

Minutes of the Meeting of the Standards and Audit Committee held on 23 November 2023 at 7.00 pm

Present: Councillors Kairen Raper (Vice-Chair), Lynn Worrall, Gary Collins and James Thandi

Charles Clarke
Jasdip Singh Nijjar

Apologies: Councillors Fraser Massey (Chair) and Elizabeth Rigby

In attendance:

Rachel Brittain, Binder Dijke Otte (BDO)
Gina Clarke
Michael Dineen, Assistant Director Counter Fraud, Enforcement and Community Safety
Asmat Hussain, Director of Legal and Governance and Monitoring Officer
Louise Sayers
Jonathan Wilson (Interim Director Finance & S151 Officer)
Luke Tucker, 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.

66. Minutes

- Councillor Collins noted he did query at the 6th September 2023 meeting where the whistle blowing policy report was on the work programme and asked when the extraordinary meeting is going to be arranged for.
 - The Monitoring Officer respond, that a reasonable a date is being identified that's convenient to all Members. Date to be identified in first quarter of 2024.
- Councillor Collins asked if an update on procurement would take place at the meeting on the 29th February 2024.
 - **ACTION:** Work programme to be recirculated.
- Councillor Collins asked for councillor's names to be added to minutes and replies to be recorded.
 - Best Value Inspection identified the need for the Council to refresh its approach to minute taking. Communication was sent to all members on the 2nd November 2023.
 - Agreed with Group Leaders and Whips
- The Committee discussed their concerns on how meetings minutes are recorded.

- Councillor Collins asked if the Committee could have someone explain to the Committee how risk profiles are calculated and formulated.
- Councillor Raper asked for a timeframe for the meeting on the whistle blowing policy.
 - Date is not known, will ensure that the work program is updated.

At 19:04 Charles Clarke, Co-Optee Member arrived at the meeting.

67. Items of Urgent Business

There were no items of urgent business.

68. Declaration of Interests

There were no declarations of interest.

69. External Audit Progress Report

The Director of BDO LLP (external audit) presented the report to the Committee.

Members asked the following questions to the Director of BDO LLP (external audit):

- Councillor Collins sought clarity for the phrase financial instruments.
 - Any investments or debt that the Local Authority holds.
- Councillor Collins noted the objections to the financial statements and asked if the Local Authority should be worried or if it was an administrative error.
 - One of the duties is to consider the legality of those transactions. No particular red flags, but it is something that will need to be looked at and concluded on.
- Councillor Worrall asked when will a response be received from the forensic team to formalise whether there is an issue with the objections to the financial statements.
 - It is a long process, and the response will not go into the public domain.
 - Additional powers can be issued. If in the public interest a report could be published to highlight any issues to the public. The Local Authority could be issued with statutory recommendations to change processes. A court could declare transactions illegal, but that is very unusual.
- Councillor Worrall asked for a timeframe.
 - To be completed alongside the audit in February/March 2024
 - Progress is good.
- Councillor Collins noted from the report the mismanagement identified and asked how the Local Authority could stop this from happening again.

- Audit will audit balances and adjustments to make sure that figures and stack up with the audit work and that there's nothing in the accounted period that shouldn't be.
- Councillor Collins asked if the work could be undertaken by internal audit.
 - Looking at investment transactions, valuations, and changes in valuations
 - Schedule that is allocating transactions year by year.
- Councillor Collins asked how you stop management manipulating records and overriding controls.
 - Any transaction that is on the schedule will then be passed to external audit for deliberate review.
 - Internal audit will tend to be focused on ongoing transactions within the system.
- Councillor Raper asked if external audit was finding it easy to get all the information they needed from the Local Authority.
 - Yes, no reason to think that this wouldn't continue either.
- Councillor Worrall asked what the process is for the finding RAAC.
 - The Local Authority will need to propose how they've assured themselves that they don't have RAAC in their buildings.
 - Records should identify issues.
- Councillor Collins sort and explanation of heritage assets/valuation of noncurrent assets.
 - Culturally significant assets for example paintings. Coalhouse fault was identified.
- Councillor Collins sort clarity on valuation of pension liability risk detail assets.
 - Level 1 assets would be something that has an available price, for example, the Stock Exchange
 - Level 3 assets don't have an observable input.
- Councillor Collins asked if non collection of receivables is people not paying rent.
 - Yes
- Councillor Thandi asked for an update on Toucan and asked if it is running smoothly and if there is an end date.
 - Process is progressing within timelines, hoping to have an outcome within this financial year.
 - Administrators continue to run the process.
- Co-Optee Member Jasdip Nijjar asked with regards to manual adjustments, what controls did the Council have before they entered
 - Going through each element of the investments and agreeing classification and valuation.
- Co-Optee Member Jasdip Nijjar asked what the thought process was behind keeping materiality at 1.75%
 - Range of factors, benchmark is 0.5 to 3%.
- Co-Optee Member Jasdip Nijjar asked for an estimate of the fees.
 - No estimate at the moment.

