

Minutes of the meeting of the Standards and Audit Committee held on 16 September 2014 at 7.00pm

Present: Councillors Simon Wootton (Chair), Yash Gupta, Cathy Kent and Brian Little

Jason Oliver – Co-Opted Member

Apologies: Councillor Terry Hipsey
Rhona Long – Co-Opted Member

In attendance: Sean Clark – Head of Corporate Finance
Les Billingham – Head of Adult Services
Debbie Hanson – Ernst and Young
Christine Connolly – Ernst and Young
Gary Clifford – Internal Audit Manager (Baker Tilly)
Lee Henley – Information Manager
Kenna-Victoria Martin – Senior Democratic Services Officer

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

12. Minutes of the Previous Meeting

The Minutes of Standards and Audit Committee, held on 10 July 2014, were approved as a correct record.

13. Items of Urgent Business

There were no items of urgent business.

14. Declaration of Interests

There were no declarations of interest

15. Regulation of Investigatory Powers Act (RIPA) 2000 – Quarterly Activity Report

The Information Manager introduced the report to Members explaining that the council was advised following the RIPA inspection last year, that a quarterly activity report be brought to the Committee. Members were notified that during the period of April 2014 to June 2014 the Council had a nil return in regards to the amount of RIPA authorisations.

Members enquired as to the status of the three RIPA authorisations which had been carried out during 2013/2014. Officers informed the Committee that two of the authorisations had been taken for prosecutions and one was currently still ongoing.

It was sought by the Committee as to whether there were any plans to update the Councils policy with regards to fraud as the current policy was dated 2007. Members were advised that the Fraud Policy was currently being updated in line with a review of the future counter fraud service covering widening the remit to include all corporate fraud and working in partnership with other public bodies.

RESOLVED:

That the Standards and Audit Committee note the statistical information relating to the use of RIPA from April 2014 to June 2014.

16. Internal Audit Progress Report 2014-15

The Internal Audit Manager introduced the report to Members informing them that the report was the first progress report of the municipal year and it set out the progress against the Internal Audit Plan for 2014/2015.

Officers informed Members of the following:

- Internal audit provided four levels of assurance opinion on reports carried out, this followed widespread consultation with clients across all services;
- Seven areas within the Council had received a green assurance rating, with regards to control frameworks, with 4 receiving an amber/green opinion;
- Following a request from the Head of Adult Services, internal audit carried out an advisory review of Extra Care. Members were advised that although advisory reviews are not issued with an opinion rating, there were five high and three medium recommendations which were reported to management;
- Five reviews were untaken where the work was completed and discussions were being held with management and there were also an additional five reviews in progress. The Committee were advised these would be included at a future meeting;
- Internal Audit had also been involved in three internal investigations involving staff employed or contracted to the Council.

Members were taken through Appendix 1 to the report, which included the advisory review of extra care and the following points were highlighted:

- 12 Audits had been carried out and completed with a final status, opinions given for these audits were Green or Amber/Green;
- Other matters listed within the appendix were work in progress and members were advised that fieldwork was currently being undertaken;
- The Council was working with another Authority, who was taking the lead within a joint internal investigation.

The Head of Adult Services and the service manager requested the audit into extra care after concerns were raised following a visit to complete a safe audit. Internal Audit looked at procedures, income and expenditure and the safekeeping of service user's belongings and agreed an action plan with senior management. Members were notified that internal audit did not believe any fraudulent activity took place.

The Head of Adult Services, addressed the Committee to discuss the extra care advisory review and, in doing so, highlighted some of the key points to the report, which included:

- Sheltered housing was similar to living in your own home, therefore service users personal belongings were the responsibility of the resident. It was explained to Members that it was not usual for staff to be asked to take care of service users finances;
- A Person in Control Report was produced and contained details on a variety of areas including procedures and processes used by staff working in the complexes;
- Towards the end of 2013, concern was raised following a safe audit, internal audit were invited in to the complex and carried out an advisory review;
- Following the advisory review it was identified that there was a lack of control around recording and reconciliation of service users money and belongings;
- Processes and procedures had since been looked at and tightened up where needed. Officers stated that they did not feel that there had been any dishonesty or fraudulent activity;
- The responsibility of managing individual service users finances had been transferred back to residents where possible.

A Member enquired as to the support given to those residents living within sheltered housing and those who receive extra care. Officers informed Members that within sheltered housing there was a sheltered housing officer, who was on hand to offer support to residents if needed. It was explained that it was slightly different with extra care as it was recognised that residents may need additional assistance therefore on call support was available 24hours.

The Head of Adult Services assured Members that good care was provided to all service users and confirmed that improvements could be made which was why the audit was requested and an improvement plan was put in place.

Members queried if officers had asked for a similar audit to be carried out within other sheltered housing complexes within the borough. Officers explained that sheltered housing was different to extra care, in that those residents within sheltered housing had responsibility for their personal belongings. The Head of Adult Services informed the Committee that he would send a copy of the report to the Director of Housing for her to explore within her remit.

It was enquired by a Member as to the circumstances of the recording of cash with the cafe and whether recommendations had been implemented. Officers clarified that the cash transactions were being manually recorded on to a spreadsheet. Members were assured the amounts of cash were minimal nevertheless, it was being looked at to provide tills within the cafes to enable tighter recordings.

