

Crawley Borough Council

Minutes of Audit and Governance Committee

14 March 2012 at 6.30pm

Present:

Councillor A J E Quirk (Chair)
Councillor I T Irvine (Vice Chair)
Councillors B K Blake, C R Eade, C C Lloyd and L A Walker

Also in Attendance:

Emma Bryant, Audit Manager, of the Audit Commission.

Officers Present:

Chris Corker	Fraud and Inspections Manager
David Covill	Director of Resources
Gillian Edwards	Audit and Risk Manager
Dave Rawlings	Head of Finance, Revenues & Benefits
Phil Rogers	Director of Community Services (In attendance for the item on the Maidenbower Pavilion).
Roger Brownings	Democratic Services Officer

Apologies for Absence:

Lizzie Peers, Senior Audit Manager, of the Audit Commission.

30. Minutes

The minutes of the meeting of the Committee held on 13 December 2011 were approved as a correct record and signed by the Chair.

31. Members' Disclosure of Interests

No disclosures of interests were made.

32. Fraud and Inspections Team Report

The Committee considered report FIN/263 of the Fraud and Inspections Manager, which focused on activity for the period from 1 January to 23 February 2012.

The Committee was aware that there had been an improvement in performance throughout 2010/11 and acknowledged that the service continued to improve further throughout 2011/12, most notably in the area of prosecutions and other sanctions. Joint working arrangements with the Department for Work & Pensions (DWP) had continued to progress well, including successful joint prosecutions. The Fraud & Inspections Manager had also been looking at the possible impact of housing fraud against the Council, and a pilot into this activity had been completed with seven properties being recovered back into Crawley Homes. This work had been undertaken in liaison with Crawley Homes, and had led to agreed joint working arrangements for future cases. A separate report on this matter had been prepared for the Committee's later consideration at this meeting. In response to comments from Members as to the potential for bringing prosecutions against those committing housing fraud, officers indicated that the Government was currently undertaking a consultation exercise which included the issue of whether there should be specific and new criminal offences relating to sub letting and non occupation of public housing.

RESOLVED

That the report be noted.

33. Certification of Claims and Returns – Annual Report

The Committee considered the Audit Commission's Annual Report on Certification of Claims and Returns for 2010/2011, and welcomed Emma Bryant (Audit Manager) to the meeting. The Annual Report was attached as Enclosure C to the agenda.

Emma presented the Report, which provided a summary of the work undertaken, the results of the certification work and the fees arising. As part of that presentation, and with a qualification letter issued, Emma referred to the need to amend one of the six claims and returns that the Council had presented for certification, and identified a recommendation that had been made to reduce associated errors in the future. Emma confirmed that in general terms the Council had performed well in its claims and returns work. The Committee acknowledged that overall, grant claim fees had decreased by 30% for that year.

RESOLVED

That the Annual Report on Certification of Claims and Returns for 2010/2011 be noted.

34. 2011 / 2012 Audit Plan

The Committee considered the 2011/2012 Audit Plan prepared by the Audit Commission, which was attached as Enclosure D to the agenda.

The Audit Plan detailed the work that the Audit Commission proposed to undertake to satisfy its responsibilities, and the approach to identifying risks that were relevant to the audit of the Council's accounting statements and the Council's arrangements to secure value for money. The Council was required to prepare its accounting statements by 30 June 2012, whilst the Commission aimed to complete its work and issue an opinion and value for money conclusion by 30 September 2012. Emma Bryant advised Members that should issues arise during that period that she felt needed to be reported to the Committee prior to 30 September, then she would ensure, following discussions with Officers, that this was undertaken. The key stages

in the process of producing and auditing the financial statements were set out in Table 6 of the Audit Plan. Details on fees payable were set out in Table 8.

In response to comments from Members, Emma acknowledged that the Council's approach to risk management was being revised, and confirmed that the Commission would be reviewing the Council's arrangements in this area to ensure that suitable policies and processes were in place for identifying and managing risks throughout the organisation. The Commission's findings would be reported in its annual governance report and annual audit letter. The Council's approach to risk management was the subject of an agenda item to be considered later at this meeting.

Following the Government's announcement that the Audit Commission was to be disbanded, Emma further updated the Committee on progress regarding the future arrangements for the audit of local authorities. As part of that update, Emma confirmed that for the current year, 2011/2012, the Council would continue to be audited by the Commission, with Lizzie Peers of the Commission being the interim appointed auditor to this Council.

RESOLVED

That the Audit Plan for 2011/2012 be noted.

35. Risk Management

The Council was in the process of changing its approach to risk management. The intention was to bring a revised risk management strategy to the Committee at its meeting on 27 June. In terms of producing that strategy, the Committee considered options for how best to do that, with the aim of ensuring that Members were given every opportunity to make their views known and to provide an important input.

As part of its discussions on this matter, and in response to Members comments that they should always be made fully aware of all relevant risks as part of the decision making process, it was indicated that every endeavour continued to be made to ensure that this was case. The process of identifying risks, and ensuring that Members were satisfied that their attention was being drawn to all known risks, was an issue that would be considered as part of the review of the Council's risk management approach.

