

Thurrock - An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future

Standards and Audit Committee

The meeting will be held at **7.00 pm** on **23 November 2023**

Committee Room 2, Civic Offices, New Road, Grays, Essex, RM17 6SL

Membership:

Councillors Fraser Massey (Chair), Kairen Raper (Vice-Chair), Lynn Worrall, Gary Collins, Elizabeth Rigby and James Thandi

Charles Clarke (Co-opted Member)
Jasdip Singh Nijjar (Co-opted Member)

Substitutes:

Councillors Cathy Kent and Valerie Morris-Cook

Agenda

Open to Public and Press

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| 2 Minutes | 5 - 20 |
| To approve as a correct record the minutes of the Standards and Audit Committee meetings held on 6 September 2023 and 30 October 2023. | |
| 3 Items of Urgent Business | |
| To receive additional items that the Chair is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972. | |
| 4 Declaration of Interests | |

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Queries regarding this Agenda or notification of apologies:

Please contact Rhiannon Whiteley, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **15 November 2023**

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DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

What is a Non-Pecuniary interest? – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

Unless you have received dispensation upon previous application from the Monitoring Officer, you must:

- **Not participate or participate further in any discussion of the matter at a meeting;**
- **Not participate in any vote or further vote taken at the meeting; and**
- **leave the room while the item is being considered/voted upon**

If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps

Non- pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

Our Vision and Priorities for Thurrock

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.

1. **People** – a borough where people of all ages are proud to work and play, live and stay
 - High quality, consistent and accessible public services which are right first time
 - Build on our partnerships with statutory, community, voluntary and faith groups to work together to improve health and wellbeing
 - Communities are empowered to make choices and be safer and stronger together

2. **Place** – a heritage-rich borough which is ambitious for its future
 - Roads, houses and public spaces that connect people and places
 - Clean environments that everyone has reason to take pride in
 - Fewer public buildings with better services

3. **Prosperity** – a borough which enables everyone to achieve their aspirations
 - Attractive opportunities for businesses and investors to enhance the local economy
 - Vocational and academic education, skills and job opportunities for all
 - Commercial, entrepreneurial and connected public services

Minutes of the Meeting of the Standards and Audit Committee held on 6 September 2023 at 7.00 pm

Present: Councillors Fraser Massey (Chair), Steve Liddiard (Vice-Chair), Gary Collins, Elizabeth Rigby, Kairen Raper and James Thandi

Charles Clarke (Co-opted Member)
Jasdip Singh Nijjar (Co-opted Member)

Apologies:

In attendance:

Rachel Brittain, Binder Dijke Otte (BDO)
Gary Clifford, Chief Internal Auditor
Michael Dineen, Assistant Director Counter Fraud, Enforcement and Community Safety
Lee Henley, Head of Information Management
Asmat Hussain, Director of Legal and Governance and Monitoring Officer
Rhiannon Whiteley, 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.

48. Minutes

The minutes of the Standards and Audit Committee meeting held on 19 July 2023 were approved as a correct record.

Councillor Collins queried where the whistle blowing policy was on the work programme. The Senior Democratic Services Officer confirmed it is listed at the bottom of the work programme but has not been allocated to a meeting as yet.

49. Items of Urgent Business

There were no items of urgent business.

50. Declaration of Interests

No interests were declared.

51. External Audit Progress Update - Verbal Update

Rachel Brittain from BDO referred to the following PowerPoint presentation slides:

52. Annual Information Governance Report April 2022 - March 2023

The Head of Information Management presented the report.

- For the reporting period, the council processed 96% of Freedom of Information (FOI) requests within the 20-working day legal timeframe.
- During the reporting period, the council received 108 Subject Access Requests under the Data Protection Legislation. 91% of these requests were processed within the legal timeframe.
- During the reporting period, the council received 108 Subject Access requests. Of the 108 requests, 91% were processed within the legal timeframe. The 10 requests that did not meet the deadline, were large/complex requests and staged information disclosures were provided to individuals in all cases.
- Complaints are summarised at paragraph 2.3.6 of the report

During the discussion the following was confirmed / highlighted:

- Members requested benchmarking against other Local Authorities in future reports. The Head of Information Management agreed and commented that the teams performance has always been strong and normally ranked high.
- Members queried if many requests were received to delete personal information. The Head of Information Management confirmed that at paragraph 2.3.8 it confirms 5 have been received in the reporting period, 3 were accepted and 2 refused.
- Members discussed moving records to be digitally stored. The Head of Information Management confirmed that storing boxes off-site was relatively cheap at £1.50 per box. To digitise it can cost £70. In the circumstances, they are careful not to digitise records outside of the retention period. The Head of Management acknowledged they do need to pick up pace on this. There is a Records Management Lead.

53. Dispensations for Member Interests Report

The Interim Director of Legal and Governance and Monitoring Officer explained that the report sets out the position of Councillors and Co-opted members obligations to declare any disclosable pecuniary interests. The Monitoring Officer holds the Register of Interests. Thurrock Borough Council does not have a process for a member to request a dispensation and under the procedures and code of conduct Members currently have to leave the

meeting. On some occasions a member may want to stay in a meeting and vote. The Interim Director of Legal and Governance and Monitoring Officer stated that on page 30 of the report it sets out the 4 areas where members could request from the Monitoring Officer a dispensation to stay in the meeting, participate and vote on the matter discussed. A new form has also been introduced and can be found at appendix 1 of the report if members wish to apply for a dispensation.

The Interim Director of Legal and Governance and Monitoring Officer confirmed that it is recommended that if grounds C and D are used, in consultation with the Chair of the Standards and Audit Committee they would agree that exemption. The Monitoring Officer consulting with the Chair of the Standards and Audit Committee to ensure a fair approach. The Interim Director of Legal and Governance and Monitoring Officer highlighted that a report would be provided to the Standards and Audit Committee annually to say which dispensations have been granted, to which members and for what committees.

There are 4 general dispensations listed at paragraph 2.4 of the report which apply to all Councillors and members do not need to apply for them. These dispensations will last for the Councillor's term of office.

Members queried if dispensations would apply to the Planning Committee. The Interim Director of Legal and Governance and Monitoring Officer responded that the Planning Committee and Licensing Committee have their set of rules and procedures as they are quasi-judicial. The Interim Director of Legal and Governance and Monitoring Officer confirmed that she would have to review any request for a dispensation for this and it would have to be a very high threshold.

Members queried if the dispensation would be declared at the individual meeting and if it would be announced by the Chair. The Interim Director of Legal and Governance and Monitoring Officer confirmed this is correct.

Members queried what notice period would be required as it will take time for the Monitoring Officer and Chair of the Standards and Audit Committee to discuss the matter prior to the meeting.

The Interim Director of Legal and Governance and Monitoring Officer stated that as soon as the agenda comes out, Councillors should notice whether they have a disclosable pecuniary interest and start completing the dispensation form if they require the dispensation to allow it to be processed. The Monitoring Officer would contact the Chair of the Standards and Audit Committee.

The Chair queried if the Vice Chair could also approve in the absence of the Chair.

The Interim Director of Legal and Governance and Monitoring Officer agreed with this approach.

RESOLVED:

1.1 The Standard and Audit Committee note the guidance and rules relating to dispensations in this report.

1.2 The Standard and Audit Committee support the use of the dispensation form for all Members of the Council to make requests to the Monitoring Officer. When considering a request for a dispensation under category c or d, in the absence of the Chair of Standards and Audit Committee being available, the Monitoring Officer should consult with the Vice Chair of the Standards and Audit Committee.

54. Counter Fraud & Investigation Annual Report 2022/23 and Proactive Work Plan 2023/24

The Assistant Director for Investigation, Enforcement and Community Protection and Safety confirmed that the Strategy has not changed and it will not until the end of this financial year. The Counter Fraud team separated from NATIS (National Investigation Service) last year to enable one function to look internally and for one to be an externally facing body. This has seen positive results since the separation, with 40 referrals being received in quarters 1-3 and 41 referrals being received in quarter 4 alone. Engagement between the Counter Fraud team and other internal departments is working really well.

- 152 Fraud alerts were sent out to internal and external partners warning of fraud trends or known fraud attacks
- 128 Intelligence reports were sent to other Law Enforcement agencies, assisting in their criminal investigations
- The team was able to prove £239,300 worth of fraud against individuals or companies
- The CFI enabled other departments within the Authority to save £94,000 through the recovery of 4 social housing properties.
- 81 reports of suspected fraud was received by the CFI, valued at £2,247,900

The CFI Team now has a counter fraud manager in place and they will take responsibility for the work plan.

Members queried the date for the UK Accreditation Service inspection date. The Assistant Director for Investigation, Enforcement and Community Protection and Safety confirmed the police and IOS will deal with that separately and he will confirm the date once confirmed.

Members queried that the Fraud Heath check on social care application has been deferred. The Assistant Director for Investigation, Enforcement and Community Protection and Safety confirmed they are completing that.

Members queried the priority of insider threats in Local Government and what that means.

The Assistant Director for Investigation, Enforcement and Community Protection and Safety confirmed it does range from any fraud committed by a Council employee in their role for example, if a housing officer manipulates a waiting list for their friend it would be classified as an insider threat. It could be manipulating the procurement process and tender to ensure someone gets the contract.

Members queried what action is taking to see if companies we are looking at are legitimate. The Assistant Director for Investigation, Enforcement and Community Protection and Safety clarified that is not something covered by the counter fraud team, it is a due diligence check and would sit with another department such as the Procurement department.

The Chair highlighted that cybercrime is listed as a priority. The Assistant Director for Investigation, Enforcement and Community Protection and Safety confirmed that Digital and forensic crime sits within NATIS. NATIS still works with the emergency planning and business continuity team and IT at the Council so it can put in plans to deal with a cyber-attack.

The Chair queried if there were any plans to put in the Cyber Essentials Plus accreditation. The Assistant Director for Investigation, Enforcement and Community Protection and Safety responded that he would need to speak to the digital team for an update. The Head of Information Management confirmed that the ICT department are looking to move the Cyber Essentials accreditation forward and are close to completing it.

ACTION: The Assistant Director for Investigation, Enforcement and Community Protection and Safety is to report back to the Committee as to where the IT department are at with the Cyber Essentials Accreditation.

Charles Clarke highlighted that the largest part of fraud seems to be housing fraud and he queried if a particular campaign on this is planned now or in the future. The Assistant Director for Investigation, Enforcement and Community Protection and Safety stated that the team work closely with the housing teams and are already looking at proactive operations. There is no campaign planned at this time but he will take that suggestion away.

Charles Clarke noted that the CFI team generated £136,000 external income in 22/23 and queried if that can that be developed further in 23/24.

The Assistant Director for Investigation, Enforcement and Community Protection and Safety clarified that the work with Castle Point Council has been long standing and will continue but they probably will not go out to other Local Authorities. The team is really focussed on looking at internal issues.

Jasdip Nijjar queried how Counter Fraud compares with other Local Authorities and queried if they report in a similar matter. The Assistant Director for Investigation, Enforcement and Community Protection and Safety Benchmarking responded that he was unable to answer the question but he does plan to include benchmarking in future reports. The Assistant Director for Investigation, Enforcement and Community Protection and Safety stated that benchmarking would usually follow the below categories.

- How many referrals received?
- How many crimes solved?
- How much money did you get back and or save ?

ACTION: Add to the proactive workplan that benchmarking will be added in future reports

Members queried if there is enough staff to deal with housing fraud. The Assistant Director for Investigation, Enforcement and Community Protection and Safety confirmed that abandonment of properties happens the most, this is where residents may embark on a new relationship but do not want to give up their council home as a safety net. The Assistant Director for Investigation, Enforcement and Community Protection and Safety explained they don't look to take people to court and have a trial but instead encourage them to hand over the keys for the property as the court process often takes time.

Charles Clake queried if the general public can make referrals. The Assistant Director for Investigation, Enforcement and Community Protection and Safety stated they do accept referrals from residents and councillors and emails , anonymous letters and Crimestoppers referrals were received. There is also an automated web page on the Council's website – Report it at Thurrock.

RESOLVED:

- 1.1 The Committee notes the performance of the Counter Fraud & Investigation team in 2022/23.**
- 1.2 The Committee approves the Counter Fraud & Investigation strategy and work plan for 2023/24. The fraud health check application process will be added to the workplan and future benchmarking will be included in future reports to the Committee.**

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

The Head of Information Management explained that the report provides an update on the usage and activity of RIPA requests during the period 1 April 2022 to 31 March 2023, along with a refreshed RIPA Policy included as Appendix A.

The RIPA policy is reviewed annually and/or if there are changes to legislation. As there have been no changes to RIPA legislation, with the

exception of updating the list of Authorising Offices within the policy and including a separate reference to CCTV, no other changes are considered necessary at this stage.

