

Crawley Borough Council

Minutes of Audit and Governance Committee

13 March 2013 at 6.30pm

Present:

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

Also in Attendance:

Mr P Nicolson – Appointed Independent Person.
Alan Witty, Audit Manager, of Ernst and Young.

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 and Benefits
Roger Brownings	Democratic Services Officer

23. Members' Disclosures of Interests

There were no disclosures of interest.

24. Minutes

The minutes of the meeting of the Committee held on 11 December 2012 were approved as a correct record and signed by the Chair.

25. Fraud and Inspections Team Report

The Committee considered report [FIN/296](#) of the Fraud and Inspections Manager, which focused on activity for the period from 24 November 2012 to 14 February 2013.

- The Committee acknowledged that service performance continued to improve, including the application of various sanctions.
- The report set out further details of the Service's work.

- In addition to clarifying a number of issues raised by Members, the Committee was advised that with regard to paragraph 5.2 of the report – regarding the outcome of closed cases, the YTD (Year to Date) column of case numbers was incorrect. These YTD numbers could be corrected by adding the case numbers shown for “This period”.

The Committee conveyed its thanks and appreciation to the Team for the excellent progress it was achieving.

RESOLVED

That the report be noted.

26. Governance matter arising at the Committee’s 11 December 2012 meeting

At its meeting on 11 December 2012, the Committee considered an Internal Progress Report by the Audit and Risk Manager (FIN/290). As part of that report, there had been a discussion on the Worth Park Restoration Project Audit 2012/13, along with detailed consideration of the role of project boards for major capital projects generally. A Member of the Committee sought information of the process for deciding the composition of those boards.

The Committee now considered Item 5 of the agenda for this meeting, which set out the information requested. In discussing the issues raised, the Member concerned referred to the Council’s continuing spend of funds on capital projects, and in this respect reiterated his view that arrangements for deciding the composition of project boards should be a more formal process, with that process incorporated within the Council’s constitution to further ensure openness and transparency.

In response to this matter, the Committee was reminded that project boards along with steering groups and working parties, were consultative and advisory bodies only and had no Executive Decision making functions. Projects were managed at different levels across the organisation, and Members were selected and involved in project boards, steering groups and informal working parties on a case by case basis, with the intention of being inclusive and not detracting from formal decision making structures. Whilst it was considered that there was nothing to cast doubt on the transparency of the composition process in place, and with the Committee generally supporting the information provided, it was felt that project board arrangements could be further enhanced, by clearly determining at the outset of a project as to whether it was a ward specific project (for which all Ward Members would be invited to form part of the related board’s membership) or town-wide project (for which all Members with an obvious interest would be invited to form part of that project board’s membership). The Committee thanked the Head of Legal and Democratic Services / Monitoring Officer for the information provided.

RESOLVED

That the issues raised in item 5 of the agenda, and as above, be noted.

27. Audit Progress Report

The Committee considered a progress report from Ernst and Young, and welcomed Alan Witty (of Ernst and Young) to the meeting. The Progress Report was attached as [Enclosure C](#) to the agenda.

Members acknowledged that the purpose of the Progress Report was to provide the Committee with an overview of the work completed to date as part of the 2012 / 2013 Audit, and to ensure that the Audit was aligned with the Committee's service expectations.

RESOLVED

That the Audit Progress Report be noted.

28. Annual Certification Report (2011/12)

The Committee considered the Annual Certification Report for 2011 / 2012 from Ernst and Young. The Certification Report was attached as [Enclosure D](#) to the agenda. The Committee was advised that:-

- The report was slightly unusual this year in that whilst Ernst and Young had been appointed as auditor for the year ended 31 March 2013, it had been requested to compile the Certification Report for 2011 / 2012.
- A significant amount of that 2011 / 2012 work had been carried out by the previous Audit Commission Engagement Team, with Ernst and Young completing the work on re-certifying the CFBO6 claim (Pooling of Housing Capital Receipts). The report refers specifically to this position.

With the report setting out the full background to this matter, including a summary of the work undertaken, the results of the certification work and the fees arising, the Committee was pleased to acknowledge that of the claims certified, no claims were qualified.

RESOLVED

That the Annual Certification Report (2011/12) be noted.

29. Audit Plan 2012 / 2013

The Committee considered the 2012 / 2013 Audit Plan prepared by Ernst and Young, which was attached as [Enclosure E](#) to the agenda.

The Audit Plan detailed the work that Ernst and Young 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.

RESOLVED

That the Audit Plan for 2012 / 2013 be noted.

30. Annual Audit Fee 2012 / 2013

The Committee considered the letter from Ernst and Young on the Annual Audit Fee for 2012 / 2013. The letter was attached as [Enclosure F](#) to the agenda. In response to Members comments, the Committee was advised of the reasons for the reduction in fees compared with the previous year, including the savings generated as a result of the recent tender exercise for auditing services under the new five year contract

which had commenced with effect from September 2012. It was felt that the Council's new partnership with Ernst and Young in progressing issues as part of the audit process was proving at this stage to be very positive.

RESOLVED

That the Annual Audit Fee for 2012 / 2013 be noted.

31. Internal Audit Annual Plan 2013 / 2014

The Committee considered report [FIN/299](#) of the Head of Finance, Revenues & Benefits on the Internal Audit Plan for 2013 / 2014. The Plan, which was attached as Appendix A to the report, was drawn from Year 3 of the Strategic Internal Audit Plan for 2011-2013, and included for each audit area an outline scope.

Whilst it had been normal practice in previous years to draw up a plan to cover the whole of the financial year, the Council's recent undertaking of the Purpose and Measures exercise, and the appointment of the new external auditor (Ernst and Young) had resulted in the Head of Finance, Revenues and Benefits agreeing to a rolling three month plan to be put together for presentation and consideration at each of the Committee's meeting during the period concerned. Members sought and received clarification on a number of issues raised, including that in terms of the Purpose and Measures exercise and the Systems Thinking reviews. The Committee conveyed its thanks and appreciation to the Audit and Risk Team for all its work undertaken.

RESOLVED

That the 2013 / 2014 Internal Audit Annual Plan be approved.

32. Internal Audit Progress Report as at 28 February 2013

The Committee considered report [FIN/297](#) 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 2012 / 2013 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 identified in Section 3 of the report.
- Where an audit opinion was applicable these had received an opinion of full assurance, with no high priority findings to report in this quarter. Further details of work being implemented were set out in paragraphs 3.2 of the report.

Whilst receiving clarification on a number of issues raised, the Committee noted all the Audit Plan reviews in progress, along with other work.

RESOLVED

That the Internal Audit Progress Report be received and the progress made for the period up to 28 February 2013 be noted.

**33. Play Service Theft – CI1213.08
(Exempt Paragraph 2 – Information which is likely to reveal the identity of an individual).**

The Committee discussed in detail report FIN/298 of the Audit and Risk Manager. Although certain safeguards in terms of enhancing one area of monetary security were yet to be finalised, progress on that work would be reported back to Members as part of an overall further assessment in relation to the Play Service audit - or earlier if work was delayed beyond the forthcoming Easter period. The Committee acknowledged that evidence to date was that recommendations were being implemented.

RESOLVED

That the report be received and the progress to date be noted.

34. Closure of Meeting

The meeting ended at 7.55 pm.

A J E QUIRK
Chair