The Chair of the Committee, asked for clarification that all recommendations had been implemented. It was confirmed by officers that most of the recommendations stated within the report had been implemented. Those which had not, were in progress of being completed and the example given was that the Financial Management Officer was currently looking at the council policy. Members were also given 100% assurance that all staff were aware of procedures in place with regards to handling service user's finances.

RESOLVED:

- 1. That Standards and Audit Committee Considered reports issued by Internal Audit in relation to the 2014/15 audit plan.**
 - 2. That the Standards and Audit Committee Noted progress against the Internal Audit Plan for 2014/15.**
- 17. Audit Results Report for the Year Ended 31 March 2014**

The Head of Corporate Finance apologised to the Committee for the late circulation of the updated version of the external auditors report. It was explained that it was felt necessary for the Committee to have the most recent information possible.

The external auditors informed the Committee that they were responsible for forming an opinion on financial statement, assessing the council's value for money arrangements, auditing the whole of government accounts submission and issuing the Council with its audit certificate.

Members were taken through the report by the external auditors and while doing so, addressed the key points:

- That the majority of work for the financial statement had been completed with no issues, however there were a few final questions still to be resolved;

- Within the report on page 6, the report referred to three misstatements contained in the draft of the financial statement which had not been corrected by management. This numbers was incorrect. The actual misstatements within the statement that have not been corrected was two, as detailed in the Appendix. Members were informed that this was an improvement on previous years;
- The Committee were notified that the external auditors had tested the controls of the of the Councils only to the extent necessary to complete the audit and they did not provide an opinion on the overall effectiveness of internal control;
- Appendix one within the report, informed Members of the Committee of the uncorrected misstatements; however both items were not material and therefore did not impact on this issue of the opinion for the financial statement.

The Head of Corporate Finance informed the Committee that he was extremely satisfied with the work his team had carried out with regards to the financial statement. He reminded Members that the financial resilience element of the value for money conclusion was now looking three years ahead.

It was explained to Members that the reason for not correcting the misstatements within appendix one was as neither were material and officers made the judgement by weighing up the impact of the errors on readers understanding the accounts against the risk of further errors being made in correcting the errors due to the number of areas of the financial statements that would need to be amended as a result.

Members sought clarification from the external auditors as to the deadlines for the audit opinion on the financial statement and when the audit of the accounts would be concluded. The Committee were advised by the external auditors that the deadlines were 30 September 2014 to issue the opinion on the financial statement and 3 October 2014 to complete the audit on the accounts. Members were informed that there would not be an additional fee relating to the work listed as outstanding in the report; however the audit was not as yet complete.

The Chair of the Committee praised the superb work and dedication of the finance department. He continued to state on behalf of the Committee their appreciation of the external auditors and their teams for their hard work and for presenting the report in such a way that was straightforward to understand.

RESOLVED:

That the Standards and Audit Committee consider the comments of the external auditors as set out in the attached report and note their findings.

18. Financial Statements and Annual Governance Statement Update

The Head of Corporate Finance introduced the report to the Committee notifying Members that the Financial Statement and Annual Governance Statement were audited but the Councils External Auditors.

Members were informed that further to the previous meeting of the Committee the progress had been made to finalise statement and bring the Council in on budget.

It was explained to the Committee that after discussions with Ernst and Young the Councils external auditors that Appendix 3, the letter of representation could be signed off by the current Chair of the Committee rather than Councillor Gledhill who had chaired the Committee. This had been agreed with the external auditors as Councillor Wootton had been a Member of the Committee during the 2013/2014 municipal year and the Letter of Representation needed to cover arrangements and events up to the date of the audit opinion i.e. September 2014.

The Chair enquired as to whether Members had any questions for the Head of Corporate Finance, the following questions were asked:

- On page 94 of the agenda with regards to the budget being tight, the figures shown does not look tight for revenue outcomes;
- On page 101 of the agenda showed the external auditors report and it dated the certificate on the 30 September 2014. It was queried as to whether the auditors were confident the accounts would be signed off by the deadline and if earlier whether it was the deadline date that was reported.
- Councillor Gupta stated that last year the Head of Corporate Finance offered Members the opportunity of one to one sessions to discuss and explain the financial statement. He enquired whether this was still possible.

Officers responded to the queries from the Committee explaining the following:

- The table shown on page 94 of the agenda was the Capital Expenditure for 2013/2014, the revenue outturn for the Council was on page 92 of the agenda, which showed the tightness of the budget;
- The certificate will be dated, by the date the audit is completed; the deadline date was entered as a provision.
- The Head of Corporate Finance confirmed to Members that he would be happy to meet with Members on a one to one or group basis, should the wish to be taken through the financial statement or the Annual Governance Statement.

RESOLVED:

- 1. That the Standards and Audit Committee having consideration to the comments within the Audit Results Report considered earlier on the agenda, approve the Financial Statement subject to any further changes , in consultation with the Chair of the Standards and Audit Committee;**
- 2. That the Standards and Audit Committee note the issues contained within, and approve, the Annual Governance Statement; and**
- 3. That the Standards and Audit Committee approve the letter of representation on behalf of the Council to be signed by the Chair of the committee once the audit is completed.**

19. Work Programme

Members discussed the work programme for the municipal year and the following reports were agreed:

- Asset valuations and the impact on the Accounts – March 2015

The meeting finished at 8.46pm.

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**