

Minutes of the Meeting of the Standards and Audit Committee held on 24 November 2022 at 7.00 pm

- Present:** Councillors James Thandi (Vice-Chair), Gary Collins, Steve Liddiard, Kairen Raper and Adam Carter (Substitute) (substitute for Elizabeth Rigby)
- Apologies:** Councillors Elizabeth Rigby, Allen Mayes and Charles Clarke (Co-Optee Member)
- In attendance:** Gary Clifford – Chief Internal Auditor
Michael Dineen – Assistant Director Counter Fraud, Enforcement & Community Safety
Lee Henley – Strategic Lead Information Management
John Jones – The Director of Legal & Governance & Monitoring Officer
Rhiannon Whiteley, 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.

20. Minutes

The minutes of the Standards and Audit Committee held on 20 October 2022 were approved as a correct record.

21. Items of Urgent Business

There were no items of urgent business.

22. Declaration of Interests

No interests were declared.

23. Regulation of Investigatory Powers Act (RIPA) Activity Report 2022/23 (April - September)

The Strategic Lead for Information presented the report. He explained that the Regulation of Investigatory Powers Act (RIPA) allows the council to undertake methods of covert surveillance however it must be necessary and proportionate to the crime and it must only be used as a last resort. Section 3.1 of the report confirms the levels of RIPA activity are low however it is still a requirement for the report to be brought to the Committee.

Councillor Collins queried whether there are other things going on that cannot be shown in the report.

The Strategic Lead for Information Management clarified that there had been one directed surveillance request which is mentioned in 3.1 of the report, further details about this request and investigation cannot be provided to the Committee due to data protection and so as not to compromise any investigation. The Strategic Lead for Information Management confirmed that the Fraud and Trading Standards teams are the main users of the RIPA Act at the Council. They may use other methods of surveillance or investigation and they work with the Police too and therefore the Police may use their powers as opposed to using the Council's powers under RIPA.

RESOLVED

1.1 To note the statistical information relating to the use of RIPA for the period April 2022 to September 2022

24. Internal Audit Charter 2022

The Chief Internal Auditor confirmed that the Internal Auditor Charter would normally be brought before the Committee every 2 years however, due to a change in directorate it has been brought to the Committee. The Internal Audit Charter is a formal document that defines the Internal Audit Services' purpose, authority and responsibility. The Internal Audit Charter establishes the internal audit's position within the Council, including the nature of the Head of Internal Audit's functional reporting relationship with the Standards & Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the Internal Audit Charter lays with the Standards & Audit Committee.

Councillor Carter queried what has changed in the Charter.

The Chief Internal Auditor confirmed it is purely job titles other than that it is the same as it was when it was presented to the committee last year.

Councillor Collins stated that in light of recent developments he would like to see it evidenced in bank statements details of income and outgoings and items relating to investments. He commented that if we are going to learn from our mistakes this is the best way to go. He queried if the Chief Internal Auditor could think of any other ways to protect the Council's finances going forward.

The Chief Internal Auditor responded that this would be the function of the S151 Finance officer. At the moment they are holding fire and waiting to see what the outcome of the Best Value Inspection and intervention as it is likely to impact the audit planning for next year.

Councillor Collins queried if the report only dealt with the audit of systems. The Chief Internal Auditor agreed.

Councillor Raper queried if the Chief Internal Auditor had any concerns relating to risk management.

The Chief Internal Auditor responded that they completed an audit 3 years ago and in line with what was reported to the Standards and Audit Committee, risk management was considered robust at a corporate level but at an operational level more needed to be done.

Councillor Collins queried whose responsibility it is to check an organisations investments are there and solid,

The Chief Internal Auditor stated that he imagined it was part of the work done initially when investments were set up as part of the diligence. His team would only audit the process – that the council did do the due diligence checks and rely on the information they are told in response.

Councillor Raper queried if the delays faced with the audit has hampered the team's effectiveness. The Chief Internal Auditor agreed it had.

Councillor Collins stated he was not happy to agree the recommendation.

The Director of Legal and Governance and Monitoring Officer queried if he wants to change the recommendation or add to the recommendation or does he want to move something else and if someone is happy to second that, it can be moved. If you think something wasn't robust enough, you need to be able to say that and have it recorded. If members would like more detail in the audit report as to what has been audited, how the audit takes place and what would the audit take into account and how it would be approached then they can request that level of detail.

Councillor Liddiard queried if there could be recommendations from officers to improve the robustness of the audit charter given the investment problems.

The Director of Legal and Governance and Monitoring Officer confirmed the starting point is they need to have a fuller understanding of the process and this may then lead to members being able to raise that point.

Councillor Carter asked what the timeframe for signing off the audit charter is. The Chief Internal Auditor responded that there isn't a timeframe and there is an audit protocol he could bring to the next committee which goes through how his team complete their work.

The Director of Legal and Governance and Monitoring Officer agreed that those two reports would sit nicely together.

Councillor Carter proposed that the report is deferred to the next meeting. Councillor Collins seconded it.

