

Crawley Borough Council

Minutes of Audit and Governance Committee 30 September 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.
Martin Young of Ernst and Young LLP.

Officers Present:

Gillian Edwards	Audit and Risk Manager
Dave Rawlings	Head of Finance, Revenues and Benefits
Paul Windust	Corporate Accounting Manager
Roger Brownings	Democratic Services Officer

10. Apologies for Absence

Ann-Maria Brown – Head of Legal and Democratic Services.
Chris Corker – Fraud and Inspections Manager.

11. Members' Disclosures of Interests

There were no disclosures of interest.

12. Minutes

The minutes of the meeting of the Committee held on [25 June 2013](#) were approved as a correct record and signed by the Chair.

13. Variation to the Order of Business

In view of the need for Gillian Edwards (the Audit and Risk Manager) to leave the meeting early, the Chair announced a change in the order of business, so that the next item to be considered by the Committee would be the report on the Local Code of Corporate Governance (Item 5 of the Agenda, which Gillian would be presenting in the absence of the Head of Legal and Democratic Services) and then Gillian's report on Internal Audit Progress as at 31 August 2013 (Item 6 of the Agenda).

14. Local Code of Corporate Governance

The Committee considered report [LDS/069](#) of the Head of Legal and Democratic Services. The aim of the report was to seek to recommend to the Full Council the replacement of the existing Corporate Governance Statement with a new Code of Corporate Governance for inclusion in the Constitution. The proposed Local Code was attached as Appendix A the report. As part of its consideration of this matter, Members expressed doubt as to what purpose the Code actually achieved. Members perceived the Code as merely a statement of intent, against which there were no obvious measures identified to judge whether the requirements of the Code were being met - and thus whether there was a need for challenge, whilst there appeared to be no indication as to how any breaches would be addressed. One Member reiterated his view that there should be further transparency of governance processes (including those in respect of working groups, project groups and forums), and suggested that the development of transparency in such areas of operation should thus be reflected in the Local Code.

In response to the issues raised, it was felt that the Council's Constitution could contain a stronger link to the Code, with perhaps matters addressed as to how the Code should operate, whilst the Committee was reminded that the Council's current governance practices and structures were continuing to be the focus of a wide range of work being undertaken, and which was to be reported to Members in due course. In view of the comments received from Members at this meeting, including a request that the existing Corporate Governance Statement be presented to Members for comparison purposes, it was felt that the proposed Local Code should be deferred for further consideration at the Committee's next meeting.

RESOLVED

- (1) That further consideration of a new Local Code of Corporate Governance be deferred until the Committee's next meeting.
- (2) That in the meantime, should Members have any further observations to make on this matter, then these be emailed within the next two weeks to the Chair, who will consider and discuss any issues raised with the Head of Legal and Democratic Services in preparation for reporting to that next meeting.

15. Internal Audit Progress Report as at 31 August 2013

The Committee considered report [FIN/312](#) 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 2013 / 2014 Internal Audit Plan, and to report on the progress made in implementing the previous recommendations of the Committee. The report also included the Annual Internal Audit Plan for the period 1 July 2013 to 31 March 2014, as revised, to take account of the engagement of audit staff

resources on the work forming part of the Council's Systems Thinking Intervention. A copy of that Plan was attached as Appendix B to the report. The Audit and Risk Manager informed the Committee that since the last update:

- And following the publication of the report, the Review of Commercial Properties, including Rents, had been completed, with an audit opinion received of full assurance. Other work had been completed where an audit opinion was not applicable, and this, and details of work being implemented, were set out in Section 3 of the report.
- There were no high priority findings to report in this quarter.

In response to issues raised with regard to the commitment of working days to meet the wide and extensive work programme set out in the Annual Internal Audit Plan, the Committee was advised that as part of the work to further streamline the undertakings of the Internal Audit Team, an agreement had been reached with Mid-Sussex District Council on a shared service arrangement. The arrangement had just been confirmed that morning, and was due to commence on 1 April 2014, and full details of this matter would be the subject of a report to the Committee's next meeting.

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

Alan Witty of Ernst and Young LLP took this opportunity to thank Gillian Edwards (the Audit and Risk Manager) and the Internal Audit Team for all their work and assistance in relation to the Year End Testing work, which had now been completed.

