

# Crawley Borough Council

## Minutes of Audit Committee

9 March 2016 at 6.30pm

### Present:

|             |                            |
|-------------|----------------------------|
| Councillor  | W A Ward (Chair)           |
| Councillor  | C R Eade (Vice Chair)      |
| Councillors | R D Burrett and I T Irvine |

### Also in Attendance:

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

### Officers Present:

|                 |   |
|-----------------|---|
| Roger Brownings | Democratic Services Officer             |
| Chris Corker    | Corporate Fraud and Inspections Manager |
| Gillian Edwards | Audit and Risk Manager                  |
| Paul Windust    | Corporate Accounting Manager            |

### 28. Apology for Absence

Karen Hayes (Head of Finance, Revenues and Benefits)

### 29. Members' Disclosures of Interests

There were no disclosures of interest.

### 30. Minutes

Subject to the clerical corrections below, the minutes of the meeting of the Committee held on **1 December 2015** were approved as a correct record and signed by the Chair:-

#### Clerical Corrections

With regard to Minute 25 (Internal Audit Progress Report as at 13<sup>th</sup> November 2015 Incorporating Risk Management Update as at 17<sup>th</sup> November 2015), third paragraph:

- (i) delete in all cases the word "Scheme" or "Scheme's" and replace with the word Service or Service's.

- (ii) delete at the very start of the third sentence, the words “it was” and replace with the word Officers.

The corrections above related to the Crawley Deposit Service - which was formerly known as the Rent Deposit Service, and a Member referred to clarification sought at the Committee’s last meeting on financial and operational details relating to that Service. That clarification had since been emailed to Members by the Head of Finance Revenues and Benefits, in the form of a Paper. The Member concerned asked that with the information now provided, could assurances be given to the Committee that concerns previously raised regarding the Service had now been dealt with and resolved accordingly. In response, Officers advised that as the author of the Paper concerned was not in attendance at this meeting, it was felt best that this matter be first brought to her attention, to enable her the opportunity to provide the assurances sought, and that these assurances would be communicated to Members in the near future. This was agreed.

### **31. Fraud Team Report**

The Committee considered report **FIN/384** of the Corporate Fraud and Inspections Manager, which focused on activity for the period from 10 November 2015 to 17 February 2016. The Team had looked further into a wide range of fraud and loss against the Council.

As indicated in the report, the Team had continued to perform successfully. In seeking and receiving clarification on information received, the Committee indicated its thanks an appreciation to the Fraud Team generally for its ongoing positive performance.

#### **RESOLVED**

That the report be noted.

### **32. Audit Committee Progress Report**

The Committee considered a progress report from Ernst and Young LLP. 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 plans and progress to date for the 2015 / 2016 audit. The Report was a key mechanism in ensuring that the audit was aligned with the Committee’s service expectations.

The Report also included other matters of interest, in respect of which the Committee discussed the two main issues raised, being the acceleration of the financial close arrangements and the local appointment of auditors with effect from 2018 / 2019.

#### **RESOLVED**

That the Audit Committee Progress Report be noted.

### **33. Outline Audit Plan Year Ending 31 March 2016**

The Committee considered the Outline Audit Plan for the year ending 31 March 2016 from Ernst and Young LLP. The report was attached as **Enclosure D** to the agenda.

The Audit Plan detailed how, at this initial stage of its audit planning, Ernst and Young intended to carry out its responsibilities as auditor, and the intended audit 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. Paul King and Malcom Haines further clarified issues discussed, whilst in response to a Member's enquiry, the Committee was advised that the Report on the Certification of Grant Claims and Returns, would be presented to this Committee's next meeting.

### **RESOLVED**

That the Outline Audit Plan for the year ending 31 March 2016 be noted.

#### **34. Internal Audit Annual Plan 2016 / 2017**

The Committee considered report **FIN/383** of the Audit and Risk Manager on the Internal Audit Annual Plan for 2016 / 2017. The Plan, which was attached as Appendix A to the report, included for each proposed audit area an outline scope of work planned.

A Member referred to the Council's large expenditure on homelessness incurred by the General Fund Budget, and his wish to ensure that value for money was being achieved and that we received the best possible outcome for people who were homeless. In response to that Member's request, Officers agreed that this matter would be considered for inclusion in the Audit Plan. With regard to Freedom of Information Requests, it was considered by Officers that this area of work should remain the responsibility of the Internal Audit Team, primarily to ensure that the Council did not breach the requirements of both the Data Protection Act and the Freedom Of Information Act, bearing in mind the Team's related skills and experience, as well as its breadth of knowledge of the Authority generally. In terms of delays referred to by a Member regarding the current development of the Crawley Museum, the Committee was advised that the Museum project was the subject of a planned internal audit and that outcomes of that audit, including issues associated with any delays, would be reported to the Committee's next meeting. With regard to the second page of the Plan, and in particular the audit work identified as "Non-specific advice and liaison<sup>89</sup>", the need for a clerical correction was raised whereby "89" should be removed.

### **RESOLVED**

That subject to the issues raised above, the 2016 / 2017 Internal Audit Annual Plan be noted.

#### **35. Internal Audit Progress Report as at 12 February 2016 Incorporating Risk Management Update as at 9 February 2016**

The Committee considered report **FIN/382** 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 2015 / 2016 Internal Audit Plans, and to report on the progress made in implementing the previous recommendations. The report also included an update on the Council's Strategic Risks.

The Committee discussed and noted all the Audit Plan reviews in progress, along with other work as detailed in the report. In response to Members' comments regarding

the Audit of Procurement including Transparency, and whilst providing clarification on various issues raised, Officers advised the Committee that steps were being taken to encourage more Officers to attend briefing and training sessions on proper procurement procedures and processes. It was expected that all key Officers should attend those sessions, and Members were informed that a follow-up audit would be undertaken to confirm that this matter was progressing and that agreed actions for the Procurement Audit generally had been implemented. A report on the outcomes of the follow-up audit would be presented to the Committee's next meeting.

With regard to the update provided on Risk Management, and in particular Disaster Recovery and Business Continuity, a recent report to Cabinet on the Relocation of the Council's Data Centre recommended a more resilient hosting of data by providing a resilient, energy efficient, cost effective and available hosting environment for the IT systems to support our services. Talks had commenced with Surrey County Council to agree a partnership contract for them to host the data centre, and the Committee was advised that whilst migration planning was underway for the relocation to take place, the date for that relocation had recently been revised from March to September 2016 to reflect more realistic timescales.

### **RESOLVED**

That the Internal Audit Progress Report as at 12 February 2016, Incorporating the Risk Management Update as at 9 February 2016, be noted.

### **36. Closure of Meeting**

The meeting ended at 7.50 pm.

W A WARD  
**Chair**