

Crawley Borough Council

Minutes of Audit and Governance Committee

13 December 2011 at 6.30pm

Present:

Councillor A J E Quirk (Chair)
Councillor I T Irvine (Vice Chair)
Councillors B K Blake and C C Lloyd.

Also in Attendance:

Helen Thompson, District Auditor, of the Audit Commission.
Lizzie Peers, Senior Audit Manager, of the Audit Commission.

Officers Present:

Ann-Maria Brown	Head of Legal and Democratic Services
Chris Corker	Fraud and Inspections Manager
Gillian Edwards	Audit and Risk Manager
Dave Rawlings	Head of Finance, Revenues & Benefits
Roger Brownings	Democratic Services Officer

Apologies for Absence:

Councillors C R Eade and L A Walker.

22. Minutes

The minutes of the meeting of the Committee held on 21 September 2011 were approved as a correct record and signed by the Chair.

23. Members' Disclosure of Interests

No disclosures of interests were made.

24. Regulation of Investigatory Powers Act 2000 (RIPA) - The Office of the Surveillance Commissioners (OSC) Inspection

The Committee considered report LDS/37 of the Head of Legal and Democratic Services. In setting out the background to this matter, the Head of Service explained that the Regulation of Investigatory Powers Act 2000 (RIPA) legislated for the use

by Local Authorities of covert methods of surveillance and the use of a Covert Human Intelligence Source (CHIS) and information gathering to assist in the detection and prevention of crime in relation to an authority's core functions. She emphasised that officers were always encouraged to use overt surveillance wherever possible, and to use RIPA only as a last resort. The Council's use of these powers was subject to regular inspection and audit by the Office of the Surveillance Commissioners (OSC). This was in respect of covert surveillance authorisations (under RIPA) and the Interception of Communication Commissioner (OICCO) with regard to communications data. During these inspections, authorisations and procedures were closely examined and Authorising Officers were interviewed by the Inspectors.

The Council had a Corporate Policy and Procedural Guidance document for the Regulation of the Investigatory Powers Act 2000 (RIPA), which was regularly updated to take account of changes in legislation, guidance and statutory Codes of Practice. A copy of that Corporate Policy and Procedural Document, as updated, was before the Committee as Appendix A to report LDS/37. Whilst this was the case, the Committee was advised that the OSC had, on 12 December, released further procedural guidance, and that the Corporate Policy and Procedural Document would again be updated to include a link to that additional information. In response to Members questions it was confirmed that ongoing training was provided to those who used and authorised RIPA surveillance, whilst statistics showed that the use of RIPA by the Council had been very infrequent.

The Council was last inspected on 27 July 2011. A report on the outcome of the inspection was received by the Council on 8 September from the Chief Surveillance Commissioner. A copy of the report was before the Committee as Appendix B to report LDS/37, and the Committee noted that feedback from the OSC Inspector was positive on the understanding and application of RIPA principles across the Council. The Inspector had made only one recommendation that the CCTV Code of Practice produced by the Council should contain reference to the potential covert use of the system and how this should be managed in compliance with RIPA. The Committee acknowledged that this had been addressed and the OSC notified.

With regard the proposed introduction of a new Single Fraud Investigation Service (SFIS), and in answer to Members' enquiries, it was indicated that RIPA surveillance would also apply (through a lead authority) to SFIS arrangements.

RESOLVED

- (1) That the content of the OSC Inspection Report of July 2011 be noted.
- (2) That the Council's response to the recommendation in the Report be noted.
- (3) That the statistical information relating to the use of RIPA in the preceding three years be noted.
- (4) That subject to the inclusion of a link to further procedural guidance - as released by the OSC on 12 December 2011, the Council's updated Corporate Policy and Procedure Guidance Document be approved.

25. Fraud and Inspections Team Report

The Committee considered report FIN/253 of the Fraud and Inspections Manager, which focused on activity for the period from 1 October to 25 November 2011.

The Committee was aware of the improving performance throughout 2010/11 and all the indications were that the Service would continue to improve further throughout 2011/12. The Committee recognised that joint working arrangements with the Department for Work & Pensions (DWP) had continued to progress well, including successful joint prosecutions, and by using DWP as our prosecuting agent, the Council had significantly reduced the costs in bringing the cases concerned to court. During the quarter the Team had also investigated selected benefits cases for suspected housing offences. These were cases where allegations had been received that the tenant had vacated or was subletting the Council property. This work was being undertaken in liaison with Crawley Homes, with all six main investigations leading to the keys being returned or the property being secured by Crawley Homes. The pilot was ongoing until January 2012 when further analysis would take place. Whilst as a measure of this success it was stated that the commercial value of the six properties would be over £1 million, it was suggested that a more relevant measure would be the availability of additional housing within the Borough, and a reduction in the Council's Bed and Breakfast costs.

Members were reminded that DWP had published the summary report on the Single Fraud Investigation Service (SFIS) consultation options. The purpose of this consultation was to examine four options in bringing local authority benefit investigation work into DWP ready for the introduction of the universal credit. It was acknowledged that from the options available, local authorities had conveyed a preference for option 1. This option was for staff to remain employed by the local authority, but operating under SFIS powers, policies and procedures for the interim period. In terms of the future steps to be taken, and at the request of the Chair, the Committee would be updated on associated progress at its future meetings.