The RIPA Act allows the council to undertake directed/covert surveillance, however any covert surveillance undertaken must:

- Be necessary and proportionate to the alleged crime
- Only be used as a last resort and/or if other less intrusive means cannot be used
- Only be carried out if the potential crime/offence would result in a prison sentence of at least 6 months

Members queried if authorising officers in the Policy are updated as and when. The Head of Information Management stated that in the time this report has been produced the authorised officers have changed and they are training new officers to authorise RIPA requests.

Charles Clarke queried if the CFO or Interim Director of Finance could be an authorised officer. The Head of Information Management responded that 5 officers are identified at Assistant Director level and will be trained but the CFO could be.

Members queried if CCTV is covert. The Head of Information Management responded that CCTV is not considered covert as the cameras are visible. Need to ensure signage is available confirmed that CCTV is in place.

The Chair raised that CCTV can now record audio and queried if the signs would need to be updated. The Head of Information Management confirmed this would be picked up in the data processing assessment under fair processing.

RESOLVED:

1.1 That Standards and Audit Committee note the statistical information relating to the use of RIPA for the period 1 April 2022 to 31 March 2023.

1.2 That Standards and Audit Committee agree the RIPA Policy.

56. Annual Complaints & Enquiries Report - 2022/2023

The Head of Information Management presented the report.

- The number of complaints received for the reporting period is 1717. For the same period last year, the figure was 1562, therefore the reporting period represents an increase of 155 complaints received (10%)

- During the reporting period, 47% of complaints were upheld. This is an increase compared to the same period last year, which identified 39% of complaints as upheld.
- Waste and Housing repairs have the highest upheld complaints. The Waste Service has not been able to provide a consistent garden waste bin collection service. Storm Eunice affected housing repairs, shortage of materials and an increase in damp and mould complaints.

Jasdip Nijjar queried how the Council ensures learning is embedded. The Head of Information Management confirmed that every complaint that is upheld has learning and this is tracked. With Adult Social Care complaints they have a contact in the Adult Social Care Commissioning team who will as part of their visits check that the learning is embedded.

Members queried how Local Authorities are selected for benchmarking. The Head of Information Management responded that it can be hard to get responses from Councils, it is just whoever answers.

The meeting discussed members enquiries. The Interim Director of Legal and Governance and Monitoring Officer stated that a piece of work is being completed on Members enquiries so they can track the status of enquiries. A Members Enquiries Protocol is also likely to be introduced.

The Interim Director of Legal and Governance and Monitoring Officer highlighted that the Head of Information Management is providing an overview of complaints, Members can do a deep dive into certain areas and if more information is needed members can ask the Director to attend the Committee and provide more information.

Members expressed interest in seeing the numbers of complaints broken down by ward.

RESOLVED:

1.1 That Standards and Audit Committee consider and note the report

57. Publication of Councillor's Home Addresses on Register of Interests

The Governance Solicitor introduced the report and explained that Members are required to notify the Monitoring Officer of their disclosable pecuniary interests so that the public, council employees and fellow councillors know which of a Member's interests might give rise to a conflict of interest. Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of those interests. The Register of Interests is published on the Council's website and Members home addresses are usually published in the Register of Interests. Provisions in the Localism Act 2011 require

Members to disclose the address of any property they occupy as their residence which is owned or rented by them in Thurrock.
A number of Members have asked the Council not to publish their home addresses in the Register of Interests. Provisions in section 32 of the Localism Act 2011 provides the Monitoring Officer with the power to withhold publication of Members home addresses in the Register of Interests if the Monitoring Officer considers that its disclosure could lead to the Member, or a person connected to the Member being subject to violence or intimidation and be treated as a sensitive interest. This is dependent on the Member being able to demonstrate a risk of violence or intimidation.

The report sets out 3 options to be considered by the Committee:

Option 1 – Do nothing

Option 2 - This option would allow Members to explicitly opt in or out of having their home address published.

Option 3 - The Monitoring Officer to grant a blanket dispensation whereby all Members' addresses are treated as sensitive interests as a default position, without there being evidence of a risk of violence or intimidation.

Members commented that people had turned up at their address.

Members raised that is more their family members that have raised concerns over home addresses being disclosed.

Members expressed a higher level of concern for the safety of their family members who live with them above their own safety.

Members unanimously agreed option 3.

RESOLVED:

1.1 The Standards and Audit Committee note the content of the report.

1.2 The Standards and Audit Committee approved option 3 set out in paragraph 3 relating to the approach to be taken to the publication of Members home addresses on the Register of Interests.

58. Work Programme

Councillor Collins requested that the following reports be assigned to a meeting.

- Whistleblowing report
- Contract management / lessons learned
- Briefing note on changes to the Procurement Law in 2024

The Chair requested that the Director of Housing and Waste Management attend the next committee meeting.

The Assistant Director for Investigation, Enforcement and Community Protection and Safety highlighted that due to the new timeframes introduced for signing off reports the Counter fraud report for the November meeting will cover quarter 1 instead of quarter 2 and at the February meeting the report will cover quarter 2 as opposed to quarter 3.

The Head of Information Management raised whether his 6 month reports can be a combined report covering both complaints and information governance.

The meeting finished at 8.57 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**

Minutes of the Meeting of the Standards and Audit Committee held on 30 October 2023 at 7.00 pm

Present: Councillors Fraser Massey (Chair), Lynn Worrall, Gary Collins, Elizabeth Rigby, James Thandi and Cathy Kent (Substitute) (substitute for Kairen Raper)

Charles Clarke, Co-Opted Member
Jasdeep Singh Nijjar, Co-Opted Member

Apologies: Councillor Kairen Raper

In attendance: Asmat Hussain, Director of Legal and Governance and Monitoring Officer
Gary Clifford, Chief Internal Auditor
Lucas Critchley, Mears
Lee Henley, Head of Information Management
Andy Owen, Corporate Risk and Insurance Manager
Chris Seman, Intelligence and Performance Manager
Ewelina Sorbjan, Assistant Director Housing and Development
Mohammed Ullah, Repairs & Planned Maintenance Manager, Adults, Housing & Health
Jenny Shade, Senior Democratic Services Officer
Luke Tucker, 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.

59. Items of Urgent Business

There were no urgent items of business.

60. Declaration of Interests

No interests were declared.

61. Verbal Update - Housing and Waste Complaints

Following the Annual Complaints Report that was presented to committee in September 2023, housing and waste were part of the top 10 complaint themes. Members requested for officers to come and attend this committee to talk about some of the complaints within their respective areas.

A verbal update was provided to members on Housing repair complaints. This update can be viewed from the following link:

The following points were raised:

- Member stated her surprise not to see damp and mould within the report with no mention of legal challenges from residents who had taken this through their solicitor and gone through the ombudsman.

At 7.16pm, Charles Clarke arrived into the meeting.

- Member referred to the cutbacks being made within the council and questioned whether the speed of the work undertaken by Mears, or the council had slowed down processes when being called out.
- Member questioned whether new tender contracts were due for renewal.
- Member questioned whether there were any other structural problems in regard to concrete beginning to show in buildings that the council was responsible for.
- Member questioned whether similar complaints were being raised due to the failing of the same things and that the root cause needed to be investigated as to why similar complaints were coming forward.
- Members agreed that learnings should be made from complaints.
- Members also agreed that governance needed to be in place.
- Member questioned whether there had been any increase in complaints against private landlords.
- Members were informed the 7 days to complete a repair was from when the job was issued to Mears as the contractor to the completion date.
- Members were informed that Mears had a jeopardy report that would focus on those complaints that had exceeded timelines.
- Members were informed the top three common housing complaints were carpentry, plumbing and electrical that covered 80% of the work received by Mears.
- Member noted there was a good core area of communication and a follow up process in place to bring the overall number of complaints down.

The Chair noted and stated his disappointment that no officers from waste had attended this evening to provide their update on waste complaints.

At 7.32pm, Ewelina Sorbjan, Chris Seman, Lee Henley, Mohammed Ullah and Lucas Critchley left the meeting.

62. Review of Risk and Opportunity Management and the Strategy, Policy and Framework Report

The report sought Members comments on the Council's proposed new Risk and Opportunity Management Strategy, Policy and Framework which is attached as Appendix A. The report provided details of the review of the Council's Risk and Opportunity Management arrangements to address the

points raised in the Best Value Inspection Report and the key areas for improvement identified from the self-assessment against good practice.

The following points were raised:

- Members agreed the risk management arrangements should be embedded across the council.
- Member questioned how long it would take to have risk management reports embedded in those key areas across the council.
- Member questioned how risk was quantified and assessed and what systems were being used for scoring such formula. Member also questioned whether this was a standard approach as used in other local authorities.
- Member questioned what IT systems were going to be embedded.
- Member also questioned whether the ISO31 was the general guidance used for risk management used by other local authorities.
- Member referred to the detailed summary points within the report and asked for reassurance that a timeline and plan for delivering those was in place. Members asked for this item to be added to the work programme to report back on progress.
- Member questioned whether the BVI had changed the council's risk appetite.
- Member referred to staff recruitment and whether any market testing had been undertaken to ensure the right people were being attracted.
- Member questioned the purpose of the IT system whether they were for reporting purposes or used for calculating risk.
- Co-opted member questioned what teams would be involved in assessing and deciding the level of criteria as to whether likely, marginal or critical as this would have a big impact on topics.

Action:

- Add the Review of the Risk and Opportunity Management and the Strategy Policy and Framework Report to the work programme for updates.

RESOLVED

- 1. That Standards and Audit Committee comment on and endorse the Council's Risk and Opportunity Management Strategy, Policy and Framework (Appendix 1).**
- 2 That Standards and Audit Committee note the improvements to address the recommendations for risk management included in the Best Value Inspection report (see 3.7 of report).**
- 3. That Standards and Audit Committee note the improvement activities to be undertaken during 2023/24, including workshop with Senior Leadership Team to refresh the Strategic/Corporate**

Risk and Opportunity Register (see 3.7 of report and page 8 of Appendix 1).

- 4. That Standards and Audit Committee note a report is scheduled to be presented to Cabinet 13 December 2023 for consideration and agreement of the Risk Management Strategy, Policy and Framework.**

63. Internal Audit Progress Report 2023/24

The report presented was the first progress report since the 19 July 2023 meeting and covered final reports issued, draft reports issued and work in progress.

The following points were raised:

- The chair thanked officers for the report and how good it was that the report was going out to a much wider audience and demonstrated that internal audit was working. It was the duty of this committee to bring those departments responsible back to this committee for members to check what actions were being achieved and to move forward and not make the same mistakes.
- Member referred to the key findings of the internal audit work and questioned the number of waivers and whether this was normal.
- Member questioned the process where there may be only one bidder and was this dependent on what was being bid for.
- Member questioned how they could feel confident that a broader market search had been undertaken for any of the contracts to ensure best value was achieved.
- The Chair requested the officer responsible for procurement to attend a meeting in the new year.
- Member questioned how procurement evidence was presented and whether there was an opportunity to scrutinise this and make other suggestions.
- Members were provided with information on what “exceptional circumstances” was when referred to in the Action and Responses section of the key findings.
- Members discussed the timeframes for completion for recommendations made, this was dependent on whether the recommendation was a high or medium rating.
- Co-opted Member referred to the actions that were due for completion by September 2023 and questioned whether these had been followed-up.

Action:

- Democratic Service to arrange for the finance officer responsible for procurement to attend in the new year.

RESOLVED

- 1. That the Standards & Audit Committee considered the work being carried out by Internal Audit in relation to the 2023/24 audit plan.**
- 2. That the Standards & Audit Committee agreed changes to the protocol for the circulation of final internal audit reports**

64. Public Sector Internal Audit Standards Self-Assessment 2023

The report presented was in accordance with the Public Sector Internal Audit Standards, for the Chief Internal Auditor to provide an annual opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

The following points were raised:

- The Chair thanked officers for the report.
- Officer confirmed standards were applied consistently across all local authorities.
- Members discussed resources and recruitment and as part of the financial restructure, the team will increase in capacity with more resources being brought in.
- Member referred to the self-assessment of the report where on three occasions it had referred to the section 114 notice and questioned whether the 114 notice had impeded or stopped the internal audit work required to undertake the assessment. So that resources and ability were there for the department to work as efficiently as it had in the past.
- Co-opted member questioned the timeline on when a full complement of staff would be ready to undertake the tasks to be carried out.
- Member questioned the timeline for the Quality Assurance Improvement Plan.

RESOLVED

That the Standards & Audit Committee considered the work being carried out by Internal Audit in relation to the Public Sector Internal Audit Standards Self-Assessment.