- Co-Optee Member Charles Clarke asked in observations so far has external audit observed any serious controls over the corporate control environment.
 - Controls aren't tested, it is a fully substantive audit.
 - Haven't identified any issues with your entity level controls.
- Co-Optee Member Charles Clarke asked as it was substantive testing what additional timeline or resource do you need.
 - The majority of the substantive work is done and has been factored in and provided for.

At 19:54 Rachel Brittan, Louise Sayers and Johnathan Wilson left the meeting.

70. Counter Fraud & Investigation - Performance Update

The Assistant Director of Counter Fraud introduced and presented the report to the Committee.

- Performance Update on Counter Fraud & Investigation contained a combined report of data from the first and second quarter of the year.
- 130 reports of suspected fraud in the first six months of this year.
- 43 investigations were closed as no fraud due to no evidence.
- 28 sanctions delivered in cases of proven fraud against individuals.
- Resulting in potential saving to the Local Authority of just over £1 million in the first six months

Members asked the following questions to the Assistant Director of Counter Fraud:

- Co-Optee Member Charles Clarke asked for an update on training work.
 - Training mechanism, will go out live throughout the Local Authority by January
- Councillor Collins praised the department for their hard work and asked if more staff had been employed by the service.
 - Same number of staff but employed on fixed term contracts rather than agency staff.
- Councillor Worrall was happy with the recovery of social homes and informed the committee it should be celebrated and reported to the Housing Overview & Scrutiny Committee. Councillor Worrall sort an explanation of the process for right to buy applications.
 - Fraud reports to housing and forwards finding and figures. A new Coms strategy is being developed.
 - There are many ways people who are not entitled to a right to buy and all applications are reviewed by the fraud team.
- Councillor Worrall noted fraud figures are not present on housing reports and asked if it is measured.
- **ACTION:** Fraud Recovery Report for Housing O&S

- Councillor Worrall asked regarding an investigation team that will work with social care teams to review applicants for direct payments, what are the team looking for and how it will be measured.
 - Direct payments are a high-risk area.
- Councillor Collins what are the other sanctions, if any.
 - Formal warnings, formal cautions, housing tenants warning letters.
- Councillor Thandi noted 10 social housing properties recovered and asked for the reasons why they were recovered.
 - Reasoning for recovering a property will be that the property is either abandoned by an individual, or it has been sublet.
 - Voluntary return
- Councillor Worrall asked if housing benefit and council tax fraud fit within your team.
 - DWP for housing benefit
- Co-Optee Member Charles Clarke asked if a report was coming subsequently with information relating to different type of fraud cases.
 - In end of year report.
- Co-Optee Member Charles Clarke asked as the quarterly report doesn't give much detail on where recurrent fraud is.
 - Next year's end of year plan, members will see last year's and this year's figures.
 - Will include a chart comparing the rates of different crime types.
- Councillor Thandi asked if cutbacks has affected the team.
 - New approach for this year, more focused internally.

RESOLVED:

1.1 The Audit Committee comments on the performance of the Counter Fraud & Investigation team.

1.2 The Audit Committee agrees to continue the Proactive Work Plan as found at Appendix 1.

71. Complaints received under the Members' Code of Conduct

The Governance Lawyer/Deputy Monitoring Officer introduced and presented the report to the Committee.

- Update since the start of the municipal year
- All bar 3 complaint closed from last year.
- 1 complaint will be heard by a hearing panel.
- 8 complaints received so far; 6 are member against member complaints, 2 complaints are from public.

Members asked the following questions to the Governance Lawyer/Deputy Monitoring Officer and Director of Law and Governance/Monitoring Officer:

- Cllr Worrall noted a pattern and asked if it was multiple different councillors being reported or if several councillors reporting the same complaint against a singular councillor.
 - Yes.
 - Complaints must be treated by individual complaints but are dealt together which saves officers' time.
- The Chair noted it might be useful for future reports to group the complaint as it appears that there are 8 different complaints.
 - Noted
- Councillor Collins wanted to confirm the committee was only talking about one person.
 - Same person

RESOLVED:

- 1.1 That the Committee note the outcomes on complaints received under the Members Code of Conduct during the municipal year 2023/24 up to the 3 November 2023.**

72. Work Programme

Members discussed the work programme.

- The chair asked the additional meeting to be added, even if the date could not be confirmed.
- Co-Optee Member Charles Clarke noted there was not an item for counter fraud for the meeting on the 29th February 2023.
 - Quarter two was brought forward to this meeting.

The meeting finished at 8.25 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