

Crawley Borough Council

Minutes of Audit Committee

Tuesday, 5 September 2023 at 7.00 pm

Councillors Present:

J Charatan (Vice-Chair)

I Ashraf, T G Belben and J Russell

Also in Attendance:

Elizabeth Jackson Partner, Ernst & Young

Mr Ul Haque Independent Member to the Audit Committee

Officers Present:

Vicki Basley Chief Accountant

Siraj Choudhury Head of Governance, People & Performance

Chris Corker Operational Benefits and Corporate Fraud Manager

Carolin Martlew Head of Corporate Finance

Mez Matthews Democratic Services Officer

Anna Pedlow Corporate Performance Manager

Apologies for Absence:

Councillors J Millar-Smith and H Hellier

Absent:

Councillor S Sivarajah

1. Disclosures of Interest

No disclosures of interests were made.

2. Minutes

The minutes of the meeting of the Audit Committee held on 21 June 2023 were approved as a correct record and signed by the Chair.

3. Public Question Time

No questions were asked by members of the public.

4. Fraud and Investigation Team Report

The Committee considered report [FIN/631](#) of the Head of Corporate Finance, which focused on activity for the period from 8 June 2023 to 20 August 2023. The report indicated that the Team had continued to perform successfully.

The Committee noted that the notional “in period” value of £336,200 identified in Paragraph 4.2 (Housing Fraud) was incorrect and should be amended to read “£316,200”. The Committee was provided with details of cases investigated, 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 outcome of the recent Single Person Discount review exercise compared to previous years; the various reasons why right to buy applications could be prevented; the length of time outstanding fraud cases had been active and their nature; the use of the Council’s Whistleblowing Policy and other key policies; the proportion of fraud cases which did not have an outcome along with the general reasons for that; and the financial cost to the Council of the Council Tax Support fraud identified in the report.

The Operational Benefits and Corporate Fraud Manager provided further information on the tools used by the Council (such as the National Fraud Initiative) to data match and assist in detecting potential fraud. The Operational Benefits & Corporate Fraud Manager also confirmed that the Council Tax and Non-Domestic Rate figures identified in the report were billable amounts, of which the Council would keep a small proportion. The Committee noted that the Council had a high success rate (98%-99%) in recovering those funds.

Following a query from a Committee Member, the Operational Benefits & Corporate Fraud Manager agreed to ascertain whether the “5 or more persons, forming 2 or more households” threshold for the requirement of an HMO licence (identified in Paragraph 5 - Significant Cases of the report) was set locally or nationally, and provide a response to the Committee via email.

RESOLVED

That the Fraud and Investigation Team Report be noted.

5. Internal Audit Progress Report

The Committee considered report [FIN/630](#) of the Head of Corporate Finance which had been prepared by Southern Internal Audit Partnership (SIAP), the Council’s Internal Auditors. The purpose of the report was to update the Committee on the status of ‘live’ internal audit reports, the progress against the Annual Audit Plan and provide a summary of internal audit as well as any significant issues which might impact the annual audit opinion.

The Committee noted that, whilst there were some overdue management actions, SIAP did not have any overall concerns relating to those matters. The Committee sought and received clarification on a number of points, including the number of limited assurance opinions (2) and no assurance opinions (0) provided in the last year; and the type of participant who had been invited to complete the satisfaction survey carried out by SIAP,

The Independent Member queried whether the Council's financial reporting and close down processes had been audited. Whilst it was noted that the external Auditors looked at the Council's close processes, the Committee agreed that a risk assessment be requested to ascertain whether it would be advantageous to also complete an internal audit of the Council's financial reporting process.

RESOLVED

1. That the Committee receive the report and note progress to date, as at 31 July 2023.
2. That a risk assessment be requested to ascertain whether it would be advantageous to complete an internal audit of the Council's financial reporting process.

6. Risk Management Update

The Committee considered report [LDS/206](#) of the Head of Governance, People & Performance which provided an update on the Council's Strategic Risks.

