

Minutes of the Meeting of the Standards and Audit Committee held on 9 September 2021 at 7.00 pm

Present: Councillors Cathy Kent (Chair), Graham Snell (Vice-Chair), Adam Carter, Gary Collins, Augustine Ononaji and Kairen Raper

Lisa Laybourn, Co-opted Member

In attendance: Sean Clark, Corporate Director Resources and Place Delivery
Rachel Brittain, BDO LLP
Gary Clifford, Chief Internal Auditor
Lee Henley, Strategic Lead, Information Management
David Kleinberg, Assistant Director for Counter Fraud & Investigations
Jonathon Wilson, Assistant Director, Finance
Jenny Shade, Senior Democratic Services Officer

Before the start of the Meeting, all present were advised that the meeting was being live streamed to the Council's website channel.

9. Minutes

The minutes of the Standard and Audit Committee held on the 8 July 2021 were approved as a correct record.

10. Items of Urgent Business

There were no items of urgent business.

11. Declaration of Interests

There were no interests declared.

12. External Audit - Verbal Update

Rachel Brittain from BDO, the Council's external auditors, provided an update to Members on the challenges currently being experienced in the external audit market and things that need to happen to change these. That only 45% of audit opinions were signed by the extended deadline of the 30 November 2020 which meant that both BDO and the wider public sector audit market still had 55% of the work to do. The government deadline had been extended to the 30 November had meant that work that would normally be undertaken by the end of July when financial statements would normally be signed off had been pushed back to January and March 2021. There were now a percentage of the 2018/19 audits that were still outstanding and there was still a percentage of the 2019/20 audit still outstanding. Therefore we have work that

we should be doing in January to March to complete now and have a deadline for audit opinions to be signed by the 30 September. With all those things put together means we have more than a years' worth of work to be in less than nine months and alongside challenges regarding recruitment and retention in the external audit market. We have found ourselves in a position where we will not be able to sign the Council's audit opinion by the 30 September. It will not just be Thurrock Council that will be in this position but the position across a number of authorities. My aim to sign the opinion by the 30 November 2021 which would give the full audit cycle to fit everything in. This will of course be dependent on a number of factors with all the processes and audit procedures going smoothly. An objection to the financial statements had also been received and I will need to fulfil my responsibilities in that regard. The majority of the work that will need to be completed in response to that objection would be covered by the normal audit procedures. Rachel Brittain concluded by stating the auditors would be very much focusing on delivering for that date and will update officers and the committee of anything that comes up that would mean the unlikelihood of that being achieved.

13. Annual Complaints & Enquiries Report - 2020/2021

Lee Henley presented the report that set out the number of complaints received for the reporting period was 1227 and that in comparison with the same period last year the figure was 1393, therefore the reporting period represented a reduction in complaints received. Members were referred to the details of the top 10 complaint areas, a summary for Adult Social Care complaints and a summary for Children Social Care complaints. That during the reporting period, 33% of complaints had been upheld which had been an improvement compared with the same period last year which had identified 40% of complaints as being upheld, 88% of complaints had been responded to within timeframe, a total of 374 MP enquiries had been received, of which 84% were responded to within the timeframe, a total of 3948 member enquiries had been received, with 95% responded to within timeframe, the average time taken to respond to members enquiries across all directorates was four days, the Council had received 1545 external compliments within the reporting period compared to 989 during last year.

Councillor Collins referred to the Ombudsman Enquiries in the report and asked for information on Maladministration which had been reported as an Ombudsman Finding. Lee Henley stated there would be a section on ombudsman decisions every year as part of the annual compliance report that varied across a whole range of service areas and there would always be cases that go to the ombudsman and key is that the Council learnt from those ombudsman findings and to consider offering alternative remedies as part of the complaints process. Councillor Collins asked what maladministration meant to which Lee Henley confirmed as an injustice, where a kind of incorrect or inefficient action had been undertaken by the Council. Councillor Collins questioned whether this could be caused by a lack of supervision to which Lee Henley stated it could be, it could be a lack of communication from the Council, a wrong decision made on a particular case and reiterated it

could be a range of things and referred Members to Appendix 1 of the report that identified the high level learnings identified from those complaints.

Councillor Raper referred to the training in place for external companies and questioned how the training content was implemented and embedded in practice and how were the outcomes measured to which Lee Henley stated this would be undertaken by the service areas. In context the report had identified a reduction in complaints which was positive, the percentage of complaints upheld had come down so another positive and learning would be taken from those upheld complaints as part of the learning action plans to ensure we do not receive repeated complaints.

Councillor Ononaji questioned that during the reporting period why had the target of 38% of complaints upheld not been met to which Lee Henley stated the target had been met and had exceeded the target. That the lower the figure the better with the target being 38% but 33% of complaints had actually been upheld which was a real positive.

Councillor Ononaji stated the associated costs of Stage 1 complaints was high and questioned whether this was due to maladministration to which Lee Henley stated this figure had been based on all complaints during that reporting period and the costs of processing those complaints.