65. Work Programme

Members discussed the work programme and agreed that additional meetings should be arranged for January and March 2024 to ensure all reports on the work programme were heard.

Members agreed to invite Jonathan Wilson, Assistant Director Finance, in early 2024 to provide members with an update on procurement.

Member agreed to add the Review of the Risk and Opportunity Management and the Strategy Policy and Framework Report to the work programme for updates in the next municipal year.

A full recording of the meeting can be viewed from the following link:

[Standards and Audit Committee - Monday 30 October 2023, 7:00pm - Thurrock Council committee meeting webcasts \(public-i.tv\)](#)

The meeting finished at 8.51 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**



THURROCK COUNCIL

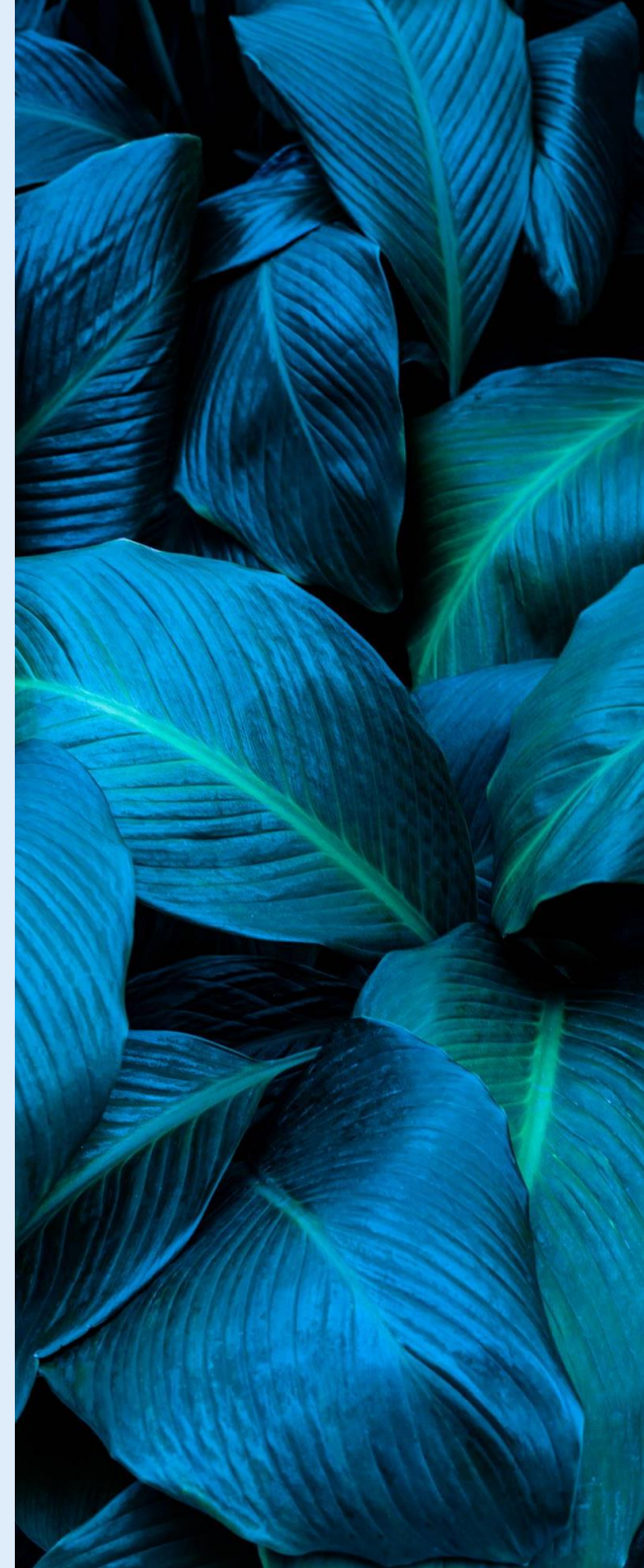
Audit Planning Report for the year ended 31 March 2021

DRAFT revised Audit Planning: Year ended 31 March 2021

Report to the Standards and Audit Committee 23 November
2023

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Welcome

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We have pleasure in presenting our Audit Planning Report to the Standards and Audit Committee of Thurrock Council ('the Council'). This report forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process with those charged with governance.

It summarises the planned audit strategy for the year ended 31 March 2021, comprising materiality; key audit risks and the planned approach to these; together with the audit timetable.

The original audit plan was issued to the Standards and Audit Committee on 11 March 2021. This audit plan outlines our revised risk assessment taking into account all relevant information that has come to our attention since that date.

The planned audit strategy has been discussed with management to ensure that it incorporates developments in the entity during the year under review, the results for the year to date and other required scope changes.

This report contains matters which should properly be considered by the Council as a whole. We expect that the Standards and Audit Committee will refer such matters to the Council, together with any recommendations, as it considers appropriate.

We look forward to discussing this plan with you at the Standards and Audit Committee meeting on 23 November 2023 and to receiving your input on the scope and approach.

In the meantime if you would like to discuss any aspects in advance of the meeting please contact one of the team.

Rachel Brittain, Director

For and on behalf of **BDO LLP**

10th November 2023



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Director

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This report has been prepared solely for the use of the Standards and Audit Committee and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

The numbers

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This summary provides an overview of the audit scope and materiality for the year ended 31 March 2021.

Audit scope

Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws and appropriate standards and guidance issued by the National Audit Office.

The scope of the audit is determined by the National Audit Office’s Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes:

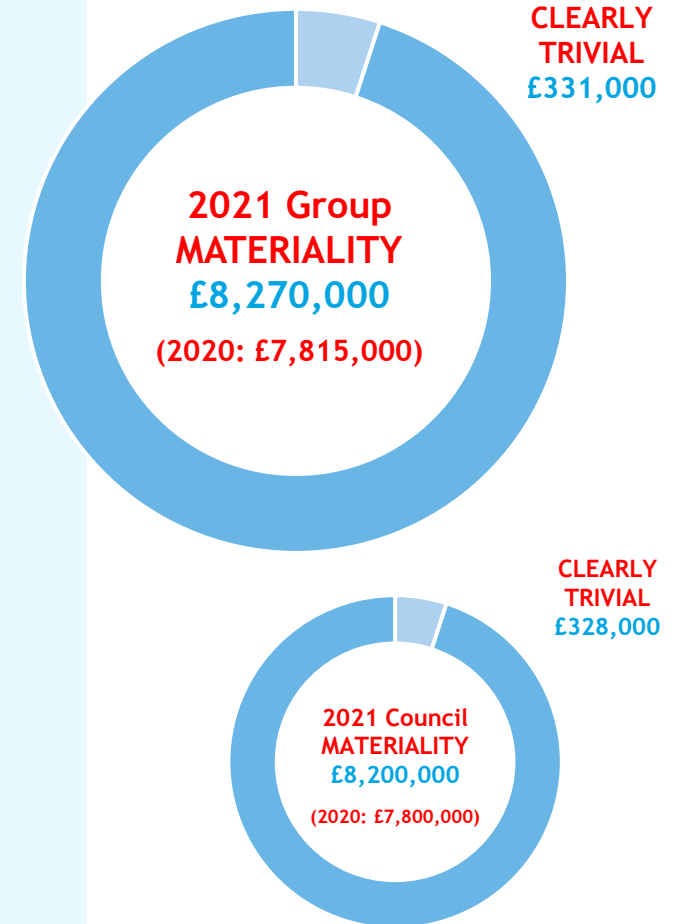
- auditing the parent and group financial statements;
- reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate,
- exercising the auditor’s wider reporting powers and duties.

The Code of Audit Practice was updated with effect from 1 April 2020 and as a consequence the scope of the use of resources work has changed for the year ended 31 March 2021. More information on this change is included on page 31.

Materiality

Materiality for the Council and Group is set at 1.75% of gross expenditure for the year (prior year 1.75%). The materiality basis is unchanged from our planning report dated 3rd March 2021, as the changes to our risk assessment identified do not impact considerations around gross expenditure, which is used as the benchmark of our materiality.

Although materiality is the judgement of the audit partner, the Standards and Audit Committee is obliged to satisfy themselves that the materiality chosen is appropriate for the scope of the audit.



Independence and fees

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Independence

We confirm that the firm, and the engagement team conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and the IESBA Code of Ethics and are independent of the Council and Group.

We also confirm that we have obtained confirmation of independence from external audit experts involved in the audit and comply with relevant ethical requirements including, as a minimum, the FRC's Ethical Standard, and are independent of the Council and Group.

In relation to the 2020/21 financial year, BDO also provided the non-audit services outlined below. We have concluded these do not give rise to any impacts on independence. The value of non-audit services is low in comparison to audit fees. With regards to any self-review threat, we do not consider there to be any impact on independence.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

**The audit fee outlined below is as per our original audit plan, however as discussed with management, the audit fee is subject to revision with regards to the increased scope of work to be performed. This will be discussed and agreed with management.*

| | Fees (£) | | Independence safeguards | Impact on independence |
|---------------------------------------------------------|----------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| | 2021 | 2020 | | |
| Code audit fee | 102,967* | 102,967 | | |
| Additional audit fee: Group consolidation | 5,000 | 5,000 | | |
| Total audit fees | 107,967 | 107,967 | | |
| Certification of housing benefits subsidy claim | 15,700 | 14,800 | The nature and value of non-audit services do not give rise to any threats to independence which require safeguards to be put in place | None |
| Certification of pooled housing capital receipts return | 3,675 | 3,500 | | None |
| Certification of teachers' pension return | 7,350 | 7,000 | | None |
| Total non-audit services fees | 25,725 | 25,300 | | |
| Total fees | 133,692 | 133,267 | | |

Partner rotation

Independence

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These tables indicate the latest rotation years normally permitted under the independence rules of the FRC's Ethical Standard.

In order to safeguard audit quality we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

Independence - engagement team rotation

| Senior team members | Number of years involved | Rotation to take place before |
|-----------------------------------|--------------------------|-------------------------------|
| Rachel Brittain Director | 1 | 31 March 2025 |
| Sebastian Evans Senior Manager | 1 | 31 March 2027 |



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Audit scope and objectives

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Key components of our audit objectives and strategy for the Council are highlighted and explained on the following pages.

Audit planning is a collaborative and continuous process and our audit strategy, as reflected here, will be reviewed and updated as our audit progresses.

We will communicate any significant changes to our audit strategy, should the need for such change arise.

| Reporting | Objectives |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Auditing standards | We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office. |
| Financial statements | We will express an opinion on the Council and Group financial statements, prepared in accordance the CIPFA Code of Practice on Local Authority Accounting 2020/21 and other directions. |
| Statement of Accounts | In addition to our objectives regarding the financial statements, we will also: <ul style="list-style-type: none"> ▶ Read and consider the ‘other information’ contained in the Statement of Accounts such as the additional narrative reports. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit. ▶ For the narrative report, we will form an opinion on whether the information given in the other information is consistent with the financial statements and our knowledge obtained in the audit and whether the reports have been prepared in accordance with applicable legal requirements. |
| Use of Resources | We will report whether we consider that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. |
| WGA | The NAO have confirmed that this is no longer required. |
| Additional powers and duties | Where necessary we may be required to: issue a report in the public interest; make a written recommendation to the Council; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review. |
| Report to the Standards and Audit Committee | Prior to the approval of the financial statements, we will discuss our significant findings with the Standards and Audit Committee. We will highlight key accounting and audit issues as well as internal control findings and any other significant matters arising from the audit. |

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Our Audit Strategy is built on a risk-based approach, so that audit work is focused on the areas of the financial statements where the risk of material misstatement (RMM) is assessed to be higher, or where there is a risk that the organisation has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have discussed the changes to the Council systems and controls in the year with management and obtained their own view of potential audit risk in order to update our understanding of the Group's activities and to determine which risks impact on the numbers and disclosures in the financial statements, or on its arrangements for securing economy, efficiency and effectiveness in its use of resources.

Since the issuing of our initial audit plan on 11 March 2021, we have revised our risk assessment based on developments arising.

BDO have received an objection to the draft 2020-21 financial statements in relation to the Council's borrowings and investments. As part of our revised audit approach, we will address this objection alongside our work carried out in response to risks 7 - 11. Our work in response to these risks will address the lawfulness of the transactions.

Risks 1-6 were included in our initial audit plan, whereas risk 7 has been revised, and risks 8-15 are entirely new risks for our revised audit approach.