In terms of the best way forward in reviewing this approach, it was felt that this would be better undertaken through a Member workshop. On this basis, it was considered that arrangements should be made to hold the workshop on a suitable date in late May / early June, with details of those arrangements being circulated to Members as soon as was practicable. Arrangements would also be made to prepare and circulate a briefing paper to Members on options / issues to be considered at that workshop.

RESOLVED

That a Member workshop be arranged to take place in late May / early June to consider the process of changing the Council's approach to risk management.

36. Housing Tenancy Fraud

The Committee considered report FIN/262 of the Head of Finance, Revenues and Benefits. The Committee was advised that working in co-operation, Crawley Homes

and the Council's Fraud Team had identified a number of cases of tenancy fraud. As a result of the associated investigations, Crawley Homes had recovered seven properties. The work had operated on a trial basis, which had now been completed. A protocol had been drawn up to ensure ongoing effective investigation of housing tenancy fraud through joint working, involving Internal Audit staff. Members were advised that the intention was to implement the agreed approach within existing resources. The Committee acknowledged that there were currently 19 cases where there were concerns and which would be investigated further, with the potential to take similar action in relation to social housing managed by registered social landlords such as housing associations. If this was to be pursued, the Council would require some form of payback for the additional work undertaken over and above a housing benefit investigation. This could be the nomination rights for any property recovered, and this matter was to be the subject of further consideration.

RESOLVED

That the success of the action taken to identify tenancy fraud and the recovery of properties be noted.

37. Internal Audit Annual Plan 2012 / 2013

The Committee considered report FIN/265 of the Head of Finance, Revenues & Benefits on the Internal Audit Plan 2012-2013. The Plan, which was attached as Appendix A to the report, was drawn from Year 2 of the Strategic Internal Audit Plan for 2011-2013, and included for each audit area an outline scope. It was confirmed that the Plan was based on the risk assessment performed as part of the Strategic Planning process and updated following further discussions and consideration of new issues and initiatives facing the Council. With this in mind, and as detailed in the report, the Plan provided for 1000 working days (compared to the 1102 days for the previous year), and Members noted that the detailed scope and objectives for each audit would be agreed with the Council's Managers prior to the commencement of each individual review. Members sought and received clarification on a number of issues raised.

RESOLVED

That the 2012/2013 Internal Audit Annual Plan be approved.

38. Internal Audit Progress Report as at 29 February 2012

The Committee considered report FIN/264 of the Audit and Risk Manager. The purpose of the report was primarily to update the Committee on the progress made towards the completion of the 2011 / 2012 Internal Audit Plan, 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 a number of reviews had been completed and these were as listed in paragraph 3.1 of the report. Where an audit opinion was applicable these had received an opinion of full assurance, with high priority findings to report in relation to benefit overpayments and payroll. Further details of the high priority findings and the changes implemented, or being implemented, were set out in paragraph 3.2 of the report. With regard to those findings, and in discussing a number of issues arising, the Committee acknowledged that it would be advised at its meeting in June of the progress arising

from the new controls implemented. The Committee noted all the Audit Plan reviews in progress, along with other / unplanned work.

The Committee also noted that as at 29 February 2012 - being eleven 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 29 February 2012, be received.

39. Exclusion of the Public

RESOLVED

That in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act by virtue of the paragraphs specified against the items.

**40. Internal Audit Progress Report as at 29 February 2012
Rent Deposit Scheme - Investigation
(Exempt – paragraph 7 – Information relating to an investigation).**

The Committee discussed in detail report FIN/266 of the Audit and Risk Manager.

RESOLVED

That the contents of the report be received and noted.

**41. Maidenbower Pavilion
(Exempt – paragraph 3 – Financial or Business Affairs).**

The Committee considered report FIN/260 of the Head of Finance, Revenues and Benefits. The recent development of the Maidenbower Pavilion had resulted in a large overspend against budget. In view of this and the associated concerns raised, the purpose of the report was to ensure that the Committee was made fully aware of the factors that had led to the overspend (as currently estimated), the lessons that had been learnt, and the actions that had since been put in place, and continued to be put in place, to ensure that similar overspendings did not occur again in the future without much earlier reporting and control of the issues.

The Committee discussed this matter in detail, and whilst noting an independent conclusion that reasonable value for money had been provided by the finished works, Members sought and received assurances and clarification on a number of points arising. In response to a Member's question on the refurbishment / upgrade of the Pavilion's kitchen, and in particular additional equipment which had not been budgeted for, it was agreed that Officers would confirm whether or not the purchase of this equipment had complied with the requirements of the Procurement Code. The findings in relation to this matter would be reported back to Members in the near future, whilst under the circumstances, and in response to Members' comments, the

reporting of the actual overspend (once contractual costs had been finalised) would be publicised as soon as was practicable.

RESOLVED

That the position regarding the overspending on development of Maidenbower Pavilion be noted.

42. Closure of Meeting

The meeting ended at 8.45 pm.

A J E QUIRK
Chair