

Crawley Borough Council

Minutes of Audit Committee

Wednesday, 3 March 2021 at 7.00 pm

Councillors Present:

J Millar-Smith (Chair)

M Flack (Vice-Chair)

T G Belben, M G Jones and J Purdy

Also in Attendance:

Councillor R D Burrett

A Brittain Associate Partner, Ernst and Young

Officers Present:

Natalie Brahma-Pearl	Chief Executive
Chris Corker	Operational Benefits and Corporate Fraud Manager
Gillian Edwards	Audit and Risk Manager
Heather Girling	Democratic Services Officer
Karen Hayes	Head of Corporate Finance
Mez Matthews	Democratic Services Officer

1. Disclosures of Interest

No disclosures of interests were made.

2. Minutes

The [minutes](#) of the meeting of the Audit Committee held on 22 September 2020 were approved as a correct record and signed by the Chair.

3. Public Question Time

No written questions had been submitted by members of the public.

4. Fraud and Investigation Team Report

The Committee considered report [FIN/524](#) of the Operational Benefits and Corporate Fraud Manager, which focused on activity for the period from 1 April 2020 to 16 February 2021. The report indicated that the Team had continued to perform successfully.

The Operational Benefits and Corporate Fraud Manager informed the Committee that, due to the Covid-19 pandemic, this was the first report being brought before the Committee for a while. The Committee noted that due to the pandemic events of 2020 the Team had been looking at new threats, specifically the three types of Business Grant which had been introduced by the Government.

The Committee was provided with details of cases investigated and the Team's investigations. The Committee sought and received clarification on a number of points raised, including the value of the current open cases set out in paragraph 6 of the report. The Committee thanked officers for the work they had undertaken, especially considering the additional work created by Business Grants.

RESOLVED

That the Fraud and Investigation Team [Report](#) be noted.

5. Progress Report and Risk Management

The Committee considered report [FIN/521](#) 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 2020/2021 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 the Audit Plan Reviews, along with other work as detailed in the report. The Audit and Risk Manager took the opportunity to inform the Committee that they had taken over the review of Subject Access Requests since the departure of the Head of Legal, Democracy and HR and ensured that any such requests were handled in line with legislation. The Audit and Risk Manager then briefed the Committee on the work as detailed in the report and, in relation to the following areas, the Committee:

Work Completed in the Current Period:

- Acknowledged that the opinion of 'no assurance' given in relation to the Car Parking (Visitor Parking Permits) Audit was very unusual.
- Expressed disappointment in the issues found during the Car Parking Audit.
- Was informed that the issues with visitor parking permits had come to light since the last progress report had been tabled to the Committee. The Car Parking Audit had been carried out following an increase in visitor permits being used by staff due to changing working arrangements as a result of the Covid-19 pandemic.
- Was advised that an update on the Car Parking Audit would be brought to the next meeting of the Committee once the recommended outcomes of the Audit had been in place for a few months. That update would detail whether the controls which had been put in place as a result of the Audit had mitigated the risks identified.

Progress Report ([Appendix A](#) to the report):

- Noted that, as part of a shared service arrangement, the Audit Team had undertaken audit work on behalf of Mid Sussex District Council for the past 7 years. Crawley Borough Council had recently withdrawn from that agreement and would no longer be providing that service.

The Committee discussed the update provided on Strategic Risk Management. Following queries from the Committee relating to the following areas, the Committee:

Climate Emergency:

- Was informed that the Climate Change Scrutiny Panel had met throughout the summer and had completed a significant amount of work.
- Noted that it had been the intention that the assessment would be brought before the February meeting of the Overview and Scrutiny Commission and the 'significant delay', referred to in the report, related to that element of the review and not the work undertaken by the Panel itself.

New Town Hall:

- Was advised that should the Overview and Scrutiny Commission wish to have sight of the financial reports concerning the new Town Hall, it was entitled to refer them to the Commission.

RESOLVED

That the Committee receive the [report](#) and note progress to date, as at 19 February 2021.

6. Internal Audit Annual Plan 2021-2022

The Committee considered report [FIN/522](#) of the Audit and Risk Manager. The Plan, which was attached as [Appendix A](#) to the report, included an outline scope of work planned for each proposed audit area. The Audit and Risk Manager advised the Committee that the Plan had been put together in collaboration with the Head of Corporate Finance and that the Plan could be adapted, in consultation with the Council's Section 151 Officer, to take account of any future high priority issues. It was noted that a number of contingency days had been allocated for such purposes, as well as a number of days for ad hoc Covid-19 related work.

Following a query from the Committee, it was advised that the work to be undertaken within the 12 days identified as 'yet to be agreed' for ICT would be allocated following a mini risk assessment which would be completed in collaboration with the Head of Digital and Transformation. Once those days had been allocated, updated information would be provided at a future meeting of the Committee.

RESOLVED

That the 2021/2022 Internal Audit Annual Plan attached as [Appendix A](#) to report FIN/522 be noted.

7. Updated Audit Results Report: Year Ended 31 March 2020

The Committee considered the updated Audit Results Report for the year ended 31 March 2020 which was included as [Enclosure 8](#) to the agenda. The Associate Partner for Ernst and Young informed the Committee that the report was predominantly the same as that which had been considered by the Committee at its meeting on 22 September 2020, apart from a few specific changes. Those changes were highlighted as being:

- Audit differences (page 51 of the agenda pack).
- Conclusions on the valuation of property (page 58 of the agenda pack).
- Completion of the assessment relating to going concern (page 61 of the agenda pack).

The Audit Results Report set out the current status of the audit, and indicated that Ernst and Young had completed its audit of the Council's financial statements for the year ended 2019/2020.

The Committee considered matters raised, and in doing so:

- Noted that although the property valuations provided by the Council's independent Valuers had differed from that provided by Ernst and Young's independent Valuers, the total variation had been below the materiality threshold and therefore it had been concluded that those values did not need to be adjusted and could be accepted as the difference was considered to be 'reasonable'.
- Received clarification on both the valuations and the variation in valuations of Ashdown House and Atlantic House.

Following the expression of ongoing concern by a Committee member regarding the level of fees identified within the report, the Chair of the Committee advised that they had written to the Public Sector Audit Appointments Limited (PSAA) to communicate their view on the matter, as had the Head of Corporate Finance.

RESOLVED

That the [updated Audit Results Report](#) for the year ended 31 March 2020 be received and noted.

8. Exempt Information – Exclusion of the Public

RESOLVED

That in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act by virtue of the paragraph specified against the item.

9. Outcome of the Investigatory Powers Commissioner's Office RIPA Inspection

Exempt Part B - By Virtue of Paragraph 3
Information relating to the financial or business affairs of any particular person (including the authority holding that information)

The Committee considered the letter which detailed the findings from the Council's recent Investigatory Powers Commissioner's Office (IPCO) inspection which was included as Enclosure 11 to the agenda.

The Committee was provided with updated information regarding both the training which had been undertaken in relation to Regulation of Investigatory Powers (RIPA) and the instances when RIPA powers had been used by the Council. The Committee was advised that this updated information would also be relayed to the IPCO.

RESOLVED

That the letter from the Investigatory Powers Commissioner's Office (RIPA) inspection be noted.

Closure of Meeting

With the business of the Audit Committee concluded, the Chair declared the meeting closed at 8.09 pm

J Millar-Smith (Chair)