Councillor Snell stated it was good to see that the number of complaints had reduced but questioned whether specific training that had been identified from those cases of maladministration be undertaken on an individual basis or as a department to which Lee Henley stated this would depend on the nature of the learning but would be a combination of both with the training itself being delivered within the service area.

Councillor Carter questioned whether there was a process to measure how many complaints were repeated complaints and what percentage that would be to which Lee Henley stated that complaints were analysed, logged and tracked. There may be a few complaints about similar themes but not exactly the same complaints and that steps would be taken to prevent any further complaints of that nature. Councillor Carter questioned whether those complaints that had been dealt with had come back to which Lee Henley stated that if a complaint had not been dealt with it would be escalated as part of the compliance process. Councillor Carter requested that more details of those types of complaints be presented in future reports.

Councillor C Kent thanked Lee Henley for the report.

RESOLVED

That the Standard and Audit Committee noted the statistics and performance for the reporting period.

14. Counter Fraud & Investigation Quarterly Update (Q1)

David Kleinberg presented the report that outlined the performance of the Counter Fraud & Investigation team over the last quarter for Thurrock Council as well as the work the team had delivered nationally for other public bodies.

Councillor Collins congratulated officers on the success of the team and referred to the benefits of the installation of the analytics tool at the applications stage of the grant schemes and questioned whether this had now been stopped or was still ongoing. David Kleinberg stated this had now been stopped with a very successful pilot undertaken and would now be extended over other Council services.

Councillor Collins requested further information on the Fraud Control Strategy particularly in regard to local government to which David Kleinberg stated this had been implemented after the Government National UK anti-corruption strategy where all councils were engaged by the home office to look at their intelligence that insider threats could target councils. Making sure that the council had controls and mechanisms in place to identify any threats but reassured Members that Thurrock had a tough system in place to prevent this from happening.

Councillor Snell echoed the successes of the team and questioned how much of the detected fraud would be recovered to which David Kleinberg stated this varied year on year but would require a defendant that had realisable assets and it was extremely difficult if a defendant had spent all the money and had no assets left. With the Council recovering about £6 million in the past 4-5 years. Councillor Snell questioned that for those where it was impossible to recover would face a prison sentence to which David Kleinberg stated this would be referred to the litigation team in legal services that would conduct the prosecution process.

Councillor Ononaji referred to the 57 reports of suspected fraud that had been received and questioned whether these were internal or external frauds to which David Kleinberg stated he did not have those figures to hand but would include those statistics in the next committee report.

Councillor C Kent thanked David Kleinberg for the report and thanked the team for all the work undertaken.

RESOLVED

That Standard and Audit Committee commented on the performance of the Counter Fraud & Investigation Department.

15. Internal Audit Charter 2021

Gary Clifford presented the Internal Audit Charter which was a formal document that defined the Internal Audit Services' purpose, authority and responsibility. The Internal Audit Charter established Internal Audit's position within the Council, including the nature of the Head of Internal Audit's functional reporting relationship with the Standards & Audit Committee,

authorised access to records, personnel and physical properties relevant to the performance of engagements and defined the scope of internal audit activities. The final approval of the Internal Audit Charter lays with the Standards & Audit Committee.

Councillor Collins thanked Gary Clifford for the detailed report and questioned the concerns made at the last committee about staff numbers within the audit team and whether the team were now at full complement to which Gary Clifford stated he was in the process of putting together a business case for new staff as another member of his team was leaving which would make the team smaller. Councillor Collins questioned whether there were difficulties in filling those posts to which Gary Clifford stated the Council currently had restrictions in place on recruitment and that the business case would make a case for those new members of staff and was being worked on urgently.

Councillor C Kent questioned with the team not being at full complement, was the team able to fulfil the programme of audits that had already been planned. Members were referred to the six month rolling plan that Council moved to in March 2021. In terms of audits that needed to be undertaken, these would be fulfilled for that six month rolling plan. However, this may take longer than the six months and then audits would be undertaken on the basis of those deemed to be of the highest priority.

Councillor Ononaji referred to the objectives set out in the report and questioned whether there were any key performance indicators on how those objectives would be measured. Gary Clifford stated that those would be built into the annual report to which Councillor Ononaji requested that these be incorporated into reports in the future.

Councillor Snell referred to the complaints report and the maladministration findings that some of the processes that were not being followed by Council staff and enquired whether if these were part of an audit would they be picked up, and if so, how these would be recorded and what influence the audit team would have in preventing issues going forward. Gary Clifford stated that periodically, work was undertaken around the complaints process and looked at how Lee Henley's team processed complaints. In addition, complaints within service areas may also be looked at and relevant recommendations made. Councillor Snell questioned whether a failure of a member of staff not following a process would be picked up and whether Internal Audit would identify that failure as part of the process at a particular stage. Gary Clifford stated it should be picked up and reported in the internal reports as a failure around the controls.

Councillor C Kent thanked Gary Clifford for the report.

