

Crawley Borough Council

Minutes of Audit Committee

24 June 2015 at 6.30pm

Present:

Councillor	W A Ward (Chair)
Councillor	C R Eade (Vice Chair)
Councillors	R D Burrett, I T Irvine and K Sudan

Also in Attendance:

Councillor A C Skudder

Paul King, Director of Ernst and Young LLP.
Malcolm Haines, Audit Manager of Ernst and Young LLP.

Officers Present:

Mark Avery	Housing Fraud Investigator
Roger Brownings	Democratic Services Officer
Gillian Edwards	Audit and Risk Manager
Karen Hayes	Head of Finance, Revenues and Benefits

1. Members' Disclosures of Interests

There were no disclosures of interest.

2. Minutes

The minutes of the meeting of the Committee held on **11 March 2015** were approved as a correct record and signed by the Chair.

3. Fraud Team Report

The Committee considered report **FIN/366** of the Corporate Fraud and Inspections Manager. The report, which was presented by the Housing Fraud Investigator, focused on activity for the period from 17 February 2015 to 8 June 2015 and included final activity figures for 2014/15. The Committee acknowledged that the Team continued to look into a wide range of fraud and loss against the Council.

- A further three properties had been recovered as part of the work in the area of tenancy fraud. Members referred to the Tenancy Fraud Amnesty which the Council was currently publicising and would be in place for July and August only. In response to comments made, and with the view that there were potentially more tenancy fraud cases to come to light, the Housing Fraud Investigator indicated that this was an additional cost effective push to help maintain the recovery process, and, of course, ensure that all the Borough's social housing stock was available to further assist the genuine need and application for that housing. The Head of Finance, Revenues and Benefits indicated that she would circulate to Members copies of slides used as part of the recent new Member induction. Those slides provided further information regarding the Council's general fraud function, including tenancy fraud.
- Work continued to be developed in terms of investigating housing applications. The Team in this reporting period had prevented four further properties from being allocated and lost from the Council's stock. Using the National Fraud Initiative the Team had data matched all housing applications which were currently on the waiting list to verify that the information given on the application was true and correct. Matches had since been received and the data was currently being analysed.
- The Committee recognised that service performance continued to improve generally, including the application of various sanctions, of which there had been eight further prosecutions, seven relating to housing benefit fraud and one relating to housing tenancy fraud.
- The total of all overpaid benefit identified by the Team for this reporting period was £109,402.
- With regard to council tax and business rates, the Committee received details on losses stemmed, prevented and recovered, as well as new council tax and business rates gained.
- Following the conclusion of current investigations, 175 cases had their Council Tax Single Person Discount removed, resulting in a £65,156 Council Tax recovery and a £59,885 prevented loss per annum in future years.

In seeking and receiving clarification on further information presented, and whilst understanding that in one particular prosecution the Judge had thanked the Council's investigators for the thorough work they had undertaken, the Committee conveyed its thanks and appreciation to the Fraud Team generally for its continuing positive performance.

RESOLVED

That the report be noted.

4. Audit Plan Year Ended 31 March 2015

The Committee considered the Audit Plan for the year end 31 March 2015 from Ernst and Young LLP, and welcomed Paul King and Malcolm Haines, the external auditors of Ernst and Young, to the meeting. The report was attached as **Enclosure C** to the agenda.

The Audit Plan detailed the work that Ernst and Young proposed to undertake to satisfy its responsibilities, and the approach to risks identified that were relevant to the audit of the Council's accounting statements and the Council's arrangements to secure value for money. The Plan also helped ensure that the audit was aligned with the Committee's service expectations. With Paul King and Malcolm Haines further clarifying issues discussed, the Committee was referred to the new accelerated

timetable for the publication and audit of local authority statement of accounts, which with effect from 2017/2018 would require the Committee to consider this Council's statement by 31 July rather than was currently the case by 30 September.

RESOLVED

That the Audit Plan for the year end 31 March 2015 be noted.

5. Annual Audit and Certification Fees 2015/2016

The Committee considered a letter from Ernst and Young LLP on the Annual Audit and Certification Fees for 2015 /2016. The letter was attached as **Enclosure D** to the agenda. As part of its discussion on this matter the Committee was advised of the reasons for the reduction in fees compared with the last Actual Fees set (for 2013/ 2014), including the 25% saving following the further tendering of contracts in March 2014 for each audited body's auditing services.

The Chair thanked Paul King and Malcolm Haines of Ernst and Young for their presentations to this meeting.

RESOLVED

That the Annual Audit and Certification Fees for 2015/2016 be noted.

6. Risk Management Strategy

The Committee considered report **FIN/364** of the Council's internal Audit and Risk Manager. The report reviewed the effectiveness of the Council's Risk Management Strategy, including the identified strategic risks as set out in Appendix 1 to the report.

The report referred to the Council's desire to move its approach from a risk adverse culture to that of a risk cautious culture, and that making this move fitted more comfortably with the systems thinking methodology that the Council had adopted as its main approach to reviewing many of its operations and experimenting with new ways of service delivery. With some concerns expressed around whether System Thinking itself was a risk, Officers emphasised that Systems Thinking had and continued to identify a number of unnecessary and onerous controls which were stifling a more streamlined and effective working environment, but for which their removal would not compromise the control of major risks. In all such cases the intention was to ensure that all major risks would continue to be effectively managed.

In response to comments from Members regarding risk mitigation, the Committee was advised that an update on the actions being undertaken / records thereof to mitigate the risks identified in the Risk Management Strategy, would form part of the Internal Audit Progress Report to be presented to the Committee's next meeting. This would include reference to associated reports to be submitted to Cabinet and other forums, as well as, for example, reference to minutes of Project meetings and Member briefings - including those with Cabinet Members.

RESOLVED

That subject to the issues raised by Members above, the Risk Management Strategy, including the Council's strategic risks, be supported.

7. Internal Audit Progress Report as at 31 May 2015, Incorporating the Audit and Risk Manager's Annual Report for 2014/2015.

The Committee considered report **FIN/363** 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 2014 / 2015 and 2015 / 2016 Internal Audit Plans, and to report on the progress made in implementing the previous recommendations. The report also included the Audit and Risk Manager's Annual Report for 2014 / 2015 as Appendix B.

The Committee discussed and noted all the Audit Plan reviews in progress, along with other work as detailed in the report, whilst in response to a Member's comments, the Audit and Risk Manager confirmed that a follow-up audit on the Rent Deposit Scheme (now Crawley Deposit Service) would be reported to the Committee at its next meeting.

The Committee acknowledged that the Audit and Risk Manager's Annual Report for the period 2014 / 2015 had been produced in accordance with the requirements set out in the Public Sector Internal Audit Standards. The Audit and Risk Manager considered that in her overall opinion, for the period in question, "Substantial" assurance could be given that there was generally a sound system of internal control designed to meet the Council's objectives, and that the controls were generally being applied consistently. The Annual Report was considered and noted. Appreciation was expressed by Members for the Audit and Risk Manager's most professional and competent report.

RESOLVED

That the Internal Audit Progress Report, and the progress made for the period up to 31 May 2015 be noted, together with the Audit and Risk Manager's Annual Report for the period 2014/2015.

8. Closure of Meeting

The meeting ended at 7.42 pm.

W A WARD
Chair