Our audit risks can be summarised as follows:

1. **Management override of controls (significant RMM)**
2. **Revenue recognition (significant RMM)**
3. **Expenditure cut-off (significant RMM)**
4. **Valuation of non-current assets (significant RMM)**
5. **Valuation of pension liability (significant RMM)**
6. **Allowance for non-collection of receivables (RMM)**
7. **Classification of investments (significant RMM)**
8. **Valuation of financial instruments measured at fair value through profit and loss (significant RMM)**
9. **Carrying value of financial assets measured at amortised cost (significant RMM)**
10. **Financial instrument disclosures (significant RMM)**
11. **Investment income receipts (significant RMM)**
12. **Minimum revenue provision (significant RMM)**
13. **Infrastructure assets (significant RMM)**
14. **PPE valuations - RAAC (RMM)**
15. **Intangible assets - software as a service (RMM)**



Other areas of consideration

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There are a number of other areas that while not specific audit risks are worthwhile drawing to your attention.

| Issue | Consideration |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance restructure | We understand that the Council is undertaking a restructure of their finance team to ensure that it remains fit for purpose. We would highlight that while we are supportive of the Council wishing to improve its structures, it should consider where corporate knowledge is held within the organisation. As we are dealing with historic positions it is vital that sufficient knowledge remains in the organisations to see complex areas through to their conclusion. |
| Objection to the financial statements | We have received an objection to the financial statements relating to the Council’s borrowing and investment. Auditor responsibilities in relation to objections extend to considering the legality of transactions. Should any issues arise in relation to the legality we will need to consider the impact of these on the financial statements. |
| Valuation of financial instruments | As at the date of the Audit Planning Report, valuations of the Council’s financial instruments have not been performed by the Council’s treasury advisors CamdorGlobal Advisors, in advance of the revised accounts being prepared. Once these have been performed, we will assess the processes and controls involved in the valuation process, and raise any deficiencies as required. |

Other matters requiring further discussion

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Fraud

Whilst the officers of the Council have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit and includes making enquiries of management and those charged with governance.

We have not been made aware of any actual alleged or suspected incidences of fraud. We request confirmation from the Standards and Audit Committee on fraud and a discussion on the controls and processes in place to ensure timely identification and action.

Accounting policies

We will report to you on significant qualitative aspects of your chosen accounting policies. We will consider the consistency and application of the policies and we will report to you where accounting policies are inconsistent with the CIPFA Code of Practice on Local Authority Accounting 2020/21 under the circumstances.

Significant accounting estimates and judgements

We will report to you on significant accounting estimates and judgements.

We will seek to understand and perform audit testing procedures on accounting estimates and judgements including consideration of the outcome of historical judgements and estimates. We will report to you our consideration of whether management estimates and judgements are within an acceptable range.

Internal audit

We will review the audit work of the Council's internal audit function, although we do not plan to place reliance on their work in respect of their assessment of control processes. We will use the work of Internal Audit to inform our consideration of the arrangements in place to secure value for money wherever possible.

Laws and regulations

We will consider compliance with laws and regulations. The most significant of these for your organisation include VAT legislation, employment taxes, Health and Safety, and the Bribery Act 2010. We will make enquiries of Management and review correspondence with the relevant authorities.

Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment or fraud. Our audit approach includes the consideration of related party transactions throughout the audit including making enquiries of management.

Financial statement disclosures

We will report to you on the sufficiency and content of your financial statement disclosures.

Any other matters

We will report to you on any other matters relevant to the overseeing of the financial reporting process. Where applicable this includes why we consider a significant accounting practice that is acceptable under the financial reporting framework not to be the most appropriate.

Understanding your IT environment

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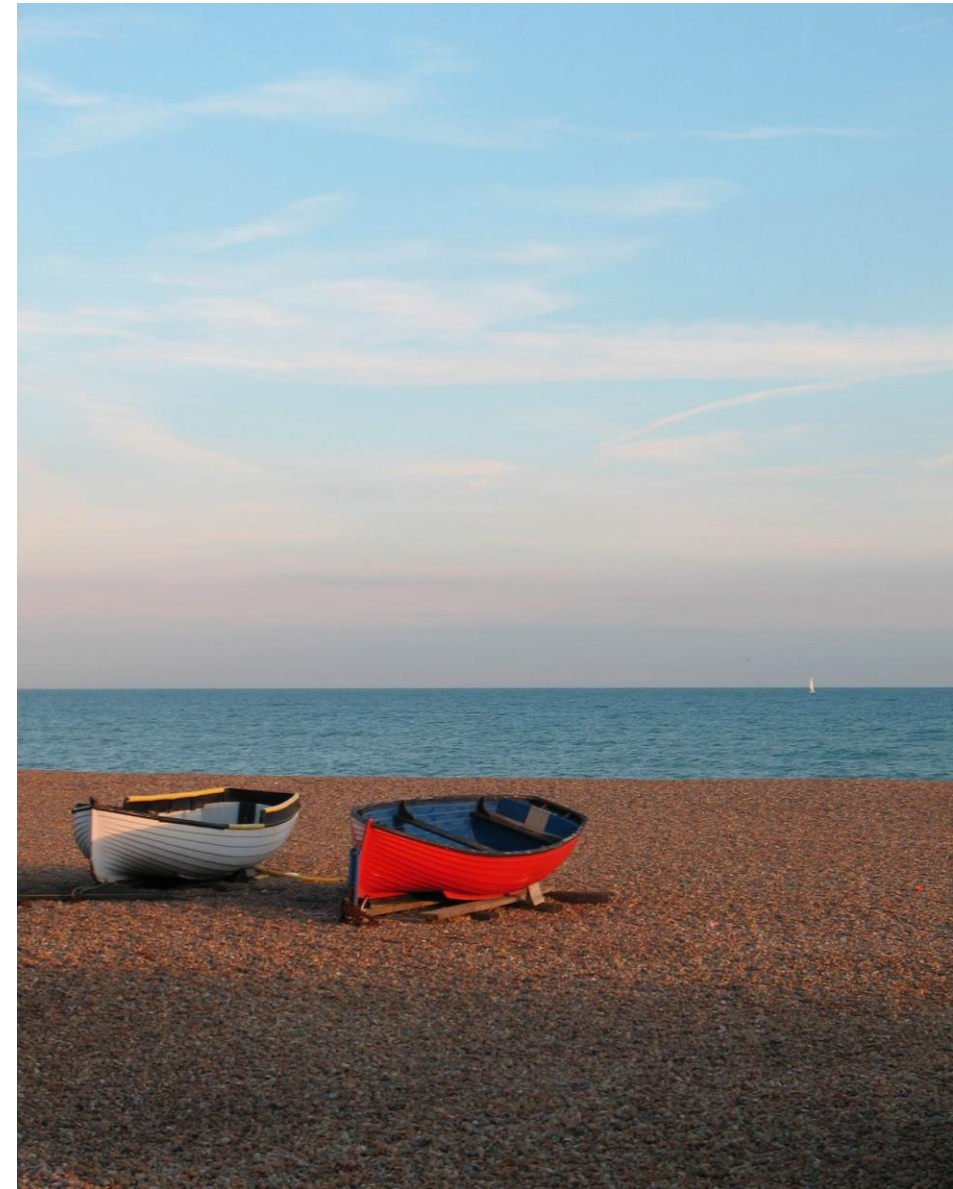
IT General Controls (ITGCs) are the policies and procedures that relate to many IT applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. They commonly include controls over data centre and network operations; system software acquisition, change and maintenance; access security; and application system acquisition, development, and maintenance.

ITGCs are an important component in systems of internal control, and sometimes have a direct impact on the reliability of other controls.

IT assurance is embedded in our audit strategy to ensure the IT systems provide a suitable platform for the control environment and is undertaken in conjunction with our IT Assurance team. Our testing strategy includes a tailored range of data analytics, system configuration and IT environment testing.

As part of the audit planning work already completed, we obtained an understanding of the information system, including the related business processes relevant to financial reporting.

We are currently in the process of revisiting our initial assessments to ensure that our audit approach remains valid. We will update you in due course if there are any changes required.



Our Approach

IT Audit Scope and Methodology

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Based on our understanding of your IT control environment and key business cycles, we previously performed procedures over the design and implementation (D&I) of your IT General Controls for the applications and underlying databases, considered to be in scope for the audit. The approach to reviewing IT General Controls is outlined below. We do not anticipate that we will place reliance on IT General Controls through the completion of our audit.

Access management

- ▶ User access provisioning
- ▶ Excessive Access
- ▶ Generic accounts and Privilege access
- ▶ User access de-provisioning
- ▶ User access review



Data processing management

- ▶ Completeness and accuracy of data movement
- ▶ Modification of schedules and jobs
- ▶ Exception handling workflow in case of job/interface failure

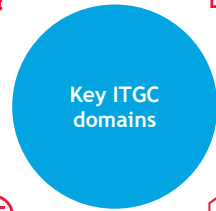
Program changes

- ▶ Change evaluation
- ▶ Change authorisation
- ▶ Existence of different environments
- ▶ Segregation of duties.



Program development

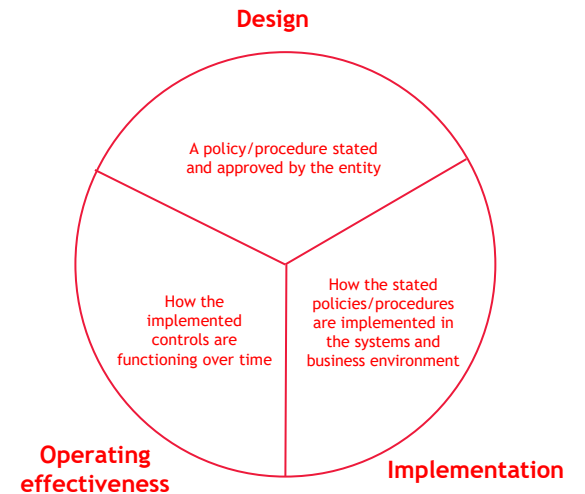
- ▶ Governance over system change, including evaluation of design and testing of controls in the new environment
- ▶ Data migration



Extensive work was completed around ITGCs as part of the planning work already completed. We are in the process of reviewing the work completed, alongside the most up-to-date information and audit requirements, in order to assess whether this will impact on our procedures.

Based on our understanding of your IT environment obtained during initial planning work, we consider the following applications to be in scope for the audit.

| Application in scope | Business function |
|----------------------|------------------------------------------------|
| Oracle | Finance, HR, Payroll |
| Paris | Income processing |
| Logotech - FAR | Capital |
| Northgate - Housing | Housing management |
| Northgate - SX3 | Housing benefit and council tax support |
| Controcc - ASC | Finance recording system for Adult Social Care |
| Civica Pay | Council income |



IT Audit Approach

Audit Data Analytics [ADA]

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Overview

Our bespoke data specialists transform data into a common format ready for analysis as well as run checks for completeness & accuracy of the data.

Analysis is carried out by way of specific data analytics tests (DATs) which are scoped based on the risk areas we have identified.

The result is a work book or a dashboard of aggregated, summarised data relating to the specific accounting cycle.

This allows us to easily access information and drill down as needed, which also allows for checking of anomalies and outliers.

The benefits of these tools are that they can perform a wide range of statistical and analytical procedures, the procedures performed can be logged to provide a clear audit trail of the analysis performed.

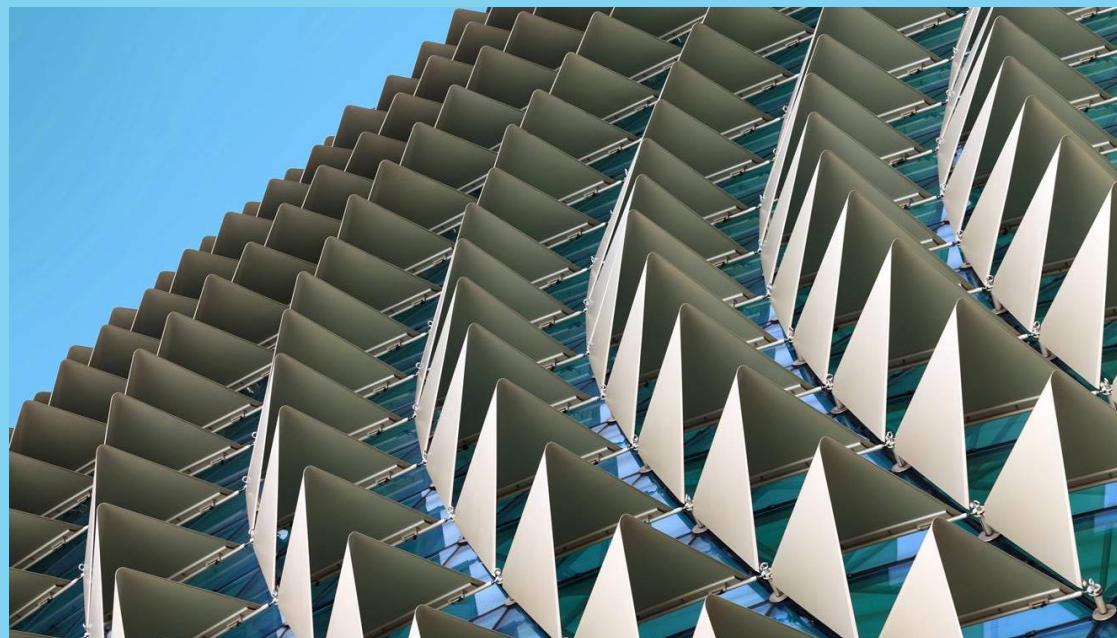
How are we utilising ADA?

