

# Crawley Borough Council

## Minutes of Audit and Governance Committee

25 June 2013 at 6.30pm

### Present:

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

### Also in Attendance:

Alan Witty, Audit Manager, of Ernst and Young LLP.  
Paul King, Engagement Lead, of Ernst and Young LLP.

### 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

### 1. Members' Disclosures of Interests

There were no disclosures of interest.

### 2. Minutes

The minutes of the meeting of the Committee held on [13 March 2013](#) were approved as a correct record and signed by the Chair.

### 3. Fraud and Inspections Team Report

The Committee considered report [FIN/303](#) of the Fraud and Inspections Manager, which as an annual report focused on activity for the period from 1 April 2012 to 31 March 2013.

- The Committee acknowledged that service performance continued to improve, including the application of various sanctions, of which there had been nine successful prosecutions.

- Including Department of Works and Pensions (DWP) benefits overpayments, in excess of £450,000 had been identified.
- Through joint working with Crawley Homes, a further ten properties had been recovered following investigations of tenancy fraud, with over forty recovered in total.
- The Council had been awarded a Government grant of £190,000 to expand the work looking at housing tenancy fraud over the next two years.

As part of the response to various questions and comments by Members, the Committee was advised that the grant funding would be used to cover additional costs in significantly enhancing the Council's tenancy fraud investigations. In this respect the Committee received details regarding the Council's intended establishment of a West Sussex Housing Fraud Forum, to include local social housing providers, to examine and advise on the best way to deal with housing fraud and to recover properties across the sector. The team would also undertake work in additional areas of potential fraud, which had not traditionally been looked at, and particularly those most beneficial to the Council in terms of finance. It was confirmed that as and when work was carried out in these additional areas, the results of this and the tenancy fraud work, would be reported to the Committee.

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

## **RESOLVED**

That the report be noted.

#### **4. Role of Audit and Governance**

The Committee was reminded that during its consideration of an Internal Audit Progress Report at its meeting on 26 September 2012, Members debated the role of the Committee in terms of governance and asked that the Head of Legal and Democratic Services and the Audit and Risk Manager provide clarification of the Committee's responsibilities with regard to governance issues. The Committee now had before it a Briefing Paper (attached as [Enclosure C](#) to the agenda), the purpose of which was to detail that clarification, and which included such issues as the Committee's Audit and Governance Terms of Reference, a full explanation of what was meant by governance and the current discharge of governance responsibilities across the Council.

In discussing in detail all the issues raised, Members expressed a number of views in terms of the Council's overall governance arrangements. The general view was that further consideration should be given to revising those arrangements, with perhaps the adoption of a more streamlined approach. The objective was to ensure that there was greater focus on governance responsibilities – avoiding, for example, the overlap of the governance function between this Committee, the General Purposes Committee and Scrutiny, whilst ensuring that governance also became more effective in taking the Council forward. The Committee acknowledged that there was a huge diversity of both audit and governance practices and structures when comparing this Council's arrangements with those of other authorities, and that it was for each authority individually to determine what worked best for them. The Committee was aware that a Systems Thinking intervention was currently being undertaken with regard to the work of Democratic Services, and that it had been proposed that the rationalisation and redesign of committees around a clearly defined purpose would form the subject of review as part of that intervention.

**RESOLVED**

- (1) That the issues raised in the Briefing Paper be noted.
- (2) That all Members of the Committee provide by email their ideas and suggestions regarding the Council's future governance regime, with the intention that these be incorporated in a Paper to be submitted by the Chair for consideration by the System Thinking Team as part of the Team's proposed work on the rationalisation and redesign of committees.

**5. Audit Progress Report**

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

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. The Committee was pleased to hear that the Council's new partnership with Ernst and Young in progressing issues as part of the audit process was continuing to be very positive.

**RESOLVED**

That the Audit Progress Report be noted.

**6. Crawley Borough Council – Audit and Certification Fees 2013 / 2014**

The Committee considered a letter from Ernst and Young LLP on the Audit and Certification Fees for 2013 /2014. The letter was attached as [Enclosure E](#) to the agenda. In response to Members comments, the Committee was advised of the reasons for the reduction in fees compared with the last Actual Fees set (for 2011 / 2012), 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.

**RESOLVED**

That the Audit and Certification Fees for 2013 /2014 be noted.

**7. Audit Committee Briefing**

The Committee considered an Audit Committee Briefing Paper from Ernst and Young which had been provided for all Local Government Audit Committees. The Briefing brought together not only technical issues relevant to the local government sector but wider matters which could be of potential interest to this Council. The Briefing was attached as [Enclosure F](#) to the agenda, and Members acknowledged that it gave a useful summary as to what was happening within the sector generally.

**RESOLVED**

That the Audit Committee Briefing be noted.

**8. Internal Audit Progress Report as at 31 May 2013 incorporating the Audit and Risk Manager's Annual Report for 2012/2013**

The Committee considered report [FIN/302](#) 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 2012 / 2013 and 2013 / 2014 Internal Audit Plans, and to report on the progress made in implementing the previous recommendations of the Committee. The report also included the Audit and Risk Section's Annual report for 2012 / 2013 as Appendix B.

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 ranged from full assurance to limited assurance, with high priority findings to report in relation to the Play Service. Further details of those high priority findings were set out in the report. With regard to those findings, and in discussing a number of issues arising, including those around mower equipment at Metcalf Way, the Committee acknowledged that it would be advised at its meeting in September of progress arising from new controls implemented and associated developments. Whilst receiving clarification on the operational arrangements regarding the Council's receipt of Freedom of Information (FOI) Requests, the Committee noted all the Audit Plan reviews in progress, along with other work.

With regard to the Internal Audit Plan 2013 / 2014, a commitment had been given at the Committee's last meeting that the audit programme for quarter 2 (1 July to 30 September 2013) would be brought forward to this meeting. However, it was acknowledged by the Committee that before the programme could be drawn up it was necessary for the reasons set out in the report (including a higher than expected demand on the Service), to re-prioritise the audits that were originally scheduled for quarter 1. A revised Audit Plan would be submitted to the Committee's next meeting in September.

Members acknowledged that the Audit and Risk Section's Annual Report for the period 2012 / 2013 had been produced in accordance with the requirements of the Code of Practice. The Audit and Risk Manager considered that in her opinion, for the period in question, the Council had had an adequate, effective and reliable framework of internal control, which had provided reasonable assurance regarding the effective and efficient achievement of the Council's objectives. The Annual Report (which was attached as Appendix B to the report) was discussed and noted. The Committee acknowledged a clerical correction with regard to paragraph 2.3 of the Annual Report, whereby the date of "31<sup>st</sup> March 2013" should read "31<sup>st</sup> March 2014".

**RESOLVED**

That the Internal Audit Progress report, and the progress made for the period up to 31 May 2013 be noted, together with the Audit and Risk Section's Annual Report for the period 2012/2013.

**9. Closure of Meeting**

The meeting ended at 8.10 pm.

A J E QUIRK  
Chair