RESOLVED

That the report be noted.

26. Annual Audit Letter

The Committee considered the Audit Commission's Annual Audit Letter and welcomed to the meeting Helen Thompson (District Auditor) and Lizzie Peers (Senior Audit Manager) to the meeting.

Helen Thompson presented the Letter which provided a summary of the Audit Commission's assessment of the Council for 2010/2011 and highlighted the key messages.

The Letter reiterated that in 2010/11, local government had to produce for the first time financial statements under International Financial Reporting Standards (IFRS). Re-stating the accounts to comply with the requirements of IFRS had been a complex task and the Letter indicated that the Council had produced good quality financial statements that met the IFRS requirements. Helen confirmed that an unqualified audit opinion had been given. Helen felt that great credit should be given to the Council's Finance Team, and in recognising its achievements, the Committee conveyed its congratulations to the Team on its significant work and performance. The Letter also confirmed an unqualified value for money conclusion on the basis that the Council had satisfactory arrangements in place to secure economy, efficiency and effectiveness in its use of resources. No significant weaknesses in the Council's internal control arrangements had been identified.

In terms of the Council's ongoing work to achieve further efficiencies, and in response to Members comments, Helen acknowledged that whilst service provision kept under direct control could realise required income streams and efficiencies, she emphasised that in each case of service development, all models of service provision, including outsourcing, should be explored.

Following the Government's announcement that the Audit Commission was to be disbanded, Helen updated the Committee on progress regarding the future arrangements for the audit of local authorities. She confirmed that for the current year, 2011/2012, the Council would continue to be audited by the Commission, although Helen announced that following a reallocation of workloads, she would no longer be the appointed auditor to this particular Council. That role would now be undertaken by Lizzie Peers of the Commission, and Helen took this opportunity to thank the Committee and all officers concerned for their continued support during her work with the Council. In response, the Chair - on behalf of the Committee and officers, thanked Helen for all her time and work with the Council, and wished her the very best for the future.

RESOLVED

That the Annual Audit Letter be noted.

27. Internal Audit Progress Report as at 24 November 2011

The Committee considered report FIN/254 of the Audit and Risk Manager. The purpose of the report was to update the Committee on the progress made towards the completion of the 2010 / 2011 and 2011 / 2012 Internal Audit Plans, and to report on the progress made in implementing the previous recommendations of the Committee.

The Audit and Risk Manager informed the Committee that since the last update six pieces of work had been completed this quarter from the respective Audit Plans (one from the 2010 / 2011 Audit Plan, and five from the 2011/2012 Plan), along with one other piece of work. The audit opinions ranged from limited assurance to substantial assurance, with high priority findings to report in relation to Payroll. Further details of the high priority findings and the changes implemented, or being implemented, were set out in paragraph 3.3 of the report. The Committee noted the reviews in progress from both Audit Plans, along with other / unplanned work - details of which were set out in paragraph 3.2 of the report. Work on the Tilgate Park Tender and Maidenbower Pavilion would be reported upon at the Committee's March meeting. At the request of Members, issues in relation to data protection arrangements would be looked at for possible inclusion in the next Audit Plan, and for further consideration at that March meeting.

The Committee noted that as at 30 November 2011 - being eight months into the current annual Audit Plan, the work agreed by this Committee at its meeting on 16 March 2011 was on target to be completed.

RESOLVED

That the Internal Audit Progress Report, and the progress made for the period up to 24 November 2011, be received.

28. Revisions to the Anti-Fraud and Corruption (Including Bribery) and Whistle Blowing Policies

The Committee considered report FIN/255 of the Audit and Risk Manager. In order to ensure that they remained current, both policies had been reviewed and updated to take into account changes in personnel, changes in legislation and other relevant details. The policies had been approved by the Head of Legal and Democratic Services, CMT and the Union, and copies of the Policies were contained in Appendices A and B to the report. Subject to this Committee's approval, the Policies would become effective from 1 January 2012.

As part of its consideration of the report, and in particular with regard to paragraph 3.3.1 of the Anti-Fraud and Corruption (Including Bribery) Policy, a query was raised by a Member as to whether or not it was necessary for elected Members to declare as a registerable interest that they were Freemasons. In response, the Audit and Risk Manager indicated that she would seek further clarification on this matter and contact Members shortly with the outcome. Furthermore, it was considered that the text within that paragraph should be amended to reflect the current regime in respect to the general registering of Members' interests, and that once the Localism Act had come into force (likely to be 1st April 2012), the paragraph (as part of the overall Policy) would then be updated and brought back to the Committee's next meeting for approval.

RESOLVED

That subject to the issues raised above in relation to the Anti-Fraud and Corruption (including Bribery) Policy, both that Policy and the Whistle Blowing Policy, be approved.

29. Closure of Meeting

The meeting ended at 8.02 pm.

A J E QUIRK
Chair