Following on from our understanding of business processes and data flows between applications over the Financial Reporting Close Process and Payroll* accounting cycles, we will use data analytics in order to provide assurance over the key business areas, by identifying trends and anomalies, transfers and transformation of data, and re-performance of key calculations.

The table below illustrates the key areas in which data analytics will be used.

*Payroll is dependent on data being available retrospectively required to use the tools.

| Area | Narrative |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management Override | Data analysis to be performed around trends in journal postings, in order to identify potential instances of management override of controls. |
| Payroll | We would ideally like to use data analysis to provide assurance over the accuracy of payroll deductions, however this was not in place when we started the audit, so we will work with management to see if this is possible retrospectively. |



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Management override of controls

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| | C | E | A | V | P | 2021 | 2020 |
|---------------------------------|---|---|---|---|---|------|------|
| Management override of controls | | | | | | N/A | N/A |

Risk detail

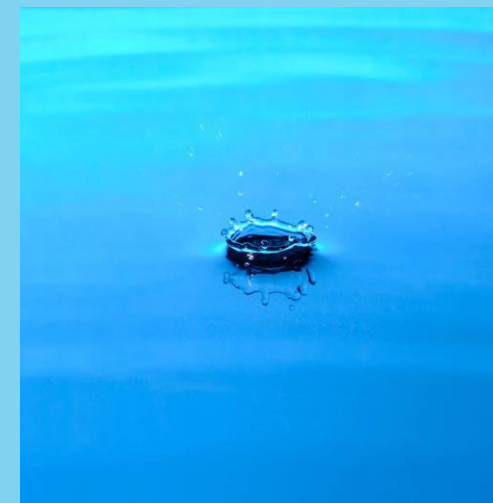
- ▶ ISA (UK) 240 notes that management is in a unique position to perpetrate fraud.
- ▶ Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. We are required to consider this as a significant risk of material misstatement due to fraud.
- ▶ There is a specific risk for our revised audit approach in relation to the adjustments raised by management in redrafting the accounts following government intervention, as these are more likely to be subject to manipulation.

Planned audit approach

Our audit procedures will include the following:

- ▶ A review and verification of large and unusual journal entries made in the year, agreeing the journals to supporting documentation. We will determine key risk characteristics to filter the population of journals. We will use our IT audit specialists to assist with the journal extraction;
- ▶ Review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias.
- ▶ Review of unadjusted audit differences for indications of bias or deliberate misstatement.
- ▶ Review of adjustments made between the draft accounts issued in 2021, and the redrafted accounts.

| |
|------------------------------------------------|
| ● Significant risk |
| Normal risk |
| ● Fraud risk |
| ● Related controls identified to mitigate risk |
| Significant Management estimates & judgements |
| Controls testing approach |
| ● Data analytics testing approach |
| ● Substantive testing approach |



Revenue recognition

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| | C | E | A | V | P | 2021 | 2020 |
|------------------|---|---|---|---|---|--------------|--------------|
| CIES NCOS Income | | | | | | £236,115,000 | £221,619,000 |

Risk detail

- ▶ ISA (UK) 240 notes that there is a presumed significant risk resulting from the intentional misstatement of revenue
- ▶ Under auditing standards there is a presumption that income recognition presents a fraud risk.
- ▶ For the Council, we consider the risk of fraudulent revenue recognition to be in respect of the accuracy and existence of grant income with performance conditions.

Planned audit approach

- ▶ We will test a sample of revenue grants in income appropriate to the risk factor, to documentation from grant paying bodies and check whether the recognition criteria has been met.

| |
|------------------------------------------------|
| ● Significant risk |
| Normal risk |
| ● Fraud risk |
| ● Related controls identified to mitigate risk |
| Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Expenditure cut-off

Risk 3

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| | C | E | A | V | P | 2021 | 2020 |
|-------------------------------------------|---|---|---|---|---|--------------|--------------|
| CIES NCOS Expenditure (Excluding Payroll) | | | | | | £229,428,000 | £221,619,000 |

Risk detail

- ▶ For public sector bodies there is a risk of fraud related to expenditure recognition, which we assess to only be relevant to cut-off around the year end.
- ▶ Under auditing standards there is a presumption that income recognition presents a fraud risk, however, for net-spending bodies in the public sector the risk of fraud related to expenditure is more relevant.
- ▶ There is a risk that material misstatement may occur through the manipulation of expenditure recognition. We assess this risk is only relevant to the cut-off of expenditure around year end.

Planned audit approach

- ▶ We will test expenditure transactions around year end to a lower testing threshold than would have otherwise been applied, checking that expenditure is recognised in the correct accounting period.

| |
|------------------------------------------------|
| ● Significant risk |
| Normal risk |
| ● Fraud risk |
| ● Related controls identified to mitigate risk |
| Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Valuation of non-current assets

Risk 4

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 - Communication with you
 - Other information

| | C | E | A | V | P | 2021 | 2020 |
|-------------------------------|---|---|---|---|---|----------------|----------------|
| Property, Plant and Equipment | | | | | | £1,166,443,000 | £1,122,414,000 |
| Heritage Assets | | | | | | £32,370,000 | £22,851,000 |

Risk detail

- ▶ The valuation of non-current assets is a significant risk as it involves a high degree of estimation uncertainty.
- ▶ Local authorities are required to ensure that the carrying value of land, buildings and dwellings is not materially different from the current value (operational assets) or fair value (surplus assets and assets held for sale) at the balance sheet date.
- ▶ There is a risk over the valuation of these assets due to the high degree of estimation uncertainty and where updated valuations have not been provided for a class of assets at the year end.

Planned audit approach

Our audit procedures will include the following:

- ▶ Reviewing and critically assessing the instructions provided to the valuer and the valuer’s skills and expertise in order to determine if we can rely on the management expert.
- ▶ Verifying that the basis of valuation for assets valued in year is appropriate based on their usage.
- ▶ Verifying the accuracy and completeness of information provided to the valuer, such as rental agreements and sizes.
- ▶ Critically assessing assumptions used by the valuer and movements against relevant indices for similar classes of assets.
- ▶ Following up valuation movements that appear unusual.
- ▶ Verifying that assets not specifically valued in the year have been assessed to ensure their reported values remain materially correct.

| |
|-------------------------------------------------|
| ● Significant risk |
| Normal risk |
| Fraud risk |
| ● Related controls identified to mitigate risk |
| ● Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Valuation of pension liability

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| | C | E | A | V | P | 2021 | 2020 |
|---------------------------------------|---|---|---|---|---|--------------|--------------|
| Pensions and Post Employment Benefits | | | | | | £195,941,000 | £158,894,000 |

Risk detail

Assets

- ▶ There is a risk around the valuation of scheme assets with unobserved inputs and which are therefore fair value 'Level 3' - this includes property, private equity, infrastructure and other managed funds. There are varying other assumptions applied by the fund manager.

Liabilities

- ▶ The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty.
- ▶ The valuation of the defined benefit obligation is a complex calculation involving a number of significant judgements and assumptions.
- ▶ The actuarial estimate of the pension fund liability uses information on current, deferred and retired member data and applies various actuarial assumptions over pension increases, salary increases, mortality, commutation take up and discount rates to calculate the net present value of the liability.
- ▶ There is a risk that the membership data and cash flows provided to the actuary at year end may not be accurate, and that the actuary uses inappropriate assumptions to value the liability.
- ▶ Relatively small adjustments to assumptions used can have a material impact on the Council's share of the scheme liability.

Planned audit approach

Our audit procedures will include the following, relying on the Scheme auditor for assurance where possible:

Assets

- ▶ Challenge over the reasonableness of the assumptions used.
- ▶ Agree to the latest audited asset valuations with roll forward to 31 March 2021.

Liabilities

- ▶ Agreeing the disclosures to the information provided by the pension fund actuary.
- ▶ Assessing the competence of the management expert (actuary).
- ▶ Challenging the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data.
- ▶ Agreeing a work programme with the pension fund auditor and requesting confirmation of the controls in place for providing accurate membership data to the actuary and testing of that data.
- ▶ Checking that any significant changes in membership data have been communicated to the actuary.

| |
|-------------------------------------------------|
| ● Significant risk |
| Normal risk |
| Fraud risk |
| ● Related controls identified to mitigate risk |
| ● Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Allowance for non-collection of receivables

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| | C | E | A | V | P | 2021 | 2020 |
|--------------------|---|---|---|---|---|-------------|-------------|
| Short term debtors | | | | | | £78,067,000 | £77,685,000 |

Risk detail

- ▶ There is a risk over the valuation of the allowance for the non-collection of receivables.
- ▶ The risk is specifically in relation to incorrect assumptions or source data being used, or an inappropriate methodology is applied.
- ▶ IFRS 9's Expected Credit Loss model applies to financial assets but does not include amounts receivable under statute such as council tax and business rates receivable. Statutory receivables are required by the CIPFA Code to apply an impairment allowance using the incurred loss model updated for conditions at balance sheet date.

Planned audit approach

Our audit procedures will include the following:

- ▶ We will review the provision model for significant income streams and receivables and debt balances to assess whether it appropriately reflects historical collection rates by age of debt or arrears and, for receivables classified as financial instruments, includes appropriate assumptions for expected credit losses.

| |
|-------------------------------------------------|
| Significant risk |
| ● Normal risk |
| Fraud risk |
| ● Related controls identified to mitigate risk |
| ● Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Classification of investments

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| | C | E | A | V | P | 2021 | 2020 |
|-----------------------|---|---|---|---|---|--------------|--------------|
| Investments | | | | | | £46,162,000 | £88,995,000 |
| Long term investments | | | | | | £65,797,000 | £153,841,000 |
| Long term debtors | | | | | | £925,150,000 | £817,918,000 |
| Short term debtors | | | | | | £78,067,000 | £77,685,000 |

Risk detail

- ▶ There is a risk around the balance sheet line classifications of investments made in the Council in debt and equity, and whether these are appropriate based on the nature and form of the investment.
- ▶ The risk is increased by these investment balances being highly material.
- ▶ There is also a presentational risk between current and non-current.
- ▶ Under IFRS 9, investments in debt should be held at amortised cost, whereas investments in equity will by default be held at fair value through profit and loss. There is a risk as differing measurement approaches may have a material effect on the carrying amount of investments.

Planned audit approach

- Our audit procedures will include the following:
- ▶ We will perform procedures to confirm the nature of the investment (eg debt or equity), in order to assess whether the investment is classified on the correct balance sheet line per the relevant accounting standards, and by extension whether the correct measurement technique (FVTPL vs amortised cost) has been applied.

| |
|-------------------------------------------------|
| ● Significant risk |
| Normal risk |
| Fraud risk |
| Related controls identified to mitigate risk |
| ● Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Valuation of financial instruments measured at FVTPL

Risk 8

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| | C | E | A | V | P | 2021 | 2020 |
|-----------------------|---|---|---|---|---|--------------|--------------|
| Investments | | | | | | £46,162,000 | £88,995,000 |
| Long term investments | | | | | | £65,797,000 | £153,841,000 |
| Long term debtors | | | | | | £925,150,000 | £817,918,000 |
| Short term debtors | | | | | | £78,067,000 | £77,685,000 |

Risk detail

- ▶ There is a risk over the valuation of financial instruments designated at fair value through profit and loss, these are valued using techniques which have a high level of estimation uncertainty.

Planned audit approach

- Our audit procedures will include the following:
- ▶ Engaging our valuations team to assess the reasonableness of the assumptions applied.
 - ▶ Agree input data to source documentations.

| |
|-------------------------------------------------|
| ● Significant risk |
| Normal risk |
| Fraud risk |
| Related controls identified to mitigate risk |
| ● Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Carrying value of financial assets measured at amortised cost

Risk 9

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- Other information

| | C | E | A | V | P | 2021 | 2020 |
|-----------------------|---|---|---|---|---|--------------|--------------|
| Investments | | | | | | £46,162,000 | £88,995,000 |
| Long term investments | | | | | | £65,797,000 | £153,841,000 |
| Long term debtors | | | | | | £925,150,000 | £817,918,000 |
| Short term debtors | | | | | | £78,067,000 | £77,685,000 |

Risk detail

- ▶ There is a risk around the carrying value of financial assets measured at amortised cost. Under IFRS 9, financial assets measured at amortised cost will be amortised using an effective interest rate, and the coupon paid on the investment.
- ▶ The effective interest rate is subject to estimation uncertainty.
- ▶ Additionally, under IFRS 9, impairment is based on a model of expected credit loss, based on the present value of lifetime expected credit losses. This involves estimation uncertainty around what the cash shortfalls would be.

