

## **Minutes of the Meeting of the Standards and Audit Committee held on 15 March 2016 at 7.00 pm**

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**Present:** Councillors Tunde Ojetola (Chair), Graham Hamilton (Vice-Chair), Yash Gupta (MBE), Barry Johnson, Cathy Kent and Robert Ray

Jason Oliver, Co-Opted Member

**Apologies:** Rhona Long, Co-Opted Member

**In attendance:** Sean Clark, Director of Finance & IT  
Gary Clifford, Client Manager for Audit Services  
Debbie Hanson, Ernst and Young  
Daniel Helps, Investigations Manager  
Lee Henley, Information Manager  
David Kleinberg, Group Manager, Counter Fraud and Investigation  
Andy Owen, Corporate Risk Officer  
Jonathon Wilson, Chief Accountant, Finance  
Jenny Shade, Senior Democratic Services Officer

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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.

### **37. Minutes**

The Minutes from the Standards and Audit Committee held on the 8 December 2015 were approved as a correct record.

### **38. Items of Urgent Business**

There were no items of urgent business.

### **39. Declaration of Interests**

Councillor Johnson declared a non-pecuniary in relation to Item 13, Partnerships and Assurance, as he works in a partnership role with London Borough of Barking and Dagenham and the Council's Legal Services.

### **40. Counter Fraud & Investigation Annual Report, Policy & Strategy**

The Group Manager, Counter Fraud & Investigations, presented the report and detailed for Members the progress made over the last 12 months. Highlights referred to were Housing Tenancy Fraud, Right to Buy and Social Care.

It was reported that:

- Housing Tenancy Fraud investigations resulted in 45 properties being recovered where these had been misused, which equated to a loss of 8 hundred thousand pounds to the Council
- 4 applications for Right to Buy were stopped this year which would have resulted in a loss of 3 hundred thousand pounds to the Council if they had gone ahead

Members were informed that the Council had applied powers under the Proceeds of Crime Act to take money back from criminals who had obtained money fraudulently from the Council. This year to date £194,000 has been awarded by the courts in the form of compensation orders, confiscation orders and ARIS monies.

Members were also referred to Appendix 3 and 4 that set out the various work streams that the section were progressing.

Appendix 1 stated that 6 orders were made in 2015/16 and those offenders get approximately 3 to 6 months to repay the money. Some offenders could go back to the court to get a Certificate of Adequacy if their circumstances changed but noted that the Council is in the mercy of the court on these decisions.

The Officer confirmed that confiscation orders were not always property (i.e. houses) and in a majority of cases the Council had identified the Court of hidden assets which the Court will take into account on the order.

The Compensation monies received would go straight back into the department that the money came from, in the past this had been to departments such as benefits.

The ARIS money were given by the Home Office to Thurrock Council as an incentive to continue to carry out the investigative work, this money is taken directly from the court orders.

The Co-Opted Member questioned if there were opportunities to open up revenue schemes for compensation which had not been explored previously. The Officer stated that this area was in the process of being addressed with a number of staff being referred to each directorate to become experts in that area.

The Chair stated that overall it was good that this work was being undertaken at Thurrock Council.

## **RESOLVED**

- 1.1 That the Committee noted the performance of the Counter Fraud and Investigation Directorate.**

**1.2 That the Committee noted the acknowledgement of the services provided by the Counter Fraud and Investigation Directorate.**

**41. Complaints Report - April 2015 to September 2015**

The Information Manager presented the report and provided Members with an overview of the number of corporate complaints received within the period April 2015 and September 2015. Due to complex analysis of the data and information, this report was not available for the December 2015 committee.

The areas highlighted were:

- A total of 942 complaints had been received for this period compared to 790 for the same period last year.
- A total of 1353 concerns had been received for this period compared to 1126 for the same period last year.
- Combined total of complaints and concerns were 2295 compared to 1916 for the same period last year.
- Areas that received the highest volume of concerns and complaints were Housing Repairs, Council Tax, Estate Management and Missed Bins.

The Information Manager referred Members to Appendix 1 which provided detailed feedback on the common types of complaints and trends received.

It was clarified that Missed Bins meant that when bins were not being collected on the correct collection day and drew Members to the detailed feedback provided in the report and that work was still on-going to undertake additional root causes.

With regard to the complaints received the Co-Optee member enquired as to what channels were used so that the Audit Committee could see if the new channels were working or if more complaints were received because the Council was not performing as well. It was confirmed that the team working closely with the communications team and that Twitter feedbacks and comments were received and routed to the team. From a management information view, work needs to be done on firming up on the digital type approaches.

A debate between Members and Officers took place on how the process of complaints received through the casework undertaken by Members and how these complaints were being recorded.

Members noted their concern that if these complaints were being recorded as a member's enquiry the number of complaints would have been higher.

There was also concern that if a member of the public rang the Council with a complaint, that person should be informed if their issue will be classed as a complaint or a service request.

