

# Crawley Borough Council

## Minutes of Audit and Governance Committee

12 March 2014 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:

Emma Bryant, Audit Manager, of Ernst and Young LLP.

### Officers Present:

Chris Bower	Senior Auditor
Kevin Carr	Principal Lawyer
Chris Corker	Fraud and Inspections Manager
Gillian Edwards	Audit and Risk Manager
Karen Hayes	Deputy Head of Finance
Dave Rawlings	Head of Finance, Revenues and Benefits
Roger Brownings	Democratic Services Officer

### 28. Apologies for Absence

Ann-Maria Brown – Head of Legal and Democratic Services.  
Paul King, Engagement Lead, of Ernst and Young LLP.

### 29. Members' Disclosures of Interests

There were no disclosures of interest.

### 30. Dave Rawlings

The Committee conveyed its thanks and best wishes to the Head of Finance Revenues and Benefits who would be retiring at the end of March after his many years of service with the Council. Members paid tribute to Dave, and referred to him as an enormous asset to the Committee and to the Council generally and he would be greatly missed.

### **31. Minutes**

The minutes of the meeting of the Committee held on **10 December 2013** were approved as a correct record and signed by the Chair.

With regard to Minute No. 22 (Fraud Team Report), the Head of Finance Revenues and Benefits updated the Committee on the intentions by the DWP (Department of Works and Pensions) to transfer all housing benefit fraud work currently undertaken by local authorities to the DWP as a central fraud investigation service. The Committee was advised that the DWP had since made clear from a timetable recently published, that this process would be rolled out between October 2014 and March 2016, with each authority, including this Council, being advised shortly as to when the transfer process would be applying to them. Lawyers for the DWP had suggested that TUPE would not apply, but that undertakings would be applied to meet, as near as possible, similar requirements. With the loss of housing benefit fraud work, it was felt that the Council would need to decide what form of fraud capacity it would want in the future, whilst it was reiterated that this whole matter had been very unsettling for staff. The Chair requested that a further update on this issue be provided to the Committee at its next meeting.

### **32. Protecting the Public Purse Fraud Briefing 2013**

The Committee considered an Audit Commission Briefing from Ernst and Young LLP, and welcomed Emma Bryant of Ernst and Young LLP to the meeting. The Briefing was attached as **Enclosure B** to the agenda.

In introducing the Briefing to the Committee, Emma commented that the Briefing provided the opportunity for the Committee to consider the Council's fraud detection performance, compared to similar local authorities, as well as such matters as current counter fraud strategy and priorities, and local and national fraud risks. With regard to that element of the Briefing which referred to questions that Members might wish to ask/consider, Emma advised that she would provide a Website link to those questions for future reference and assistance. In receiving clarification on issues raised, Members considered the Briefing in detail, and acknowledged that the Council's fraud detection performance was progressing well, and compared very well with other authorities identified.

#### **RESOLVED**

That the Briefing be noted.

### **33. Fraud Team Report**

The Committee considered report FIN/331 of the Fraud and Inspections Manager, which focused on activity for the period from 20 November 2013 to 19 February 2014.

- The Team was now looking into all areas of fraud and loss against the Council, with the main areas of investigation being housing benefit, housing, council tax and business rates.
- A further three properties had been recovered as part of the work in the area of tenancy fraud, making a total of 23 homes recovered during the year 2013/14.

- Work was also developing in terms of investigating housing applications for which the Team had already prevented a number of properties from being allocated and lost from the Council's stock.
- 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)) identified by the Team for this reporting period was £57,683, with a year to date total of £321,899.

The Committee received overall information on losses prevented, stemmed, recovered and gained, and as part of this, and the wider consideration of the fraud and loss detection work being undertaken, including its associated value, Members conveyed their thanks and appreciation to the Team for the excellent progress it was continuing to achieve.

### **RESOLVED**

That the report be noted.

#### **34. Certification of Claims and Returns Annual Report (2012/13)**

The Committee considered the Certification of Claims and Returns Annual Report (2012/13) from Ernst and Young LLP. The Report was attached as **Enclosure D** to the agenda.

