to receive one objection a year.
- Members queried what would happen if the Council don't make the backstop date. Rachel Brittain stated that they are all working together to do everything they can to get the accounts completed for that date. In the guidance, there is provisions where the backstop date would not apply eg having a material objection to the financial statements. A statement would be need to be made to the Secretary of State and a statement put on the Council's website to explain why the date has not been made.
- Members queried how detailed the external auditors opinion would be. Rachel Brittain responded that it would depend on the type of opinion that needs to be issued. It wont be pages and pages but enough detail to understand when reading the accounts what balances are affected and how they are affected. The Audit Committee will receive a more detailed summary findings report. An Audit report will go into the financial statements and on to the Council's website.

RESOLVED

- 1.1 The Audit Committee noted and commented on the position for the outstanding external audits of the Council's statement of accounts covering 2020/21, 2021/22 and 2022/23.**

16. Regulation of Investigatory Powers Act (RIPA) - Activity Report 2023/24

The Chair agreed to hear items 7 and 10 next.

The Assistant Director of Counter Fraud, Community Safety and Resilience presented the report. The report provides an update on the usage and activity of RIPA requests during the period 1 April 2023 to 31 March 2024, along with a refreshed RIPA Policy included as Appendix A.

The Assistant Director of Counter Fraud, Community Safety and Resilience stated that during January 2024, the Investigatory Powers Commissioner's Office carried out an inspection on the management and oversight of RIPA within the council. The inspector was satisfied that the council's on-going compliance with the RIPA legislation will be maintained and there is no requirement for any further inspections this year.

The following key points were highlighted by Members: -

- Members were please to note that there were only 3 incidents of surveillance. Members queried if officers could foresee this figure rising. The Assistant Director of Counter Fraud, Community Safety and Resilience responded that it was a difficult question to answer. The process to have the surveillance authorised is very stringent and can only be used where they are satisfied that legislation is being used appropriately.
- Members queried the role of Authorising Officers. The Assistant Director of Counter Fraud, Community Safety and Resilience confirmed that Authorising Officers receive extensive training, are responsible for their own decision making and a record is kept of their rationale for making the decision.
- Members queried who challenge may come from regarding decisions. The Executive Director of Corporate Services and Monitoring Officer confirmed that SRO would complete an informal check but authorisation has to be granted by a Magistrate. A Magistrate would be external to the Council.
- The Assistant Director of Counter Fraud, Community Safety and Resilience stated that the majority of covert surveillance carried out is concerned with Trading Standards and test purchases.
- The Assistant Director of Counter Fraud, Community Safety and Resilience confirmed that there are other means, using different legislation to obtain evidence. RIPA is resource intensive legislation.

RESOLVED:

- 1.1 The Audit Committee noted the statistical information relating to the use of RIPA for the period 1 April 2023 to 31 March 2024.**
- 1.2 The Audit Committee agreed the RIPA Policy.**
- 1.3 The Audit Committee noted the findings of the RIPA inspection.**

17. Counter Fraud and Investigation Annual Report 2023-24, Counter Fraud Strategy 2024-27 and Associated Policies

The Assistant Director of Counter Fraud, Community Safety and Resilience introduced the report to the Committee. The Assistant Director of Counter Fraud, Community Safety and Resilience confirmed that the Counter Fraud teams performance improved in the year 2023/24 and there has been an increase in reporting. Reports of Housing fraud have increased from 52 in 2022/23 to 155 referrals last year. The Counter Fraud Strategy has now been reviewed and a new strategy is being brought forward for 2024-27. A comprehensive new suite of 'fraud focused' policy papers have also been written.

The following key points were highlighted by Members: -

- Members queried why reporting has increased. The Assistant Director of Counter Fraud, Community Safety and Resilience stated that the team have been concentrating their efforts across other teams in the Council. Covid also had an effect on referrals and the team have been rebuilding engagement with communities to help combat fraud.
- Members queried if much had changed in the Whistleblowing Policy. The Assistant Director of Counter Fraud, Community Safety and Resilience stated that the Council has always had a policy but it is about culture and it is timely that this new policy is being put into play.
- Members queried if the work plan was achievable. The Assistant Director of Counter Fraud, Community Safety and Resilience stated that the work plan is associated to the 3 year strategy and the team will continue with communication and education.
- Members asked that their thanks is passed on to the Counter Fraud team.

RESOLVED:

- 1.1 The Committee examined the performance of the Counter Fraud & Investigation team in 2023/24 and accepted the proposed work plan for 2024/25. (App 1.)**
- 1.2 The Committee approved the Counter Fraud & Investigation Strategy 2024-2027 being adopted by the Council. (App 2.)**
- 1.3 The Committee approved the Counter Fraud, Bribery and Corruption Policy being adopted by the Council. (App 3.)**
- 1.4 The Committee approved the Whistleblowing Policy being adopted by the Council. (App 4.)**
- 1.5 The Committee approved the Anti Money Laundering Policy being adopted by the Council. (App 5.)**

18. Risk Management Strategy

The Head of Financial Assurance, Internal Audit, Risk and Insurance and introduced the report to the Committee. The report introduces the Council's Risk Management Strategy for 2024 - 2027.