Members requested that the Officer provided the Committee with a definition of complaints, concerns, member's enquiries and service requests.

The Co-Optee Member suggested that this would be a good time for the Officers to look at the process of all complaints/concerns/enquiries and service requests received.

The Chair stated that comparative figures on the number of compliments would be nice to see.

## **RESOLVED**

- 1. That the statistics and performance for the reporting period be noted.**
- 2. That the further work was on-going with a number of service areas to establish the root cause for concerns/complaints received, reasons for complaint escalation and reasons why complaints were upheld be noted.**
- 3. That the Officer would provide definitions of a complaint/concern/enquiries and service request.**

### **42. Regulation of Investigatory Powers Act (RIPA) 2000 - Quarterly Activity Report**

The Information Manager presented this report that provided Members with an update on the usage and activity of Regulation of Investigatory Powers during October 2015 to December 2015 (Quarter 3).

Members were informed that there were 2 Regulation of Investigatory Powers directed surveillance authorisations processed from 2015/16 Year to date compared to 3 in the period October 2015 to December 2015.

The Chair noted that up to date figures from December 2015 would have been more relevant to members.

Members were advised that this figure was low as the methods of surveillance used were very intrusive and would only be actioned as a last result.

## **RESOLVED**

**The Committee noted the statistical information relating to the use of Regulation of Investigatory Powers Act from October 2015 to December 2015.**

### **43. Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework**

The Corporate Risk Officer presented the report and informed Members that Risk and Opportunity Management is recognised as a good management practice and that it is an integral part of the Council's Corporate Governance and Performance Management arrangements.

To enable Standards and Audit Committee to consider the effectiveness of the Council's Risk and Opportunity Management arrangements the report was presented to the committee on an annual basis.

The report provided Members with details of how the Council's Risk and Opportunity Management arrangements compared against good practice, outlined the current Risk Opportunity Management activity, the proposals to maintain/improve the practice across the organisation and included the updated Risk and Opportunity Management Policy, Strategy and Framework.

The Officer referred Members to a summary of Thurrock's overall scores for the Enabler criteria and compared these to the table of scores for the years 2011 to 2015.

A change to recommendation 2 to remove the words "to note" was agreed by all members.

All Members and Co-Optee Members agreed that the report was encouraging to see progressive improvements being made each year and that this continued.

The Chair queried what the process would be if the committee wanted to make any changes to this report. It was confirmed that any comments received by this committee would be fed back to the Directors Board.

## **RESOLVED**

- 1. That Standards and Audit Committee noted and commented on 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 approved the updated Risk and Opportunity Management Policy, Strategy and Framework.**
- 3. The compliment made by Members and Co-Optee Members were noted and agreed.**

*Andy Owen left the committee room at 8.04pm.*

## **44. External Audit Plan 2015/2016**

Debbie Hanson from Ernst & Young introduced the Audit Plan that covers the audit of the 2015/2016 financial statements and the assessment of the Council's arrangements to secure economy, efficiency and effectiveness. The financial statements and the value for money risk appendices within the report were briefly covered.

The plan set out the audit process and that the auditors will report their findings to the Committee in September 2016.

The plan also set out the key risks and the areas the auditors focused on and the key financial statement risks identified were:

- Risk of Fraud in Revenue Recognition
- Risk of Management Override
- The Valuation of Surplus Assets
- Accounting for Gloriana Thurrock Limited

The value for money risk identified were on the Pressures from the Economic Downturn.

The new criteria which auditors were assessing Councils against had changed and Debbie Hanson drew this to the Members attention.

The requirement to determine whether there were any risks that were significant and this definition was explained to Members that it was not just the larger spends that the auditors would be looking at, for example if negative inspections of the service could affect the reputation of the Council.

In response to a question from Members, the Director of Finance and IT stated Thurrock Council took out Lender Option Borrower Option Loans many years ago when their interest rates appeared to be low. Due to the excessive charges on early repayment the Council continue to hold these but the opportunity to redeem early is regularly reviewed.

The Director of Finance and IT confirmed the SERCO figures on pension payment quoted in the report related to the period 2015/16 budget position which had been reported to Cabinet over the last year.

It was confirmed that the Analytics tool had been used by Ernst & Young over the last 3 years to undertake audit analysis on payroll and the general ledger data.

The Chief Accountant stated there were 2 generic risks which applied to all Councils, those were in respect of revenue recognition and the risk of management override and work were underway with Ernst & Young to discuss the issues.

**RESOLVED:**

**That the External Audit Plan 2015/16 report be noted.**

*Lee Henley left the committee room at 8.35pm*

**45. Report from Ernest and Young: Certification of Claims and Returns Annual Report 2014/15**

Debbie Hanson, Ernst & Young, briefly presented the report to Members on the Certification of Claims and Returns Annual Report 2014/15 which was issued in February 2016 and summarised the results of the work undertaken by Ernst & Young on Thurrock Council's 2014/15 claims.