Planned audit approach

Our audit procedures will include the following:

- ▶ Engaging our valuations team to assess the reasonableness of the assumptions applied.
- ▶ Agree input data to source documentations.
- ▶ Verify that financial assets measured at amortised cost have been impaired where appropriate, in accordance with the IFRS 9 expected credit loss model.

| |
|-------------------------------------------------|
| ● Significant risk |
| Normal risk |
| Fraud risk |
| Related controls identified to mitigate risk |
| ● Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Financial instrument disclosures

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|----------------------------------|---|---|---|---|---|------|------|
| Financial instrument disclosures | | | | | | N/A | N/A |

Risk detail

- ▶ There is a risk around the financial instrument disclosures. *IFRS 7 Financial Instruments: Disclosure* includes extensive disclosure requirements to ensure that users of the financial statements can evaluate:
 - ▶ The significance of financial instruments for the entity’s financial position and performance.
 - ▶ The nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.
- ▶ Therefore there is a risk around whether the disclosures made by the Council are adequate and compliant with the requirements of IFRS 7.
- ▶ Thurrock Council specifically is exposed to refinancing risks and interest rate risk exposure around short term borrowing used to finance the investments, and therefore there is risk around these factors being adequately disclosed.

Planned audit approach

Our audit procedures will include the following:

- ▶ Review disclosures prepared by the Council.
- ▶ Verify that they are compliant with the requirements of IFRS 7.
- ▶ Vouch figures disclosed to supporting documentation.
- ▶ Ensure that the disclosures adequately capture the nature and extent of risks arising from financial instruments to which the Council is exposed.

| |
|-------------------------------------------------|
| ● Significant risk |
| Normal risk |
| Fraud risk |
| ● Related controls identified to mitigate risk |
| ● Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Investment income receipts

Risk 11

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| | C | E | A | V | P | 2021 | 2020 |
|---------------------------------------------|---|---|---|---|---|-------------|-------------|
| CIES Financing and Investment Income | | | | | | £46,188,000 | £49,928,000 |

Risk detail

- ▶ There is a risk around the completeness, existence and accuracy of the Council’s investment income, linked to the issues raised around the valuation of the Council’s investments.

Planned audit approach

Our audit procedures will include the following:

- ▶ We will verify the existence of investment income by tracing receipts to supporting documentation and verifying legitimacy in accordance with investment agreements.
- ▶ We will verify accuracy by tracing the value recorded to supporting documentation.

| |
|------------------------------------------------|
| ● Significant risk |
| Normal risk |
| ● Fraud risk |
| ● Related controls identified to mitigate risk |
| Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Minimum revenue provision

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| | C | E | A | V | P | 2021 | 2020 |
|---------------------------------|---|---|---|---|---|------|------|
| Financial statement preparation | | | | | | N/A | N/A |

Risk detail

- ▶ There is a risk over whether the minimum revenue provision applied by the Council is compliant with the relevant guidance, is appropriate and prudent, and takes into account any recognised impairment of the investments in other entities.
- ▶ There is also a risk over the accuracy of the MRP calculation, and over whether all relevant inputs are included per the guidance.

Planned audit approach

Our audit procedures will include the following:

- ▶ We will review the MRP policy applied by the Council and verify that it is compliant with the requirements of the guidance.
- ▶ We will review the calculations of MRP, and verify that they are accurate.
- ▶ We will review the inputs to the MRP calculation and verify that all relevant inputs are included per the guidance.

| |
|-------------------------------------------------|
| ● Significant risk |
| Normal risk |
| Fraud risk |
| ● Related controls identified to mitigate risk |
| ● Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Infrastructure assets

Risk 13

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 - Other information

| | C | E | A | V | P | 2021 | 2020 |
|-------------------------------|---|---|---|---|---|----------------|----------------|
| Property, plant and equipment | | | | | | £1,166,443,000 | £1,122,414,000 |

Risk detail

- ▶ There is a risk around the valuation of the Council's infrastructure asset balance. This is in relation to the national issue identified around local authority accounting for infrastructure assets.
- ▶ The result of this is that there is a valuation risk, due to potential historical information deficits, and the records held by highway teams not being suitable for accounting purposes.

Planned audit approach

Our audit procedures will include the following:

- ▶ Verify that infrastructure assets are accounted for appropriately in accordance with the Statutory Instrument, and the update to the Code (accompanied by CIPFA bulletin 12), issued in 2022.
- ▶ Verify that inputs to the valuation of infrastructure assets can be verified to source documentation. Specifically we will verify that useful economic lives applied to infrastructure asset components are reasonable, as this is an area of specific judgement.

| |
|-------------------------------------------------|
| ● Significant risk |
| Normal risk |
| Fraud risk |
| ● Related controls identified to mitigate risk |
| ● Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



PPE Valuations - RAAC

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| | C | E | A | V | P | 2021 | 2020 |
|-----------------------------|---|---|---|---|---|----------------|----------------|
| Property, plant & equipment | | | | | | £1,166,443,000 | £1,122,414,000 |

Risk detail

- ▶ There is a risk around the valuation of PPE in relation to the well-publicised issues identified around the use of reinforced autoclaved aerated concrete (RAAC) within buildings. The existence of RAAC in buildings owned by the council may impact the valuation of items of PPE held by the Council.

Planned audit approach

Our audit procedures will include the following:

- ▶ We will review the Council’s procedures for identifying and evaluating RAAC within its buildings and assessing the impact on the valuation of those buildings.

| |
|------------------------------------------------|
| Significant risk |
| ● Normal risk |
| Fraud risk |
| ● Related controls identified to mitigate risk |
| Significant Management estimates & judgements |
| Controls testing approach |
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Intangible assets - software as a service

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| | C | E | A | V | P | 2021 | 2020 |
|-------------------|---|---|---|---|---|------------|------------|
| Intangible assets | | | | | | £9,686,000 | £6,162,000 |

Risk detail

- ▶ There is a risk in relation to ‘software as a service’. This risk is specifically in relation to distinction between costs to be expensed, and those to be capitalised as intangible assets, as disclosed in the April 2021 IFRIC agenda decision.

Planned audit approach

Our audit procedures will include the following:

- ▶ Verify for a sample of intangible asset additions that the capitalisation is appropriate, and that it should not have been expensed per the software as a service IFRIC agenda decision.
- ▶ For our expenditure testing, verify that the expenditure is revenue rather than capital.

| |
|------------------------------------------------|
| Significant risk |
| ● Normal risk |
| Fraud risk |
| ● Related controls identified to mitigate risk |
| Significant Management estimates & judgements |
| Controls testing approach |
| Data analytics testing approach |
| ● Substantive testing approach |



Use of Resources

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New Code of Audit Practice (“Code”)

The Comptroller & Auditor General has determined through a new Code and guidance that the key output from local audit work in respect of value for money (VFM) arrangements is a commentary as reported in the Auditor’s Annual Report, not a VFM arrangements ‘conclusion’ or ‘opinion’. There may be matters referred to in the auditor’s commentary that do not represent significant weaknesses in arrangements and where significant weaknesses are reported we are required to also report recommendations.

As auditors we need to gather sufficient evidence and document our evaluation of arrangements to enable us to draft our commentary under three reporting criteria. These criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** (‘Improving 3Es’) - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

In addition to new assessment criteria and commentary requirements, the scope of the new Code also considerably increases auditors’ requirements for planning documentation and management should expect an increase in requests for discussion and evidence to facilitate this requirement.

Risk of Significant Weakness

We are required to report the results of our risk assessment to those charged with governance, including additional work planned in respect of any identified risks of significant weakness, and to keep risk assessment under continual review, with any changes again communicated to those charged with governance.

Based on our review of the findings of the Best Value Inspection, we have identified risks around significant weaknesses in the following areas:

- **Financial sustainability** - the financial position of the Council and the impact on its medium and long term financial planning. This specifically relates to the shortfalls in the budget and MRP to cover losses on investments.
- **Governance** - how the Council makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This specifically relates to the issues identified in the Best Value Inspection report relating to decision-making around investments.

Going Concern

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Officers' responsibilities

It is the officers' responsibility to make an assessment of the Council's ability to continue as a going concern to support the basis of preparation for the financial statements and disclosures in the financial statements. This is a requirement of the accounting standards.

This assessment should be supported by detailed cash flow forecasts with clear details of the key underlying assumptions, consideration of available finance throughout the forecast period, and a consideration of the forecast's sensitivity to reasonably possible variations in those assumptions along with any other relevant factors.

The going concern assessment should cover a minimum of 12 months from the date of the officers' approval of the financial statements. However, consideration should also be given to any major events or circumstances that may fall outside this period.

Audit responsibilities

Our responsibilities in respect of going concern are:

- a) To obtain sufficient appropriate audit evidence regarding, and conclude on, i) whether a material uncertainty related to going concern exists; and ii) the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements
- (b) To report in accordance with ISA (UK) 570.

We will obtain an understanding of the business model, objectives, strategies and related business risk, the measurement and review of the Council's financial performance including forecasting and budgeting processes and the Council's risk assessment process. We will evaluate:

- The Council's method, including the relevance and reliability of underlying data used to make the assessment, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other
- The Council's plans for future actions in relation to the going concern assessment including whether such plans are feasible in the circumstances
- The adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment and any material uncertainties that may exist.

Irregularities (including fraud)

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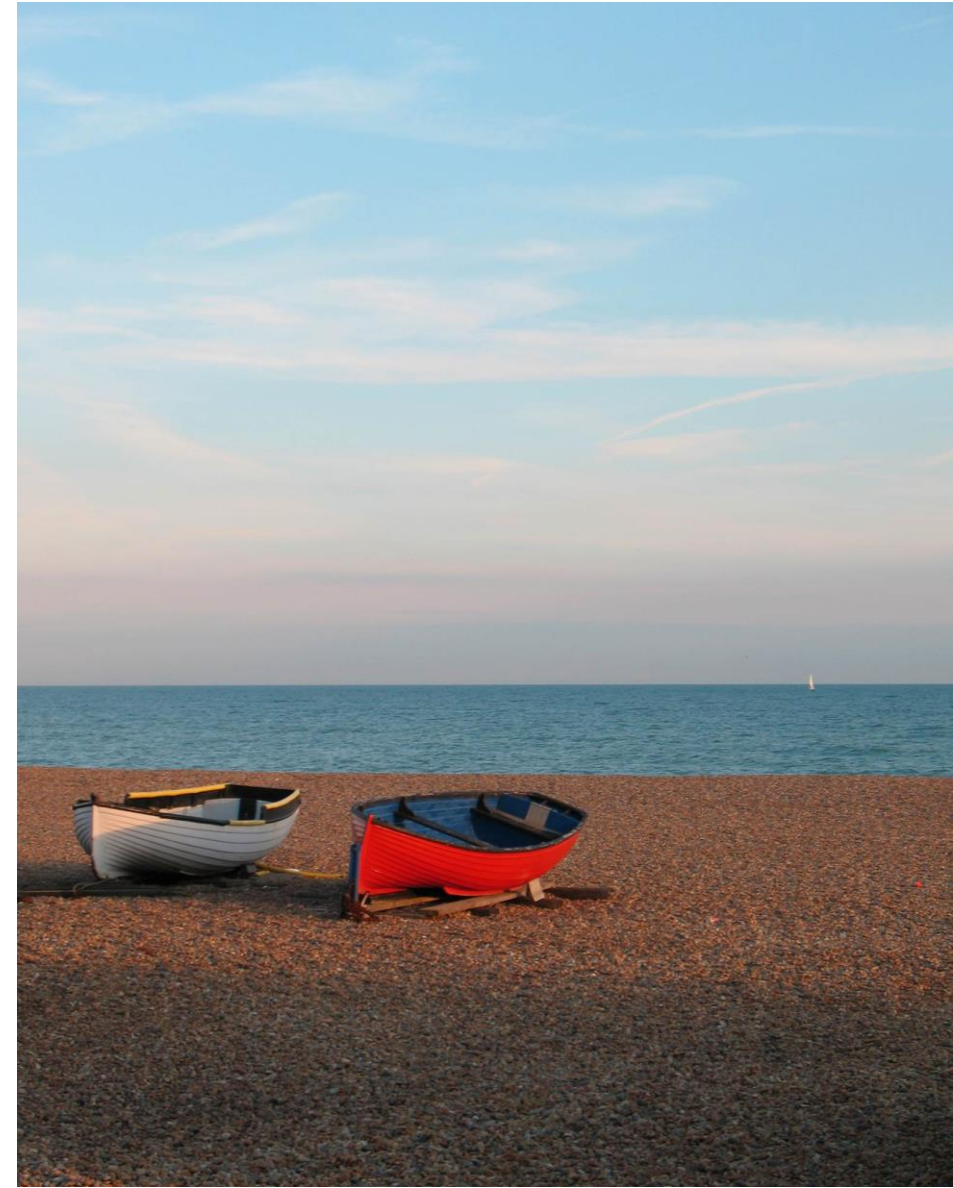
We are required to include in our auditor's report an explanation of the extent to which the audit is considered capable of detecting irregularities (non compliance with laws and regulations), including fraud.

