

Crawley Borough Council

Minutes of Audit Committee 29 November 2016 at 6.30pm

Present:

Councillor	K Sudan (Chair)
Councillor	C R Eade (Vice Chair)
Councillors	R D Burrett, I T Irvine and C Portal Castro

Also in Attendance:

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

Officers Present:

Chris Corker	Corporate Fraud and Inspections Manager
Gillian Edwards	Audit and Risk Manager
Karen Hayes	Head of Finance, Revenues and Benefits
Mez Matthews	Democratic Services Officer
Mark Rice	Corporate Fraud Investigator

19. Apologies for Absence:

With all the Committee's Members being present at this meeting, there were no apologies for absence.

20. Members' Disclosure of Interests

No disclosures of interests were made.

21. Minutes

The minutes of the meeting of the Committee held on [28 September 2016](#) were approved as a correct record and signed by the Chair.

22. Fraud Team Report

The Committee considered report [FIN/400](#) of the Corporate Fraud and Inspections Manager, which focussed on activity for the period from 8 July 2016 to 14 November 2016.

As indicated in the report, the Team had continued to perform successfully. The Corporate Fraud and Inspections Manager and Corporate Fraud Investigator took this opportunity to brief the Committee on specific areas of the Team's work including, for example, that in respect of Housing Fraud and the New Homes Bonus (2016).

The Committee was provided with details of cases investigated and the Team's investigations, whilst a discussion took place on the team's work generally. Members sought and received clarification on a number of points raised, including issues around retrospective fraud investigations, the subletting of council properties and payment of council tax on rented properties. The Chair thanked the Corporate Fraud and Inspections Manager and Corporate Fraud Investigator for the continued good work undertaken by the team.

RESOLVED

That the report be noted.

23. Annual Audit Letter for the Year Ended 31 March 2016

The Committee considered the Annual Audit Letter from Ernst and Young LLP. The Letter was attached as [Enclosure C](#) to the agenda. The Director of Ernst and Young LLP presented the Letter which provided a summary of Ernst and Young's assessment of the Council for 2015-2016 and highlighted the key issues. The Committee acknowledged that the majority of the information detailed in the Audit Results Report, which had been considered by the Committee at its meeting in July ([minute 8](#) refers) were reflected in the letter before the Committee.

In terms of looking ahead, reference was made to the requirement to bring forward the date of preparation of the financial statements with effect for 2017/18 and the fact that, having received the audit opinion on 29 July 2016, the Council was in a strong position in respect of the earlier audit deadline. Other future issues related to the local appointment of auditors, which would be dealt with as a separate item at this meeting ([minute 25](#) refers), balancing budgets in the medium term and the ongoing impact of 'Brexit'.

The Committee received clarification on issues arising, including matters on the reduction of the specified audit threshold, valuing the Council's assets and the potential consequences of not balancing the budgets of this Authority.

Whilst considering the work of Ernst and Young LLP, during the course of this meeting the Audit Manager of Ernst and Young advised that the work on the Housing Benefit Subsidy Claim had been completed and sent to Public Sector Audit Appointments (PSAA). The Committee was also advised that a report relating to grants would be considered at the next meeting of the Committee.

RESOLVED

That the Annual Audit Letter be noted.

24. Internal Audit Progress Report as at 15 November 2016 Incorporating Risk Management Update as at 15 November 2016

The Committee considered report [FIN/398](#) 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 2016/2017 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. At the request of the Committee clarification was provided regarding freedom of information and subject access requests.

The Committee discussed the update provided on Risk Management. Following a Member query regarding the level of Section 106 funding towards the Three Bridges Railway Station, the Head of Finance, Revenues and Benefits agreed to obtain clarification from the Head of Economic and Environmental Services. The Committee noted that due to unforeseen circumstances the relocation of the Council's Data Centre was now scheduled to take place in January 2017.

RESOLVED

That the Internal Audit Progress Report as at 15 November 2016, incorporating the Risk Management Update as at 15 November 2016, be noted.

25. Appointment of External Auditor

The Committee considered report [FIN/397](#) of the Head of Finance, Revenues and Benefits which considered the options available to the Council with regard to procurement arrangements under the Local Audit and Accountability Act 2014.

Following queries from the Committee, the Head of Finance, Revenues and Benefits confirmed that, although specific financial costs were not available, opting in to the arrangements made by the Public Sector Audit Appointment (PSAA) would cost significantly less than if the Council chose to conduct its own procurement exercise. The Committee also noted that a large number of staff at PSAA had originally worked for the Audit Commission, and as such were very experienced. The Head of Finance, Revenues and Benefits took the opportunity to thank the current Auditors for the good work they had undertaken over the past couple of years.

RESOLVED

That the Full Council be recommended that this Council opts in to the Appointing Person arrangements made by the Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

26. Closure of Meeting

With the business of the Committee concluded, the Chair declared the meeting closed at 7.30pm.

K SUDAN
Chair