It was stated that the report was shorter than previously received this was due to only one claim being audited now which is the Housing Benefit claim which is probably the largest claim that Thurrock Council has. The report was very positive and commented that the claim was complex and that the number of errors found had reduced compared to previous years.

Other assurance work undertaken during 2014/15 included the following schemes:

- Teachers Pensions which had been concluded at the time of the committee.
- Housing Pooling Return which related to Right to Buy Sales and was currently in the process of being concluded.

**RESOLVED:**

**That the report attached at Appendix 1 be agreed and actions noted.**

**46. Strategy for Internal Audit 2016/17 to 2018/19 and Annual Internal Audit Plan 2016/17**

The Internal Audit Manager presented the report which provided Members with some background information that in October 2006 following a tendering process the Council's Internal Audit Service was outsourced to Baker Tilly. This contract expired on 31 March 2015. As a result, the decision was taken by the Directors Board to transfer the Internal Audit Team back into the Council from the 1 April 2015.

The Strategy for Internal Audit 2016/17 to 2018/19 and Annual Internal Audit Plan 2016/17 was the first year since that transition took place. As part of the planning process an Audit Needs Assessment will be carried out on an annual basis with senior management within Thurrock Council. From this Audit Needs Assessment process, the three year strategy and an annual audit plan will be produced.

In January 2016 a comprehensive Audit Needs Assessment process was started by attending each of the Directorate Management Teams to discuss the risk and priorities with directors, heads of service and strategic leads. Also

as part of the planning process checks were undertaken on the risk register and reports issued by the external auditors.

It was confirmed that with the team now in-house, Internal Audit will continue to revisit the strategy and plan, to reflect any changes that may occur through restructure, new legislation and changes in working practices.

Members thanked the Internal Audit Manager and his team for the excellent report.

## **RESOLVED**

**That the Committee received and agreed the Strategy for Internal Audit 2016/17 to 2018/19 and the Annual Internal Audit Plan 2015/16.**

### **47. Internal Audit Progress Report 2015/16**

The report was introduced to the Committee by the Internal Audit Manager and set out the progress against the Internal Audit Plan 2015/16. The reported detailed audit reviews issued as final since the last meeting in December 2015.

An update given on Bonnygate Primary School was that the head teacher had been on maternity leave and had expressed concern at the outcome of the report on her return. The head teacher had spoken to Education Finance who were supporting the school to address the recommendations. The head teacher had reacted positively and a review had taken place with staff. The Internal Audit Manager plans to visit Bonnygate Primary School on the 24 May 2016 to ensure that all recommendations had been implemented.

The Internal Audit Manager confirmed that there was no suggestion that the school was in breach of data protection only that the school's registration had lapsed and not been followed up.

It was enquired by the Chair if the Audit Team were only required to look at local authority schools in Thurrock. The Internal Audit Manager confirmed that this was the case. However, to help generate income, Internal Audit are looking at offering a service to all academy schools. One academy has already expressed an interest and been visited by the Internal Audit Manager.

## **RESOLVED:**

**That the Standards & Audit Committee considered the reports issued by Internal Audit in relation to the 2015/16 audit plan.**

### **48. Partnerships and Assurance**

The report was introduced to the Committee by the Internal Audit Manager following a request from Members that this item return to the Committee



following the 16 July 2015 meeting where concerns were expressed around the Council's management of the School Catering contract.

The contract with London Borough of Havering required them to provide an overall management and monitoring arrangements for the delivery of that service through a service level agreement. Following concerns around the management of the service, the London Borough of Havering undertook an internal investigation and asked Thurrock to assist by providing additional information.

All staff below manager level were employed by Thurrock Council and fulfilled an administrative function whilst staff at manager level and above were employed directly by Havering Council. It was identified that a manager employed by Havering was a budget holder against a Thurrock Council budget and could authorise expenditure up to £10,000.

It was noted that there were a large number of services within the Council that have commissioning arrangements in place.

The Director of Finance & IT stated that he was satisfied that there were arrangements in place to manage and monitor these contracts and those senior managers of Thurrock Council know their obligations to manage contracts, spend money correctly and obtain value for money.

Moving forward it had been identified that there was a need to refocus and increase resources and provide additional assurance to senior management and members around the governance of partnerships.

## **RESOLVED**

**That the Standards & Audit Committee agreed that the current approach would result in more internal audit resource being focussed on reviewing the governance arrangements around partnerships which would increase the assurance provided to senior management and members.**

### **49. Work Programme**

The Chair requested that any items for the work programme 2016/17 are directed through the democratic services clerk.

The Chair thanked all members for their contributions to the Standards and Audit Committee and wished Members well in the elections.

The Chair wished Councillor Gupta well in his retirement.

**The meeting finished at 9.05 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](mailto:Direct.Democracy@thurrock.gov.uk)**