Our audit is designed to provide reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error. We design audit procedures to respond to the risk of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error.

Our audit work will focus on laws and regulations that could give rise to a material misstatement in the Council's financial statements and may include, where appropriate:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations
- Enquiries of management, those charged with governance and the Council's legal advisers
- Agreement of the financial statement disclosures to underlying supporting documentation
- Review of minutes of Council and Cabinet meetings throughout the year and of correspondence with regulatory authorities
- Written representations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.



Accounting estimates

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Revision to ISA (UK) 540 means that we may need to update our approach to the audit of accounting estimates - including confirmation and documentation of our understanding of the Council's estimation process.

We will need to obtain an understanding of how you control your estimation process including not only the design and implementation of the process, but also the policies and procedures you put in place to satisfy yourself that each step in the process is properly applied, and that the resulting accounting estimates are reasonable.

For significant accounting estimates, particularly those that are complex or where there is a high degree of estimation uncertainty we will also make enquiries about how you:

- Make those responsible for deriving or changing your accounting estimates aware of relevant significant transactions, conditions or events
- Review the outcome(s) of previous accounting estimates and respond to the results of that review
- Identify and comply with the relevant requirements in the applicable financial reporting framework regarding your accounting estimates and related disclosures, including how they are affected by complexity and your judgment
- Account for regulatory factors relevant to the Council's accounting estimates; including, when applicable, regulatory frameworks related to prudential supervision
- Identify the need for, and apply, specialised skills or knowledge related to accounting estimates, including with respect to the use of a management's expert
- Identify and address risks related to accounting estimates through your risk assessment process

- Identify relevant methods (including models), assumptions and data, and the need for changes in them, and from those identified, select those to apply
- Address the degree of estimation uncertainty in selecting your final point estimates
- Describe in your financial statements matters related to your process for deriving your accounting estimates, and matters related to the degrees of estimation uncertainty underlying your accounting estimates
- Ensure there is oversight and governance in place over management's financial reporting process relevant to accounting estimates.

Under ISA (UK) 540 (revised) our audit approach will involve a more granular risk assessment relating to each significant estimate and separate consideration of the methods (or models) applied in calculating the estimate, the nature, source and reliability of data used and the significance, consistency and appropriateness of assumptions made.

We will also request written representations from you regarding the reasonableness of the methods, significant assumptions and the data used in determining the monetary amounts of accounting estimates, including the related disclosures, in accordance with the CIPFA Code of Practice on Local Authority Accounting 2020/21.

FRC Ethical Standard (December 2019)

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In December 2019 the FRC published the Revised Ethical Standard 2019 ('ES'), which is applicable from 15 March 2020. There are some transitional provisions for services and arrangements that are not currently prohibited under the existing Standard. The ES aims to further strengthen auditor independence and enhance confidence in the profession. The table below provides a high level summary of the key headlines as applicable to our audit of the Council.

| Key Headlines | Impact |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The objective, reasonable & informed third party test | Reinforcement that ethical principles take priority over rules. A need to take care where particular facts and circumstances are either not addressed directly by the rules or might appear to 'work around' the rules, or result in an outcome that is inconsistent with the general principles. |
| Contingent fees | Non-audit services with contingent or success-based fee arrangements will be prohibited for audited entities. |
| Secondments | All secondments/loan staff to audited entities are prohibited with the exception of secondments to public sector entities. |
| Recruitment and remuneration services | Prohibition on providing remuneration services to audited entities such as advising on the quantum of the remuneration package or the measurement criteria for calculation of the package. In addition, the prohibition on providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on the appointment of, any director or employee of the entity. |

Independence

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Under ISAs (UK) and the FRC's Ethical Standards we are required, as auditors, to confirm our independence.

We have embedded the requirements of the auditing standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement.

This document considers such matters in the context of our audit for the year ended 31 March 2021.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Council and the Group.

We previously reported that one of our colleagues at BDO had declared that they have a close family member employed by the Council. This individual is no longer employed by BDO, and does not therefore present an independence threat going forward.

We also confirm that we have obtained confirmation that external audit experts involved in the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Council and the Group.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

Non-audit services

Details of services, other than audit, provided by us to the Council during the period and up to the date of this report are set out in the fees table on page 5.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

Communication with you

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Those Charged with Governance

References in this report to Those Charged With Governance are to the Members of the Council as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Standards and Audit Committee.

In communicating with the Standards and Audit Committee, representing TCWG of the Group, we consider TCWG of subsidiary entities to be informed about matters relevant to their subsidiary. Please let us know if this is not appropriate.

Communication, Meetings and Feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered. We will meet with management throughout the audit process. We will issue regular updates and drive the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Planning Report

The Planning Report sets out all planning matters which we want to draw to your attention including audit scope, our assessment of audit risks and materiality.

Internal Controls

We will consider internal controls relevant to the preparation of financial statements in order to design our audit procedures and complete our work. This is not for the purpose of expressing an opinion on the effectiveness of internal control.

Audit Completion Report

At the conclusion of the audit, we will issue an Audit Completion Report to communicate to you key audit findings before concluding our audit opinion. We will include any significant deficiencies in internal controls which we identify as a result of performing audit procedures. We will meet with you to discuss the findings and in particular to receive your input on areas of the financial statements involving significant estimates and judgements and critical accounting policies.

Once we have discussed the contents of the Audit Completion Report with you and having resolved all outstanding matters we will issue a final version of the Report signed and dated prior to issue of the Audit Opinion.

Other information

Audit requirements - other information in the annual report

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As we note in the 'Overview - Audit Scope and Objectives' section, we have responsibilities in relation to going concern and the other information (including statutory other information) in the annual report.

We are aware that the below information was initially provided when planning was completed in 2021, however revised information and assessments will be required following the revision of the audit approach.

In order to allow us to fulfil these obligations we ask that you please make available to us the following information as soon as is practicable:

| | |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Other Information | A final draft of the other information with relevant supporting documentation, sufficiently far in advance of the date on which the audit report is expected to be signed to give us adequate time to complete our work. |
| Information not directly derived from the financial statements or accounting records | For information not directly derived from the financial statements or otherwise from the accounting records of the Council, details of the source of that information. |
| Principal Risks - the Directors assessment of risks | A copy of the risk register or equivalent together with details of Directors' consideration of risks including completeness of risks recorded in the register. |
| Directors' assessment of going concern | Detailed cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements, together with details of key assumptions, consideration of sensitivity to reasonably possible business risks and variations in those assumptions and the directors' overall conclusions. |

For more information:

Rachel Brittain

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m: +447971716487

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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| | | |
|---------------------------------------------------------------------------------------------------------------|---------------------------------|----------------|
| 23 November 2023 | | ITEM: 6 |
| Standards and Audit Committee | | |
| Counter Fraud & Investigation – Performance Update | | |
| Wards and communities affected: All | Key Decision: Non-key | |
| Report of: Michael Dineen, Assistant Director for Counter Fraud and Investigation | | |
| Accountable Assistant Director: Michael Dineen, Assistant Director for Counter Fraud and Investigation | | |
| Accountable Director: Claire Demmel, Interim Director of Public Realm | | |
| This report is Public | | |

Executive Summary

The Counter Fraud & Investigation (CFI) function is responsible for the prevention, detection and deterrence of all instances of alleged economic crime affecting the Authority including allegations of fraud, theft, corruption, bribery and money laundering.

This report outlines the performance of the CFI team over the last 6 months with a breakdown of the two separate quarters.

1. Recommendation(s)

- 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.**

2. Introduction and Background

- 2.1 The Authority's CFI team is responsible for delivering the corporate counter fraud programme, which includes the CFIs proactive work, to enhance the Authority's counter fraud controls as well as respond to intelligence & information from various sources.

3. Issues, Options and Analysis of Options

Counter Fraud & Investigation Performance Data

- 3.1 CFI received reports about suspected fraud from the public, government departments and law enforcement partners, internal referral mechanisms and proactive operations.

The figures show the performance of the CFI for Q1 and Q2 of 2023/24. The formula used to quantify the projected savings made by the Authority is derived from the recognised national annual average, which is the cost of temporary accommodation per family, multiplied by 3 (as the average length of a tenancy fraud), plus the average investigation costs, average legal costs and the average void costs. This formula therefore equates that the projected savings the Authority will benefit from due to the recovery of a social housing home is £48,000 per recovered property.

Quarter 1

- 42 reports of suspected fraud were received by the CFI from various referral streams within in Q1
- 4 Investigations were closed as 'no fraud' as no evidence of an offence was found by the CFI
- 8 sanctions were delivered in cases of proven fraud against individuals, including the stopping of 1 Right to Buy application
- 6 Social housing properties were recovered and returned to the social housing stock so that those in need could be re-homed
- The Q1 projected savings the Authority will make was £386,000.
- At the end of Q1 the CFI were conducting 64 investigations

Quarter 2

- 88 reports of suspected fraud were received by the CFI from various referral streams within in Q2
- 39 Investigations were closed as 'no fraud' as no evidence of an offence was found by the CFI
- 20 sanctions were delivered in cases of proven fraud against individuals, including the stopping of 2 Right to Buy applications
- 10 Social housing properties were recovered and returned to the social housing stock so that those in need could be re-homed
- The Q2 projected savings the Authority will make was £676,000
- At the end of Q2 the CFI were conducting 54 investigations

- 3.2 The combined half year totals are therefore calculated as

- 132 reports of suspected fraud were received by the CFI from various referral streams within in the first 6 months of 2023/24
- 43 Investigations were closed as 'no fraud' as no evidence of an offence was found by the CFI
- 28 sanctions were delivered in cases of proven fraud against individuals, including the stopping of 3 Right to Buy applications

- 16 Social housing properties were recovered and returned to the social housing stock so that those in need could be re-homed
- The projected savings for the first 6 months of the year was £1,062,000.

Counter Fraud & Investigation Work Plan progress

- 3.3 CFI has a programme of proactive work to ensure the Authority's controls against fraud are robust and effective. That plan was presented and accepted by the Standards and Audit Committee in September 2023. **Appendix 1** sets out the progress made in delivering the Counter Fraud & Investigation Work Plan 2023/24.
- 3.4 The work programme is a working document and if during the year changes or additions to the plan are proposed between the CFI and the Section 151 Officer, these will be brought back to the Committee for approval.
- 3.5 The proactive work by the CFI in the first 6 months has shown consistent development and builds on the work completed in 2022/23. This year there is a focus on delivering training and knowledge across the Authority, from Employees to Members. The CFI have been engaging with high-risk areas, such as housing and social care, to ensure all employees that work within these high-risk areas are aware of the signs of fraud or unlawful behaviour. This is a significant part of the pro-active work plan, and an update can be found within **Appendix 1**.
- 3.6 The CFI is also working closely with Legal Services to create a training package for Elected Members. This will highlight various areas of the work the CFI complete and will enable Members to have the knowledge and confidence to report concerns to the appropriate individuals within the Authority.

4. Reasons for Recommendation

- 4.1 This report provides a detailed update to the Committee on the counter-fraud measures for the Authority and how it is reducing fraud under the Authority's Counter Fraud Strategy over the reporting period.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 N/A

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 Work undertaken by CFI helps to reduce fraud and enhance the Authority's anti-fraud and corruption culture. It contributes to the delivery of its aims and priorities, whilst supporting good corporate governance.

7. Implications

7.1 Financial

Implications verified by: **Laura Last**
Senior Management Accountant

There are no financial implications arising from this report

7.2 Legal

Implications verified by: **Deidre Collins**
Senior Barrister

There are no direct legal implications but as a local authority we must have regard for our duties and responsibilities under the “The Accounts and Audit (England) Regulations 2015 section 4 (2) require that: The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes the arrangements for the management of risk.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer

There are no social or community issues surrounding this report. There are also no Diversity or Equality issues.

7.4 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

Although the investigations that are completed by the CFI are criminal, none involve violence or safety implications to the local community or public in the wider sense. If a situation arose where the safety of any member of staff or member of public became apparent, police assistance would be sought.