The Risk Management Strategy proposes the Council-wide approach for Risk Management for 2024 – 2027. This Strategy addresses the recommendations from the BVI report and details how the Council's Risk Management arrangements will continue to be enhanced and improved.

The Corporate Risk Register is currently being developed and this will be reported to the Audit Committee and Cabinet in February 2025.

The Risk Management Strategy sets out the Audit Committees role to note the updates on risk management. The Council is currently 'risk aware' and the aim is for it to be 'risk managed' in the next 18 months. All members have been invited to risk management training. The council is also introducing risk champions who will be responsible for embedding risk management in their service areas.

The following key points were highlighted by Members: -

- Members noted that there will be 4 risk registers and queried how the strategy allows for communication between the layers. The Head of Financial Assurance, Internal Audit, Risk and Insurance confirmed they are currently developing greater detail around this. The risk champions will assess if risk should be escalated.
- The Head of Financial Assurance, Internal Audit, Risk and Insurance clarified that the risk champions were likely to be at Head of Service level. Directors have been asked to nominate risk champions for their service area. There will be a risk champion task force and there will be a monthly review of their risks.
- Members highlighted that there is a culture change involved as well as the Strategy. The Head of Financial Assurance, Internal Audit, Risk and Insurance commented that she thinks the culture is changing.

RESOLVED:

- 1.1 **The Audit Committee noted the improvements proposed to the Council's Risk Management arrangements.**
- 1.2 **The Audit Committee noted the proposed Risk Management Strategy (2024 - 2027).**

19. Annual Complaints and Enquiries Report 2023-24

The Customer Services Manager presented the report to the committee.

The following key points were highlighted by Members: -

- Members queried why there had been a quarter increase in complaints over the last two years. The Customer Services Manager stated that because the council is intervention there has been negative publicity and financial constraints. In the Contact Centre residents are not discouraged from making complaints as it is valuable for services to learn from that feedback. Complaints about the waste services have always been the highest. There has been a lot of change to the services although there has been a reduction in missed bin collection calls.
- Members queried what the process is for learning. The Customer Services Manager confirmed that the Complaints Team assign the complaint to the relevant service area. The Customer Services Manager stated that she would like to increase the quality checking and improve complaint processes. Complaints and Members Enquiries should not go out of date. The team are looking at automation and automatic chasing to try and make improvements to complaint monitoring. The new working group will be looking at this issue.
- The Chair highlighted that the Audit Committee can ask a senior officer from the Waste Service to attend the Committee to discuss the high number of complaints.
- Members noted in Adults Social Care and Childrens Social Care the compliments outweighed the complaints.
- Members queried how complaints are pushed back to third party contractors. The Customer Services Manager confirmed that it would be the service area that is responsible for contract management and to get answers from third party contractors to feed back into the corporate complaint.

RESOLVED:

1.1 THE Audit Committee considered and noted the report.

20. 2023/24 Annual Internal Audit Report + Head of Internal Audit Opinion

The Head of Financial Assurance, Internal Audit, Risk and Insurance introduced the report. The report provides a summary of the Internal Audit work completed during 2023/24. Since the report was written three further pieces of work have been completed and these will be included in a report for the next meeting in January. The report also includes the Head of internal Audit's Annual Opinion on the adequacy and effectiveness of the Council's risk management, internal control and governance arrangements during 2023/24. **LIMITED** assurance can be provided on the Council's Risk Management, Internal Controls and Governance arrangements. This is an improvement from the previous opinion of No Assurance.

The Head of Financial Assurance, Internal Audit, Risk and Insurance also provided an update on recruitment to the Internal Audit team. There are currently three vacant posts, two for auditors and another post for an Audit manager.

The following key points were highlighted by members: -

- Members commented that the layout of the report was easy to read and well presented.
- Members queried the recruitment challenges. The Head of Financial Assurance, Internal Audit, Risk and Insurance confirmed that the preference is to recruit permanent staff members but the recruitment market is challenging at the moment and permanent recruitment has not happened as quickly as she would have liked. They are therefore looking at a mixed resourcing model of permanent and agency staff. An agency staff member has been secured for 3-6 months and someone is also due to start in November.

RESOLVED:

- 1.1 The Audit Committee noted the Internal Audit Engagement Summary Reports for the period 01 March 2024 to 26 July 2024.**
- 1.2 The Audit Committee noted the areas for improvement identified in relation to the Council's Internal Audit and Risk Management arrangements for inclusion in the 2023/24 Annual Governance Statement, and the proposed mechanisms for monitoring, tracking and reporting on implementation progress to key stakeholders.**
- 1.3 That Audit Committee noted this report as a source of independent assurance regarding the risk, internal control and governance arrangements across the Council, noting the outcomes from 2023-24 Internal Audit plan and the resultant 'LIMITED' opinion to the Annual Governance Statement.**

21. Annual Information Governance Report - April 2023 - March 2024 - Report to Follow

22. Work Programme

Members discussed the Work Programme.

It was highlighted that a meeting may be required in December 2024 depending on whether the Statement of Accounts are completed before the backstop date.

A senior officer from the Waste Service is required to attend the meeting in January to answer questions regarding the high numbers of complaints.

The meeting finished at 9.07 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**