The report set out the full background to this matter, including a summary of the work undertaken, the results of the certification work and the fees arising, as well as future issues arising. The Committee as part of its discussion on the report was pleased to note that whilst there had been a qualification letter issued for one claim, details of which were included in the report, the Council's arrangements for the production of claims and returns overall remained adequate. In terms of the fees identified within the report, the Committee was advised that in relation to the proposed variation to the indicative 2012/2013 fee for the Housing and Council Tax Benefits Subsidy claim, this had still been subject to any variations to be agreed by the Audit Commission. However, since the publication of the report, notification had been received from the Commission that it had formally approved the audit scale fee variation of £1,491.

### **RESOLVED**

That the Certification of Claims and Returns Annual Report (2012/13) be noted

#### **35. Audit Progress Report**

The Committee considered a progress report from Ernst and Young LLP. The Progress Report was attached as **Enclosure E** 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, Emma Bryant confirmed that the Report on the Audit of Grant

Claims (as considered in Minute No. 34 above) was the last key piece of work to be completed for that 2012 / 2013 audit programme.

In response to a question from the Chair as to whether it was felt that the Council had sufficient resources to meet commitments and cover potential risks via its scheduled work within the Internal Audit Annual Plan, Emma indicated that the external auditors had experienced no problems on reliance of the Plan in the past, and that if Ernst and Young had concerns in moving forward as a result of such problems, then this would come out as part of its Value for Money evaluation. The proposed Audit Annual Plan for 2014 / 2015 was to be considered later at this meeting.

The Committee conveyed its thanks to Emma for the work undertaken for this meeting.

## **RESOLVED**

That the Audit Progress Report be noted.

### **36. Code of Corporate Governance**

The Committee at its meeting on 30 September 2013 considered a report from the Head of Legal and Democratic Services (**LFD/069**) which sought adoption of a Code of Corporate Governance to replace the existing Corporate Governance Statement for inclusion in the Constitution. At that meeting Members raised a number of issues relating to the Code as proposed, and it was felt that the Code should be deferred for further consideration at a future meeting of the Committee.

The Committee now had before it report **LDS/079** of the Head of Legal and Democratic Services, the aim of which was to further consider the proposed replacement of the existing Corporate Governance Statement with a new Code of Corporate Governance, which was attached as Appendix A the report.

A further detailed debate on this matter was undertaken, during which some Members reiterated their doubt as to what purpose the Code actually achieved. In response to those concerns it was emphasised that the current Code needed to be updated to meet current published standards for local authority governance within the UK, and would further ensure clear and precise democratic processes as part of the Council's Constitution. The Code was supported by various policies, procedures, systems and structures that determined and controlled the way in which the Council managed its governance affairs, and more importantly was used to help judge the robustness of the required Annual Governance Statement which accompanied the Annual statement of Accounts. The Committee referred to the Council's current review of governance practices and structures involving this Committee, the General Purposes Committee and the Performance Monitoring Scrutiny Panel (the Committee's consideration on the Role of Audit and Governance at its 25 June 2013 meeting refers), and on which it was understood a report would be received by Members in due course. With this in mind it was suggested that if the Proposed Code was adopted it could then be further reviewed in a year's time to specifically consider its purpose within the outcomes of the review on governance / committee arrangements.

Upon a vote being undertaken, it was

**RESOLVED**

- (1) That the Full Council is RECOMMENDED:

To adopt the proposed Code of Corporate Governance (as contained in Appendix A to report LDS/079) for inclusion in the Constitution and to replace the existing Corporate Governance Statement.

**RESOLVED**

- (2) That it is agreed that should the Full Council adopt the proposed Code of Corporate Governance (as contained in Appendix A to report LDS/079), it then be reviewed in a year's time to specifically consider its purpose within the outcomes of the review on governance / committee arrangements, as referred to above.

**37. Update on the Operation of the Standards Regime under the Localism Act 2011**

The Committee considered the report of the Head of Legal and Democratic Services, **LDS/078**. Following the implementation of the Council's Standards Regime, which had been adopted by the Authority in July 2012 in response to the requirements of the Localism Act 2011, the Committee was now invited to receive an update on the operation of that Regime, and to consider whether any proposed changes were required to the Councillors' Code of Conduct following revisions to the seven principles of public life by the Committee on Standards in Public Life. A copy of the Code of Conduct was contained in Appendix 1 to the report. The report included full details of the issues arising.