8. Background papers used in preparing the report (including their location on the Council’s website or identification whether any are exempt or protected by copyright):

- Counter Fraud & Investigation Policy & Strategy – thurrock.gov.uk/fraud

- Counter Money Laundering Policy & Strategy – thurrock.gov.uk/fraud
- CroweClarkWhitehill Annual Fraud Indicator – crowe.co.uk

9. Appendices to the report

- Appendix 1 – Counter Fraud & Investigation Proactive Work Plan 2023/24

Report Author:

Michael Dineen

Assistant Director for Counter Fraud, Enforcement and Community Safety

Public Realm

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Counter Fraud & Investigation



See it. Report it. Stop it.

Counter Fraud & Investigation Proactive Work Plan 2023-24

Proactive Work Plan 2023/24

| Risk Area | Activity | When | Current Status | Responsible Officer | Date Completed |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------|
| Council-wide | <p>Training of Staff and Elected Members</p> <p>Ensure understanding of the threats posed to the Authority in modern times, including cyber enabled fraud. This is to be tailored to the specific areas and ongoing support offered via a Single Point of Contact within CFI.</p> | June 2023 To Mar 2024 | <p>Training has been delivered to Housing Tenancy Teams as well as Social Care teams.</p> <p>A training programme for Members is being drafted and expected to be delivered in early 2024.</p> | Counter Fraud Manager | |
| Council-wide | <p>Review all relevant policies concerning Fraud including the Fraud Strategy</p> <p>Ensuring that all hold the most up to date legislative information as well as ensuring best practice is always adhered to.</p> | Mar 2024 | This is underway by the CFM and will be completed prior to the target end date. | Counter Fraud Manager | |
| Council-wide | <p>Targeting POCA and Civil Legislation to maximise effect on criminal behaviour</p> <p>Ensure that CFI utilise the appropriate legislation to maximise the effects on criminals and ensure that our vision of protecting the public purse is adhered to by promoting this work.</p> | Mar 2024 | This continues to be utilised by the team and will continue to do so throughout the year. | Counter Fraud Manager | |
| Housing | <p>Proactive High Risk Housing Project</p> <p>To work with the Housing department and local police hubs to complete at least 4 proactive operations in areas of high-risk housing. This should be taking place once a quarter.</p> | Mar 2024 | This will be undertaken over the coming months, with the CFM being recruited at the end of Q1, progress on this is on target and will be developed in the last 6 months of the year | Counter Fraud Manager | |
| Council-wide | <p>Develop NFI systems and upload process</p> <p>To establish a process and work-flow for all NFI updates with leads from all areas involved. Develop relevant responses and establish flow of cases to the Counter Fraud & Investigation Team.</p> | Sep 2023 | The CFI response to NFI has been implemented and the CFI is working with departments across the Authority to ensure the best results come from the initiative. Further updates will be given throughout the year. | Counter Fraud Manager | Aug 2023 |

| Risk Area | Activity | When | Current Status | Responsible Officer | Date Completed |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------|-----------------------|----------------|
| Social Care | Undertake a review of Social Care (Direct Payments) The Counter Fraud & Investigation team will work with the Social Care teams and review those applicants for 'direct payments'. | Jan 2024 | This will take place after the training of the Social Care teams and is expected to be delivered in time. | Counter Fraud Manager | |

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|----------------------------------------------------------------------------------------------|---------------------------------|
| 23 November 2023 | ITEM: 7 |
| Standards and Audit Committee | |
| Complaints received under the Members' Code of Conduct | |
| Wards and communities affected: N/A | Key Decision: Non-Key |
| Report of: Gina Clarke, Corporate Governance Lawyer & Deputy Monitoring Officer | |
| Accountable Assistant Director: N/A | |
| Accountable Director: Asmat Hussain Director of Law & Governance (Monitoring Officer) | |
| This report is Public | |

Executive Summary

This report sets out, in summary, details of complaints against Members of the Council received during the municipal year 2023/24 up to the 3 November 2023.

1. Recommendation(s)

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.

2. Introduction and Background

2.1 On 19 July the Committee considered a report on Member Code of Conduct complaints received by the Monitoring Officer during the municipal year 2022/23. That report informed the Committee that 10 complaints had been received during that period. All the complaints received during that period have now been closed, with the exception of 3 complaints which were referred for investigation and for a Hearing Panel to be convened.

2.2 This report provides an update on complaints received under the Members Code of Conduct during the municipal year 2023/24 up to the 3 November 2023.

2.3 The current Members' Code of Conduct was adopted by the Council in 2022. It is a requirement under the Localism Act 2011 that all councils adopt a Code of Conduct and that the Code adopted must be based upon the Nolan

Principles Conduct in Public Life. The Council also has arrangements for dealing with Member Code of Conduct Complaints.

2.3 Below is a table setting out details of code of conduct complaints received, during this current municipal year up to 3 November 2023. The table omits details of the identities of the complainant and the member, as the Council needs to adhere to the requirements of the Data Protection Act. The names of parties involved in code of conduct complaints is kept confidential unless it is appropriate to disclose the names as part of a formal investigation and consideration by a Hearing Panel of the Audit Standards Committee.

2.4 A total of eight complaints have been received during the current municipal year up to 3 November 2023. Two complaints were made by Members of the Public and six Councillors made complaints against other Councillors.

2.2

| Date complaint received | Nature of the complaint and potential breach(es) of the Code of Conduct | Outcome of consultation with IP & Monitoring Officer Assessment | Status |
|--------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------|
| 12.7.23 | Derogatory & racist comments regarding skin colour on Facebook | Apology sent to complainant | Training to be completed |
| 12.7.23 | Derogatory & racist comments regarding skin colour on Facebook | Apology sent to complainant | Training to be completed |
| 17.7.23 | Disrespectful comments in meeting | Decision Notice sent. No breach of the Code | Closed |
| 27.7.23 | Disrespectful comments in meeting | Decision Notice sent. No breach of the Code | Closed |
| 2.10.23 | Decision making in Cabinet | Decision Notice to be drafted | Open |
| 30.10.23 | Aggressive behaviour in Chambers | Ongoing | Open |
| 2.11.23 | Aggressive behaviour in Chambers | Ongoing | Open |
| 3.11.23 | Aggressive behaviour in Chambers | Ongoing | Open |

3. Issues, Options and Analysis of Options

3.1 The report is to note complaints received and actions taken so no options are to be considered.

3.2 The current internal system for logging Member complaints has been implemented following the adoption of the model LGA the code of conduct in 2022.

4. Reasons for Recommendation

4.1 To ensure that the Council's current ethical framework, within the limitations of the Localism Act 2011, is conducive to promoting and maintaining the standards expected by the public and is strengthened.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 Not applicable.

6. Impact on corporate policies, priorities, performance, and community impact

6.1 The Council's Constitution supports the governance of the Council and its decision-making. The Members Code of Conduct encourages good conduct and safeguard the public's trust and confidence in the role of councillors, thereby assisting the Council to meet its corporate policies and priorities, as well as maintaining public confidence.

7. Implications

7.1 Financial

Implications verified by: **Rosie Hurst**
Interim Senior Management Accountant

There are no direct financial implications expected from this proposed policy change.

7.2 Legal

Implications verified by: **Gina Clarke**
Corporate Governance Lawyer & Deputy
Monitoring Officer

The monitoring and review of Member Code of Conduct assists the Council to ensure that the Council's current ethical framework, within the limitations of the Localism Act 2011, is conducive to promoting and maintaining the standards expected by the public and is strengthened.

7.3 Diversity and Equality

**Implications verified by: Roxanne Scanlon Community Engagement and
Project Monitoring Officer Adults, Housing &
Health**

The Localism Act 2011 requires the Council to promote and maintain high standards of conduct by members and co-opted Members. The Members Code of Conduct sets out the standards of behaviour expected of all Councillors. The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

- 7.4 **Other implications** (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder and Impact on Looked After Children

Not applicable.

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

9. **Appendices to the report**

None.

Report Author:

Gina Clarke

Corporate Governance Lawyer & Deputy Monitoring Officer

Law and Governance

**Standards & Audit Committee
Work Programme
2023/24**

Dates of Meetings: 19 July 2023, 6 September 2023, 30 October (Extraordinary), 23 November 2023 and 29 February 2024.
Extraordinary TBC

| Topic | Lead Officer | Description of the Report |
|---------------------------------------------------------------------------------|----------------------|---------------------------|
| 19 July 2023 | | |
| Terms of Reference | Democratic Services | |
| Audit Progress Report for 2020/ 21 External Audit | BDO/ Jonathan Wilson | |
| Internal Audit Strategy 2021/22 to 2023/23 & Annual Internal Audit Plan 2023/24 | Gary Clifford | |
| Chief Internal Auditor's Annual Report – Year ended 31 March 2022 | Gary Clifford | |
| Gifts and Hospitality | Asmat Hussain | |
| Complaints received under the Members' code of conduct | Asmat Hussain | |
| Member Training Report | Asmat Hussain | |
| Work Programme | Democratic Services | Standing Item |

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| | | |
| 6 September 2023 | | |
| External Audit Progress Update Report | BDO | |
| Annual Complaints & Enquiries Report 2021/22 | Lee Henley | |
| Annual Information Governance Report April 2021 - March 2022 | Lee Henley | |
| Regulation of Investigatory Powers Act (RIPA) 2000 – Activity Report 2021 /22 | Lee Henley | |
| Counter Fraud & Investigation Annual Report 2022/23 | Michael Dineen | |
| Dispensations | Asmat Hussain | |
| Publication of Councillors Home addresses on Register of interest | Asmat Hussain | |
| Work Programme | Democratic Services | |
| 30 October (Extraordinary Meeting) | | |
| Internal Audit Progress Update Report 2023-24 | Gary Clifford | |
| Public Sector Internal Audit Standards Self-Assessment 2023 | Gary Clifford | |

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|---------------------------------------------------------------------------------|----------------------------------|---------------|
| Review of Risk and Opportunity Management, Strategy Policy and Framework Report | Andy Owen | |
| Verbal Update - Housing and Waste Complaints | Ewelina Sorbjan Claire Demmel | |
| Work Programme | Democratic Services | |
| 23 November 2023 | | |
| External Audit Progress Update Report | BDO | Standing Item |
| Counter Fraud & Investigation Quarterly Update (Q1) | Michael Dineen | |
| Complaints received under the Members Code of Conduct | Asmat Hussain | |
| Work Programme | Democratic Services | |
| 29 February 2024 | | |
| Audit Progress Report for the Year Ended 31 March 2022 – Verbal Update | BDO / Jonathan Wilson | |
| Internal Audit Progress Report | Gary Clifford | Standing Item |
| In Quarter 2 Refresh of the Strategic/Corporate Risk and Opportunity Register | Andy Owen | |
| Updates on Committees on Standards in Public Life | Asmat Hussain | |

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|-----------------------------------------------------------------------------------------|-----------------------|--|
| Code of Corporate Governance | | |
| Members Attendance Statistics | Matthew Boulter | |
| Mid-Year (2023/24) Complaints and Information Governance Activity Report | Lee Henley | |
| Internal Audit Protocol | Gary Clifford | |
| Internal Audit Charter 2023 | Gary Clifford | |
| Update on Procurement | Jonathan Wilson | |
| Work Programme | | |
| EXTRAORDINARY MEETING ON A DATE TO BE ARRANGED | | |
| Financial Statements and Annual Governance Statement 2020/21 Audit Completion Report | BDO / Jonathan Wilson | |
| A report on Members attendance at Committees | Matthew Boulter | |
| A report on the Counter Fraud Strategy | Michael Dineen | |
| Whistle blowing, Corruption and Bribery policy | Asmat Hussain | |

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|------------------------------------------------------------------------------|-----------|--|
| In Quarter 4 Review of the Strategic/Corporate Risk and Opportunity Register | Andy Owen | |
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Reports for 2023/24:

To be covered by Internal Audit –

Update of Program and Project Management – Mark Bradbury

A13 Widening Project – Mark Bradbury / Kevin Munnelly

Stanford-Le-Hope Transport Projects - Mark Bradbury / Kevin Munnelly

Investment Briefing – Jonathan Wilson

An item on Contract Management/ lessons learnt could be brought back to Committee and the person in charge of contracts can confirm that provisions are now in place.

A briefing note on the new changes to Procurement law in 2024 to be provided.

Update from Member Learning and Development Sub Committee – Sub Committee first

Member Training Attendance – Sub Committee first

First meeting of municipal year 2024/25

Register of Interests Report – Monitoring Officer

Review of the Risk and Opportunity Management

The Strategy Policy and Framework Report

Clerk: Rhiannon Whiteley

Last Updated: October 2023

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