

Crawley Borough Council

Minutes of Audit Committee

Tuesday, 6 March 2018 at 6.30 pm

Councillors Present:

K Sudan (Chair)

T G Belben and I T Irvine

Also in Attendance:

Councillor A C Skudder

P King Director of Ernst and Young LLP

S Patel Lead Auditor for Ernst and Young LLP

J Taylor Audit Manager for Ernst and Young LLP

Officers Present:

Gillian Edwards Audit and Risk Manager

Mez Matthews Democratic Services Officer

Stuart Small Investigations Officer

Apologies for Absence:

Councillor R D Burrett, C R Eade and R Sharma

Chris Corker Operational Benefits and Corporate Fraud Manager

Karen Hayes Head of Finance, Revenues and Benefits

5. Disclosures of Interest

No disclosures of interests were made.

6. Minutes

The minutes of the meeting of the Committee held on 28 November 2017 were approved as a correct record and signed by the Chair subject to the following wording being inserted under Minute 4 (Internal Audit Progress Report as at 31st October 2017 Incorporating Risk Management Update as at 31st October 2017):

“When discussing the strategic risk on affordable housing the Head of Finance, Revenues and Benefits explained that some 1-4-1 right to buy receipts had been repaid to the Government, this was included in the Cabinet report who were meeting the following day.

As was explained when the decision was taken to retain the 'right to buy receipts' (Cabinet report CH/95 13 June 2012) any of those receipts that were not spent within 3 years would have to be returned to the government with interest. Although this was a very tight timescale the Council had been very successful in spending those receipts and to date, £7,736,000 of 1-4-1 receipts had been used to partially fund the purchase of properties.

Unfortunately recently, there had been significant delays in the delivery of some housing schemes, where it was planned to spend 1-4-1 receipts. Those delays were outside the Council's control but had meant that £1,236,676 had to be repaid to the government, in addition to £190,370 in interest. The first scheme was an enabling scheme that was progressing well until it was 'pulled' by the Registered Social Landlord (RSL), as a result of the Grenfell Towers disaster. Others included the Forge Wood development, Kilnmead and Goffs Park which had been delayed owing to difficulties meeting planning requirements.

Mitigating actions were being put in place to stop this happening again, those were included in the report to Cabinet on 29 November 2017."

7. Fraud and Investigation Team Report

The Committee considered report FIN/440 of the Operational Benefits and Corporate Fraud Manager, which focused on activity for the period from 15 November 2017 to 19 February 2018. The Operational Benefits and Corporate Fraud Manager was unable to attend the Committee meeting and therefore the Investigations Officer presented the report in his absence.

The report indicated that the Team had continued to perform successfully. The Committee was advised that the total number of active cases identified in Paragraph 4 (Information and Analysis: Active Caseload) totalled 94 (not 83 as detailed in the report) and that the report should be amended accordingly. The Committee also noted that the sub heading of "New Claims Bonus" under Paragraph 4.4 should be amended to read "New Homes Bonus".

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. The Committee sought and received clarification on a number of points raised, including the calculation of the New Homes Bonus, and the notification and implications of empty properties.

RESOLVED

That the Fraud and Investigation Team Report be noted.

8. Progress Report: Internal Audit and Risk Management

The Committee considered report FIN/437 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 2017/2018 Audit Plan, 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. The Audit and Risk Manager took the opportunity to brief the Committee on high priority findings and follow up audits. In relation to the procurement follow-up audit (paragraph 4.5 of the report refers), the Audit and Risk

Manager advised that a further update on the maintenance of the Contracts Register would be provided at the next Committee meeting. The Committee sought and received clarification on several points, including publication of the Contracts Register and Freedom of Information requests. The Committee was advised that more detailed information relating to risk management awareness and training would be provided at the next meeting of the Committee.

The Committee discussed the update provided on Risk Management. A query was raised regarding the composition of the Local Enterprise Partnership Board and, in light of the absence of the Head of Finance, Revenues and Benefits, the Audit and Risk Manager advised that a response would be provided directly to the Committee member. The Committee sought and received clarification on several other points, including the risk levels within the Town Hall Project Risk Register. A Committee member requested that the information contained within Town Hall Project Risk Register (risk 3a) be amended to make clear that Historic England were not at fault in the delay of the tendering process.

RESOLVED

That the progress to date, as at 31 January 2018 be received and noted.

9. Internal Audit Annual Plan 2018-2019

The Committee considered report FIN/438 of the Audit and Risk Manager. The Plan, which was attached as Appendix A to the report included, for each proposed audit area, an outline scope of work planned. The Committee sought and received clarification on a number of issues including the requirement for, and focus of the 'Ethics' audit.

RESOLVED

That the 2018/2019 Internal Audit Annual Plan attached as Appendix A to report FIN/438 be noted.

10. Internal Audit Charter - January 2018

The Committee considered report FIN/439 of the Audit and Risk Manager, and the Charter which was attached as Appendix A to the report. At the request of the Committee, the Audit and Risk Manager clarified a number of issues including how performance against the Charter would be reviewed, Councillor training, succession planning and peer review / external assessors. The Audit and Risk Manager also confirmed that a review of the effectiveness of internal audit would be undertaken on an annual basis. It was noted that reference to "Corporate Directors" in Paragraph 9 of the Charter should be replaced with "Corporate Management Team".

RESOLVED

That the Internal Audit Charter attached as Appendix A to report FIN/439 be approved.

11. Audit Planning Report: Year Ended 31 March 2018

The Committee considered the Audit Plan for the year ended 31 March 2018 from Ernst and Young LLP.

The Audit Plan detailed how Ernst and Young intended to carry out its responsibilities as auditor and provided the Committee with a basis to review Ernst and Young's approach and scope for the 2017-2018 audit in accordance with the requirements of the relevant auditing standards and professional requirements. The Plan also intended to ensure that the audit aligned with the Committee's service expectations.

The Director of Ernst and Young presented the report and, at the request of the Committee, further information was provided in relation to specific areas including value for money of the Town Hall Project and risk assessment. The Committee also noted that the "total other non-audit services planned fee for 2017/18" detailed in Appendix A to the report should be corrected to read "£11,386".

RESOLVED

That the Audit Plan for the year ended 31 March 2018 be noted.

12. Certification of Claims and Returns Annual Report 2016-17

The Committee considered the Certification of Claims and Returns Annual Report 2016-17 from Ernst and Young LLP. The report summarised the results of Ernst and Young's certification work on the Council's 2016-17 housing benefit claim.

The Director of Ernst and Young provided clarification on the detailed work carried out in relation to rent allowances (Section 1 of the report: Housing Benefits Subsidy Claim referred).

RESOLVED

That the Certification of Claims and Returns Annual Report 2016-17 be noted.

Closure of Meeting

With the business of the Audit Committee concluded, the Chair declared the meeting closed at 7.35 pm

Chair