In response to issues raised by Members, the Committee was advised:

- That clarification on the term "informal action" as recorded in the second Code of Conduct complaint in Appendix 3 of the report, would be provided to all Members of the Committee as soon as was possible after this meeting.
- That in terms of any cases where it was found that a complaint received by a Member was of a malicious, vexatious, politically motivated or tit-for-tat nature, bearing in mind, for example, the potential use of resources in addressing that complaint, further consideration would be given to censuring the Member(s) bringing that complaint.
- That although there were often a number of complexities involved in the investigation of a complaint, every effort would continue to be made to resolve all complaints (as well as notify all parties concerned of developments / outcomes), as soon as was practicable.
- That a report on a review and update of the Standards Regime to include complaints, the outcomes and lessons learnt, would in response to Members requests at this meeting, be presented to the Committee on an annual basis.

**RESOLVED**

- (1) That report LDS/078 be noted.
- (2) That no changes be made to the Council's Code of Conduct.

### **38. Internal Audit Annual Plan – 2014 / 2015**

The Committee considered report **FIN/332** of the Head of Finance, Revenues & Benefits on the Internal Audit Annual Plan for 2014 / 2015. The Plan, which was attached as Appendix A to the report, included for each audit area an outline scope of work planned.

In response to comments by Members it was reiterated that best practice dictated that an audit plan should be prepared to meet the audit needs of the organisation, regardless of the level of resources available to deliver the plan. If the days required exceeded the days available it was for management to decide whether additional resources should be made available or whether they were happy to accept the risks involved of not doing some of the reviews, and which reviews should be omitted. Furthermore, if the Section 151 Officer felt it appropriate, he/she would seek additional resources through a request to the Cabinet, and if necessary, to the Full Council. The Plan for 2014/2015 had been prepared to reflect current budgetary constraints. Whilst this meant that there wasn't the spare capacity to do additional work that might have existed in previous years, it was indicated that to an extent, supporting resources could be made available if required, including the utilisation of a trainee and the sharing of services with other authorities. The Committee conveyed its thanks and appreciation to the Audit and Risk Team for all its work undertaken.

#### **RESOLVED**

That the 2014 / 2015 Internal Audit Annual Plan be noted.

### **39. Internal Audit Progress Report as at 14 February 2014**

The Committee considered report **FIN/333** 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 (i) DWP (Department of Works and Pensions) Compliance, (ii) Council Tax and (iii) the Council Tax Reduction Scheme 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 4 of the report.
- There were no high priority findings to report in this quarter.
- Work was continuing in respect of significant capital and revenue schemes to confirm that appropriate controls were in place and were operating satisfactorily. As part of that work, the Team was also looking to confirm that the lessons learned from previous capital schemes had been taken into account. In relation to the two schemes reviewed in this current financial year, it was found that the controls operating across the Worth Park Restoration Project, including the regular undertaking of financial monitoring and reporting, were satisfactory, whilst with regard to the letting of the Waste and Recycling contract, an overall opinion had been given that the process was again operating satisfactorily.

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, and the progress made for the period up to 14 February 2014 be noted.

**40. Feedback on the Council's Recent Investment Projects Completed or now in Hand**

Councillor Walker had requested that the Committee consider a number of issues relating to the construction of Maidenbower Pavilion, and that if at this meeting the Committee were minded to agree to this request, the intention would be to bring a report covering those issues to the June meeting of the Committee. A Briefing Note on this matter had been circulated to the Committee, and following a detailed discussion on all issues and concerns raised, the Committee conveyed its view that a report should be submitted to the Committee's June meeting. The Committee considered the overall scope of the report to be submitted, whilst it was felt that this should also include an assessment as to the extent to which the lessons learned (as identified in the report on the Pavilion to the Committee's March 2012 meeting) had been put into effect on subsequent major construction contracts.

**RESOLVED**

- (1) That a report - the scope of which is to be developed and coordinated by the Head of Finance, Revenues and Benefits (in consultation with the Chief Executive and Members of the Committee), be presented to the next meeting of the Committee on 25 June 2014.
- (2) That appropriate Officers be asked to attend the meeting referred to in (1) above to assist in dealing with any questions asked at that meeting.

This was the last meeting of the Committee for this Municipal Year, and the Chair took this opportunity to thank all Members of the Committee and Officers for their help and support in undertaking the Committee's work during that year.

**41. Closure of Meeting**

The meeting ended at 9.05 pm.

A J E QUIRK  
Chair