A discussion took place on the Council's risk management processes and the Strategic Risk Register. The Committee sought and received clarification on several issues including the Council's process for identifying strategic risks and communicating those with relevant staff; the risks, mitigations and parties involved with regard to the new Town Hall (Risk 1) and how that had been reflected in the risk level; funding for homelessness (Risk 5); funding to assist with the cost of housing and resettlement for those migrating or seeking asylum (Risk 6); and the steps which had been taken to mitigate against recruitment and retention risks (Risk 11).

The Committee expressed its appreciation that the risk score had now been added to the Strategic Risk Register for each individual risk matrix. Following feedback for the Committee, it was agreed that the Corporate Management Team (who provided the information for the Risk Register) be requested to ensure that detail relating to the description and mitigation of a risk was included in the most appropriate column of the Register.

Where it was not possible to provide the Committee with answers to all the queries it raised at the meeting, officers agreed that information regarding those matters would be circulated directly to the Committee via email.

In response to a query raised, the Committee was informed that, whilst the Council did not currently benchmark strategic risks with other Local Authorities as the effects of a particular risk would vary according to the characteristics of each Authority, the Department for Levelling Up, Housing and Communities had expressed it was satisfied that the Council adopted good practice in the area of homelessness and several of those practices had been adopted by other Authorities. It was also acknowledged that the Council kept abreast of issues affecting other Authorities and was pro-active in taking appropriate action. Following a discussion on that matter, the Committee agreed that benchmarking strategic risks against other Local Authorities could be advantageous, it therefore requested that the Chief Executive and/or Cabinet be requested to consider undertaking such benchmarking.

RESOLVED

1. That the Committee confirm it is satisfied with risk management arrangements.
2. That the Chief Executive and/or Cabinet be requested to consider benchmarking strategic risk against other Local Authorities.

7. Approval of the Annual Governance Statement 2022/2023

The Committee considered report [LDS/205](#) of the Head of Governance, People & Performance which sought the Committee's endorsement of the Annual Governance Statement for 2022/23.

Following a query from the Committee, further information regarding the use and publication of Council policies, such as the Whistleblowing Policy, was provided. A query was raised relating to the way in which data on complaints was circulated to Councillors and it was suggested that such data could identify trends in complaints and inform Councillors of lessons learned. Following discussion, the Committee requested that the Corporate Management Team be asked to consider how best to communicate information relating to complaints wider than with Cabinet Members at their Portfolio Briefings.

RESOLVED

1. That the Committee endorse the Annual Governance Statement 2022/2023 as signed by the Leader and Chief Executive.
2. That the Corporate Management Team be requested to consider how to best communicate information relating to complaints wider than with Cabinet Members at their Portfolio Briefings.

8. Updated Audit Results Report: Year Ended 31 March 2022

The Committee considered [FIN/632](#) which had been submitted by Ernst and Young. The report summarised the status of the Audit. The Committee noted that the updates were identified in italics within the Results Report.

The representative for the Council's External Auditors, Ernst & Young (EY) informed the Committee that there were only two remaining issues which could result in amendments to the Statement of Accounts, however any changes required would not be material. EY was therefore proposing to issue an unqualified opinion on the financial statements and the Statement of Accounts could be signed.

Committee considered matters raised, and in doing so:

- Noted that EY did not rely on information provided by the Council's Internal Auditors. It was acknowledged that EY did review the Council's Annual Governance Statement (AGS) as part of its Audit as the AGS included information on the audits carried out by the internal Auditors as well as the internal audit opinion. As a result of that review, EY had requested that minor amendments be made to the 2021/22 AGS and EY was now satisfied that the AGS was a true reflection of those matters.

- Was provided with more information on how financial reporting could be deemed to turnaround error.
- Was informed how several areas of the audit were conducted, including the nature of valuation errors and how they were identified by EY.
- Continued to express concern regarding the fees for the external audit. The Committee was advised that a review of public sector audits was expected to take place. It was anticipated that the review would consider which elements of those audits took an excessive amount of time (e.g., areas like valuation disagreements) which, it could be argued, added little to no value to the external reader of the Statement of Accounts.

RESOLVED

That the Updated Audit Results Report for the year ended 31 March 2022 be received and noted.

Closure of Meeting

With the business of the Audit Committee concluded, the Vice Chair declared the meeting closed at 9.07 pm

J Charatan (Vice Chair)