25. Counter Fraud & Investigation Quarterly Update (Q2)

The Assistant Director for Counter Fraud, Enforcement & Community Safety presented the report. He explained the report was a quarterly report brought to the Committee. In section 3 of the report the quarter 2 performance is set out and confirmed that there has been 25 reports of suspected fraud, 20 of which have been closed as the outcome was no fraud. There were 3 successful sanctions of proven fraud. Currently, the team has got 123 live investigations but the numbers can fluctuate up and down on a daily basis. The work plan is set out in appendix 1.

The Counter Fraud team has separated from NATIS (National Investigation Service) so they will be reviewing the work plan. A lot of the capabilities which sit with NATIS will need to be re-looked at. NATIS will still try and assist the Counter Fraud team where possible. A new work plan will be ready at the next meeting for the committee to review.

Councillor Liddiard confirmed that at a recent Housing Overview and Scrutiny meeting they were told there were 650 homes of multiple occupation in Thurrock which have not been licensed with a possible loss of £700 - 800k. He queried if this will be considered as a project for the future.

The Assistant Director for Counter Fraud, Enforcement & Community Safety agreed that he will work with colleagues in housing and ensure it is placed on the work plan.

Councillor Collins requested if the Assistant Director could expand on the changes as a result of CFI and NATIS being separated.

The Assistant Director of Counter Fraud, Enforcement & Community Safety confirmed that NATIS has always been ring-fenced and CFI has worked alongside it. Due to the size and level of the work NATIS is now doing they have had to separate them. The capabilities and specialisation will remain. There are a large number of officers in NATIS which is funded externally and for things like the Cyber crime response, this may have to be re-assessed.

Councillor Raper thanked the Assistant Director of Counter Fraud, Enforcement & Community Safety for attending the meeting at what must be a very difficult time for him.

RESOLVED

1.1 The Standards and Audit Committee noted the report.

26. Complaints received under the Members' Code of Conduct

The Director of Legal and Governance and Monitoring Officer presented the report to the Committee. He confirmed it was a regular report brought to the Committee and the last one was in July. Since the last report there has been one additional complaint. Page 36 of the report shows there have been 6 complaints received, one of which is still being assessed. For 3 of the complaints, no breach of the code of conduct was found, one of the complaints was dealt with by an apology and in relation to the other complaint it was found the Councillor was not acting in their capacity as a Councillor.

The Director of Legal and Governance and Monitoring Officer clarified that if a breach is found to have taken place an outcome would need to be reached and a report made to Full Council. He stated that there is a high bar to breach the code of conduct and the first hurdle to get over is whether the person was acting in their capacity as a Councillor at the time.

Councillor Carter welcomed the Director to his new role and queried if the new ethical standards and code of conduct had an impact on any of the barriers to finding a breach.

The Director of Legal and Governance and Monitoring Officer responded that not a lot has changed, you still have to get over the first barrier which is that the person was acting in their capacity as a councillor. He also confirmed that the Courts have taken the view that Members should be robust enough to put up with the rough and tumble of political life.

Councillor Carter queried if it can be confirmed when the status of the ongoing complaint is likely to change.

The Director responded that at this stage he cannot answer the question.

RESOLVED

1.1 That the Committee note the outcomes on complaints received under the Members' Code of Conduct.

27. Internal Audit Progress Report 2022 / 23

The Chief Internal Auditor presented the report to the Committee. He explained that the Internal Audit Plan 2022/23 was discussed by the Standards & Audit Committee at their meeting of 10th March 2022. The progress report covers final reports issued since the last progress report to the Standards & Audit Committee, draft reports issued and work in progress. In addition, it covers an update on the resourcing issues which have impacted upon service delivery and changes to the audit planning process moving forward into 2023/24.

The Chief Internal Auditor updated the Committee on the issues they have had with auditors leaving the team and the problems they have encountered

in recruiting new auditors. The Chief Internal Auditor is working with HR to sort out the resourcing issues.

The Chief Internal Auditor further confirmed that it was recently agreed at Directors Board that the Internal Audit Plan will change to a 6 month plan as things are changing so rapidly at the moment and a 6 month plan will allow for the priorities to be changed more frequently.

Councillor Liddiard queried how the team make sure recommendations are implemented and implemented well.

The Chief Internal Auditor responded that for high level recommendations the team will go back and check for evidence that they have done it. For medium or low recommendations the team would contact the service and rely on them telling us they have implemented the recommendations. However, the new software will allow the team to check medium recommendations and obtain more evidence to check that they have implemented the recommendations.

The Director of Legal and Governance and Monitoring Officer queried if the recommendation isn't implemented what course of action would the team take.

The Chief Internal Auditor confirmed it is in the protocol and they would escalate it to the Assistant Director or Director.

RESOLVED

- 1.1 That the Committee notes the reports issued and the work being carried out by Internal Audit in relation to the 2022/23 audit plan, the update on the resourcing issues facing the service and the changes to the audit planning process.**

28. Work Programme

Councillor Carter raised that there are still a lot of items left on the work programme for the March meeting and queried if perhaps an extraordinary meeting should be arranged.

The Senior Democratic Services Officer confirmed that she is currently checking with officers as to whether all the reports will be ready. In addition to this, the Chair wants to reschedule the 2nd March date to an earlier date.

The meeting finished at 7.45 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**