RESOLVED

That the Standards and Audit Committee approved the internal Audit Charter 2021 and the Chair of the Standards & Audit Committee signed the Charter on behalf of the Committee.

16. In Quarter 2 Refresh of the Strategic/Corporate Risk and Opportunity Register

Jonathan Wilson presented the report that provided independent assurance that the authority's risk management arrangements were adequate and effective. The register was presented on an annual basis and provided details of how the key risks and opportunities facing the authority were identified and managed. The report provided the Standards and Audit Committee with the key risks and opportunities identified by the review and the revised Strategic/Corporate Risk and Opportunity Register. That a number of the risks and opportunities or management response arrangements had been impacted by the pandemic situation and the effects on the items were reflected in the report.

Councillor Snell thanked Jonathan Wilson for the report and questioned when referring to the risk rating who decided where the black box would go to which Jonathan Wilson stated that would be undertaken in conjunction with the risk team and the service. An assessment would be undertaken with the risk team making the final judgement on it.

Lisa Laybourn referred to the Dashboard and questioned those boxes with a risk rating as being shown in a different colour further in report, for example the impact of COVID was forecast to be brought down to a 9 in March 2022 but was still shown as a red, and questioned whether the risk remained as a high priority even after it had been brought down. Jonathan Wilson stated that currently it was still showing as red and that the cause rating was determining what the colour it was with an aspiration that this would fall by the end of the year, but currently it remained red.

Lisa Laybourn stated that a number of risks remained with the same rating for a considerable amount of time and questioned how the Council determined what the risk appetite was, what was the acceptable level of risk and whether the actions put in place were adequate for those risks that were not coming down over time. Jonathan Wilson stated the risks were aligned to what he would expect them to be as they reflected some of the very difficult areas the Council had to deal with. Sean Clark stated this was the corporate risk register that highlighted and captured the larger and more complex risks and that each directorate would have a much wider operational risk register sitting behind this with risks that would be more manageable.

Councillor C Kent thanked Jonathan Wilson for the report.

RESOLVED

- 1. That Standards and Audit Committee noted the items and details contained in the Dashboard.**

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

17. A13 Widening Project

Sean Clark stated that the Planning, Transportation and Regeneration Overview and Scrutiny Committee was the committee that were tasked to actually look at the major projects such as that in terms of their deliverability of their outputs and those sorts of aspects in terms of the delivery. Where the Standards and Audit Committee had the responsibility around governance, which was more around actions such as the risk management side of this report and the Stanford Le Hope Transport Project.

Sean Clark presented the report that focused on the latest progress in delivery of the scheme and the impact of any changes in the agreed programme.

Councillor C Kent questioned that working with a new team on this project had changed any of the ways of doing things in a better way in light of the experiences that had been experienced so far on this project. Sean Clark stated very much so with a lot of lessons learnt from this project now going forward on to other projects that were coming forward especially around regeneration and highways infrastructure. That a complete review was undertaken on how the Council undertook project management on these types of projects and recommendations had also been taken from that report.

Councillor C Kent thanked Sean Clark for the report.

RESOLVED

That the Standards and Audit Committee noted and commented on the report content.

18. Stanford Le Hope Transport Project

Sean Clark presented the report that focused on the latest progress in delivery of the scheme and any changes in the agreed programme.

Councillor Snell referred to paragraph 3.4 of the report that the tender documentation would be completed and issued today so assumed this would not be happening and questioned whether enough tenders had been received and if so would that documentation be produced shortly. Sean Clark stated that a number of bidders had come forward and would see how that evolved once it went to full tender.

Councillor C Kent thanked Sean Clark for the report.

RESOLVED

That the Standards and Audit Committee noted and commented on the report content.

19. Investment Briefing

Sean Clark presented the report that set out the actual level of investments and borrowings as at 31 July 2021.

Councillor Collins thanked Sean Clark for all the hard work on this leading up to the pandemic and questioned whether as the investments in the renewable energy sector diminished were there any further plans to invest anywhere to make up the shortfall in the future. Sean Clark stated not at this time, it had been clearly publicised in reports, budget reports and other reports that the Council would not look to carry out any new investments and would not be looking to review any maturing investments. The reasons for that was what had happened over the last couple of years in terms of reporting and secondly the Government had changed its focus on local authority investments over the last 18 months. Sean Clark stated that money that the Council got back from investments would be used to repay debt. Members were referred to paragraph 2.5 of the report that set out the key financial information on the Council's investment performance and position as at 31 July 2021.

Lisa Laybourn asked officers whether they were still comfortable in the level of concentration into one sector, being renewable energy, and whether they were still comfortable with the liquidity of the CCLA. Sean Clark responded by stating he was happy that the Council had deliberately gone towards renewable energy and was very comfortable and very much supportive of that.

Councillor C Kent thanked Sean Clark for the report.

RESOLVED

That the Standards and Audit Committee noted the report.

20. Work Programme

Members agreed the work programme.

The meeting finished at 8.38 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**