RESOLVED

That the Internal Audit Progress report, and the progress made for the period up to 31 August 2013 be noted,

16. Fraud Team Report

The Committee considered report [FIN/311](#) of the Fraud and Inspections Manager, which focused on activity for the period from 1 April to 31 August 2013.

- The Committee acknowledged that service performance continued to improve, including the application of various sanctions, of which there had been three successful prosecutions.
- Including Department of Works and Pensions (DWP) benefits overpayments, in excess of £191,000 had been identified.
- With the assistance of the previously reported Government grant awarded to the Council, and with additional resources engaged as a result of that grant, the Fraud Team continued to actively investigate housing tenancy fraud. A number of properties had already been recovered from the initial work on data matching, and the total number of properties recovered since April had risen to seven.
- A summons had just been issued for a prosecution relating to an applicant making a reckless application for housing under the Housing Act 1996, and the outcome of this matter would be reported to the Committee in due course.

The Committee was advised of Officers' deep concerns regarding a document that was recently and unexpectantly released by the DWP on intended future working arrangements in respect of housing benefit fraud. The document included intentions by the DWP to transfer all housing benefit fraud work currently undertaken by local authorities to the DWP itself. Apart from the considered operational problems and difficulties that the intended arrangements would create, it was strongly felt that the way that this had all been publicised, was at the very least, totally out of order. The Committee recognised that this whole matter had been very unsettling for staff, particularly as the DWP were currently undertaking four national pilot schemes in relation to the work concerned. This matter had also been reported to the recent meeting of the Financial Deprivation Scrutiny Panel who had asked the Leader of the Council to write on its behalf to the Secretary of State to convey the Council's significant concerns regarding this matter.

RESOLVED

- (1) That the report be noted.
- (2) That the letter to be sent by the Leader of the Council to the Secretary of State conveying the Council's significant concerns in relation to the issues raised above, be also sent on behalf of this Committee.

17. Ernst and Young LLP – Audit Results Report – ISA 260

The Committee considered the [Audit Results Report – ISA 260](#) and welcomed Alan Witty, Paul King and Martin Young of Ernst and Young LLP to the meeting. The report summarised Ernst and Young's findings from the 2012/13 audit.

The Committee acknowledged all the issues raised, including in particular that it was proposed to issue an unqualified opinion on the financial statements (2012/13) and that it was also intended to issue an unqualified conclusion in relation to value for money. Paul King considered that the audit had gone very smoothly and he thanked all Council Officers concerned for their help and assistance in undertaking this exercise.

The Committee sought and obtained clarification on a number of issues raised, whilst the Chair congratulated Officers and the representatives of Ernst and Young LLP in achieving a positive and successful working partnership.

RESOLVED

That the report from Ernst and Young LLP be received and noted.

18. Approval of the 2012/2013 Statement of Accounts

The Committee considered report [FIN/310](#) of the Head of Finance, Revenues and Benefits. The purpose of the report was to seek Committee approval of the 2012/2013 Statement of Accounts, to comply with the statutory deadline of 30 September 2013.

The 2012/2013 Statement of Accounts was attached as Appendix 1 to the report and as stated in Ernst and Young's Audit Results Report – ISA 260 (Minute No. 17 above refers) it was proposed to issue an unqualified opinion. The following clerical corrections were report:-

Note 24 (Cash Flow Statement – Investing Activities), Page 72 of the Statement:
Delete in the column of figures for 2012/13 the figures of £6,828 and £1,269 and replace with the figures of £7,009 and £1,088 respectively.

Note 35 (Leases), Page 86 of the Statement:
Delete in the column of figures for 31 March 2013 the figures of £3,011, £8,912, £12,925 and £24,848 and replace with the figures of £3,009, £3,906, 12,774 and 24,689 respectively.

In response to a Member's comments, the Chair reminded the Committee that the emphasis of the report was to approve the Statement of Accounts, whilst reiterating that issues around the Council's governance structure would be the subject of further reports to Members.

The Committee reiterated its sincere thanks to all staff in the Finance Team, with particular reference to Paul Windust (the Council's Corporate Accounting Manager) for the excellent work the Team had undertaken, and indeed to the representatives of Ernst and Young LLP for all their work and assistance during this time.

RESOLVED

- (1) That the 2012/2013 Statement of Accounts be approved.
- (2) That the Chair of the Committee be authorised to sign the 2012/2013 Statement of Accounts on behalf of the Council

19. Closure of Meeting

The meeting ended at 8.05 pm.

A J E QUIRK
Chair