

Crawley Borough Council

Minutes of Audit and Governance Committee

10 December 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:

Paul King, Engagement Lead, of Ernst and Young LLP.
Barry Jones – Appointed Independent Person.

Officers Present:

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

20. Members' Disclosures of Interests

There were no disclosures of interest.

21. Minutes

The minutes of the meeting of the Committee held on **30 September 2013** were approved as a correct record and signed by the Chair.

With regard to Minute No. 14 (Local Code of Corporate Governance), and in response to a request from a Member, the Chair provided an update on the implementation of that Code. The Chair indicated that he had been advised by the Head of Legal and Democratic Services that in light of other outstanding issues on governance matters particularly the role of the General Purposes Committee, the Performance Monitoring Scrutiny Panel, and this Committee, she considered that the best way forward in relation to this matter was to defer consideration of the Code until associated discussions had been undertaken with Group Leaders. The intention was to submit a further report on the Code to the Committee's next meeting in March. The Head of Service had emphasised that there was no impact in not making a decision on the Code, because the Council already worked to the principles set out in that Code.

22. Fraud Team Report

The Committee considered report **FIN/320** of the Fraud and Inspections Manager, which focused on activity for the period from 1 September to 19 November 2013.

- The Team continued to investigate tenancy fraud and recover properties back into the housing stock. Since work in this area had begun, 53 properties had been recovered, 13 of which were recovered during this reporting period.
- Work was also developing in terms of investigating Right to Buy applications, with one application having already been stopped.
- The report detailed the Council's establishment of the West Sussex Tenancy Fraud Forum, and it was reported that the Council had been given a seat on the national Tenancy Fraud Forum Executive. It was confirmed that both Forums were a practitioner process (with all seats filled by appropriate officers from the authorities concerned), whilst in response to a request from the Chair, the first report of the West Sussex Tenancy Fraud Forum would be submitted to the Committee's next meeting.
- The Committee acknowledged that service performance continued to improve generally, including the application of various sanctions, of which there had been two successful prosecutions.
- The total overpaid benefit (including benefits administered by the Department of Works & Pensions(DWP)) raised by completed investigations in the period was £56,880.

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

The Committee was advised that the Secretary of State had recently replied to the letter from the Leader of the Council on the Council's significant concerns regarding a document that had recently and unexpectedly been released by the DWP on intended future working arrangements in respect of housing benefit fraud. As explained at the Committee's last meeting, the document included the intentions by the DWP to transfer all housing benefit fraud work currently undertaken by local authorities to the DWP itself. The Committee was now informed that the reply received was of a fairly standard nature, whilst the Chancellor in his recent Autumn Statement did make the Government's intention clear that a central fraud investigation service would be going ahead. This whole matter had been very unsettling for staff, whilst the implications were again acknowledged by the Committee. There were, however, indications that the timescales for implementation were to be moved from April to October 2014, Local Authorities might be given extra money to continue local fraud work, and in recognising the concerns that local authorities had, the Government would be consulting on data sharing.

RESOLVED

That the report be noted.

23. Audit Progress Report

The Committee considered a progress report from Ernst and Young LLP, and welcomed Paul King of Ernst and Young LLP to the meeting. The Progress Report was attached as **Enclosure C** to the agenda.

The purpose of the Progress Report was to provide the Committee with an overview of the work completed as part of the 2012 / 2013 audit and an outline of the plans for the 2013 / 2014 audit. The Report was a key mechanism in ensuring that the audit

was aligned with the Committee's service expectations. As part of the update of the 2012 / 2013 audit, and with reference to the Grant Claim Certification, Paul confirmed that the work on the Council's housing benefit and council tax benefit subsidy claim had been completed within the 30 November 2013 deadline.

Paul Advised the Committee that Emma Bryant had resumed her auditing role with Ernst and Young and would be attending future meetings of the Committee, whilst Alan Witty, who had been attending the Committee in Emma's absence - and who had sent his apologies for absence in terms of this particular meeting, was returning to his normal role and location of work. The Committee conveyed its thanks for the work Alan had undertaken, and looked forward to seeing Emma at the Committee's future meetings.

RESOLVED

That the Audit Progress Report be noted.

24. Annual Audit Letter

The Committee considered the Annual Audit Letter from Ernst and Young LLP. The Letter was attached as **Enclosure D** to the agenda. Paul King presented the Letter which provided a summary of Ernst and Young's assessment of the Council for 2012 / 2013 and highlighted the key messages.

Those messages included the fact that an unqualified opinion had been issued on the financial statements (2012/13) and that an unqualified conclusion had been issued in relation to value for money. It was confirmed that there had not been any significant weaknesses identified in the design or operation of internal control that might result in a material error in the financial statements of which the Council was not aware.

RESOLVED

That the Annual Audit Letter be noted.

25. Internal Audit - Shared Service Arrangement

The Committee considered report **FIN/321** of the Head of Finance, Revenues and Benefits. The Committee had been informed that the Council was entering into a shared service arrangement with Mid Sussex District Council for the provision of an internal audit service at both Councils, and the purpose of the report was to advise the Committee of that arrangement.

The Committee sought and received clarification on a number of issues raised, whilst acknowledging that the Council was facing major financial challenges with the need to identify savings of £5 million over the next three years. The size of the challenge was such that that all services were looking at how they could make savings whilst continuing to deliver current service levels.

RESOLVED

That the position be noted.

26. Internal Audit Progress Report as at 22 November 2013

The Committee considered report **FIN/322** 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. The Audit and Risk Manager informed the Committee that since the last update:

- 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.

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

In response to an issue raised by a Member with regard to Arrangements for Dealing with Code of Conduct Complaints Under the Localism Act 2011, and in particular Section (a) of that Code - for which the Member concerned questioned the last time an associated report was submitted to the Committee, the Chair indicated that he would undertake to raise this matter with the Monitoring Officer and seek the submission of such a report to the Committee's next meeting.

This was the last meeting of the Committee prior to the New Year, and the Chair took this opportunity to thank Gillian Edwards (the Audit and Risk Manager) and the Internal Audit Team for all their input and assistance during this current year. He also thanked all staff concerned in the support and undertaking of the Committee's work, and looked forward to another positive audit year ahead.

RESOLVED

That the Internal Audit Progress report, and the progress made for the period up to 22 November 2013 be noted.

27. Closure of Meeting

The meeting ended at 7.10 pm.

A J E QUIRK
Chair