

Minutes of the Meeting of the Standards and Audit Committee held on 19 July 2018 at 7.00 pm

Present: Councillors Tony Fish (Chair), Oliver Gerrish and Ben Maney

Apologies: Councillors Russell Cherry (Vice-Chair), Barry Johnson and Co-Opted Member, Jason Oliver

In attendance: Sean Clark, Director of Finance & IT
David Kleinberg, Assistant Director for Fraud and Investigation
Gary Clifford, Chief Internal Auditor
Andy Owen, Corporate Risk Officer
Jonathon Wilson, Chief Accountant, Finance
Wendy Le, Democratic Services Officer
Suresh Patel, Ernest & Young
Jessal Raja, Ernst & Young

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 meeting held on 6 March 2018 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 - 2017/18 Activity Report

The Director of Finance and IT presented the report which provided an update to the activity of the requests within the Regulatory of Investigatory Powers Act (RIPA) 2000 during 2017/18.

The Committee was satisfied with the report.

RESOLVED:

1.1 That the Standards and Audit Committee noted the statistical information relating to the use of RIPA for 2017/18.

5. Chief Internal Auditor's Annual Report - Year ended 31 March 2018

The Chief Internal Auditor presented the report which gave an opinion of the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. Reasonable assurance was given that there were no major weaknesses in these areas.

Referring to page 23 of the report and specifically to the audit of Risk Management arrangements, Councillor Gerrish asked what practical steps the Council needed to take to manage the risks at the operational/service planning level. The Officer answered that the risks identified at the operational level through service planning needed to be linked through to the strategic risks. Councillor Gerrish went on to ask if this was an issue in any particular service. The linking of risks to corporate risks was inconsistent across the Council but officers were working on this.

Regarding the disciplinary actions mentioned on page 25, Councillor Maney asked if officers could give some indication on the issues resulting to disciplinary action being taken against two senior staff members. These were mainly centred on performance in staff which resulted in processes and controls being investigated. Some officers were not fulfilling their roles.

Councillor Gerrish sought clarification on the red amber flag on Warren Primary School. There had been 6 medium recommendations on the school which meant the school needed to be looked at.

RESOLVED:

1.1 That the Standards and Audit Committee considered and commented on the Chief Internal Auditor's Annual Report – Year ended 31 March 2018.

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

The report was presented by the Corporate Risk and Insurance Manager which provided the key risks and opportunities identified in the review and the revised Strategic/Corporate Risk and Opportunity Register.

The Chair queried whether the closure of Orsett Hospital should be included in the risks and opportunities register in regards to social care. The Officer said it may be included under health and social care but would need to check and confirm. The Chair asked that it be brought back to the next Committee.

On page 35, Councillor Gerrish noted the removal of GDPR from the register and queried if the officers were satisfied with the way GDPR had been managed and its current position. The risk of GDPR had been removed due to it being compliant by 25 May 2018. Directorates were carrying out further

work on it and were continually monitored. Page 70 of the agenda showed a positive assessment of GDPR by Internal Audit. The Director added that this report was focussed on the original implementation. However, data security was always a risk but training in this area was continuing along with ongoing audits of departments. He would speak with the Information Manager to find out if there were any concerns.

Commenting on the £4.5 million figure for fraud in 2016/17 on page 53, Councillor Maney noted it seemed quite high for a small Local Authority like Thurrock. He questioned if this was usual for the size of Thurrock Council. Referring to the later report regarding fraud in the agenda, the Assistant Director for Fraud and Investigation stated it would show the national picture of fraud. He confirmed that Thurrock Council was getting better at detecting fraud.

RESOLVED:

1.1 That the Standards and Audit Committee noted the items and details contained in the Dashboard (Appendix 1).

1.2 That the Standards and Audit Committee noted the 'In Focus' report (Appendix 2), which highlighted the higher priority items identified by the review.

7. Internal Audit Progress Report 2017/18

The Chief Internal Auditor gave an outline of the report which informed of the work that had been undertaken since the last report issued at the last Committee meeting on 6 March 2018.

The Committee was satisfied with the report.

RESOLVED:

1.1 That the Standards and Audit Committee considered the reports issued and the work being carried out by the Internal Audit in relation to the 2017/18 audit plan.

8. Audit Results Report for the Year Ended 31 March 2018

The Director of Finance and IT informed the Committee that this report linked to the report in agenda item 10. Representatives from Ernst and Young outlined the report which detailed the findings from Ernst and Young's audit of Thurrock Council's 2017/18 financial statements.

Referring to the whistleblowing within the report, Councillor Gerrish queried the processes and investigations Ernst and Young had gone through to ensure legality. The Ernst and Young Representative stated that enquiries had been made to the authority and that evidence had been sought and obtained. They had found the payments were not unlawful.

Councillor Gerrish went on to query the impact of the change in the valuation of the pension liabilities mentioned in the report. He thought the amendment to the valuation of £8.2 million was significant and queried its impact on Thurrock Council. The Director answered that the figure given was from Essex Pension Fund and was based on a series of assumptions. It was a nominal figure in accounts to recognise the deficit for the year. The figure did not impact on the useable reserves of the Council and was for information rather than for budgeting.

RESOLVED:

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

9. Financial Statements and Annual Governance Statement 2017/18

The report was presented by the Chief Accountant which provided the financial performance for 2017/18 within the Financial Statements to be approved.

Councillor Gerrish asked if officers were confident over the robustness of the processes in light of the earlier timescales to produce the accounts. The Director of Finance and IT stated the service had worked smarter over time to meet the reduced timescales and supported this with analytical checks. System management and managers supplying information quicker enabled swifter shut downs.

RESOLVED:

That the Standards and Audit Committee:

1.1 Having considered the comments within the Audit Results Report considered earlier on the agenda; approved the Financial Statement.

1.2 Noted the issues contained within, and approved, the Annual Governance.

1.3 Approved the letter of representation on behalf of the Council to be signed by the Chair of the Committee.

10. Counter Fraud & Investigation Annual Report & Strategy

The Assistant Director for Fraud and Investigation presented the report which provided an outline of the service's performance over the last year and the work that had been undertaken.

The Committee was satisfied with the report. Councillor Maney gave his gratitude to the service and found their work to be ground breaking. He was pleased to have the team in Thurrock Council.

RESOLVED:

1.1 That the Standards and Audit Committee noted the performance of the Counter Fraud and Investigation Directorate over the last year.

11. Work Programme

There were no changes made to the work programme.

The meeting finished at 7.40 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**