

Crawley Borough Council

Audit Committee

Agenda for the **Audit Committee** which will be held in **Committee Room C - Town Hall**, on **Tuesday, 5 September 2023** at **7.00 pm**

Nightline Telephone No. 07881 500 227



Chief Executive

Membership:
Councillors

J Millar-Smith (Chair), J Charatan (Vice-Chair), I Ashraf, T G Belben,
H Hellier, J Russell and S Sivarajah

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The order of business may change at the Chair's discretion

Part A Business (Open to the Public)

	Pages
1. Apologies for Absence	
2. Disclosures of Interest	
In accordance with the Council's Code of Conduct, councillors are reminded that it is a requirement to declare interests where appropriate.	
3. Minutes	5 - 8
To approve as a correct record the minutes of the Audit Committee held on 21 June 2023.	
4. Public Question Time	
To answer any questions asked by the public which relate to an item on this agenda and which are in line with the Council's Constitution.	
Public Question Time will be concluded by the Chair when all questions have been answered or on the expiry of a period of 15 minutes, whichever is the earlier.	
5. Fraud and Investigation Team Report	9 - 12
To consider report FIN/631 of the Head of Corporate Finance.	
6. Internal Audit Progress Report	13 - 32
To consider report FIN/630 of the Head of Corporate Finance.	
7. Risk Management Update	33 - 48
To consider report LDS/206 of the Head of Governance, People & Performance.	
8. Approval of the Annual Governance Statement 2022/2023	49 - 68
To consider report LDS/205 of the Head of Governance, People & Performance.	

	Pages
9. Updated Audit Results Report: Year Ended 31 March 2022	69 - 122
To consider report FIN/632 submitted by Ernst and Young.	
RECOMMENDATION	
That the Updated Audit Results Report for the year ended 31 March 2022 be received and noted.	
10. Supplemental Agenda	
Any urgent item(s) complying with Section 100(B) of the Local Government Act 1972.	

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Crawley Borough Council

Minutes of Audit Committee

Wednesday, 21 June 2023 at 7.00 pm

Councillors Present:

J Millar-Smith (Chair)

J Charatan (Vice-Chair)

I Ashraf, T G Belben, H Hellier, J Russell and S Sivarajah

Officers Present:

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
Stuart Small	Deputy Fraud Manager

1. Disclosures of Interest

No disclosures of interests were made.

2. Minutes

The minutes of the meeting of the Audit Committee held on 20 March 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/626](#) of the Operational Benefits and Corporate Fraud Manager, which focused on activity for the period from 6 March 2023 to 7 June 2023. The report indicated that the Team had continued to perform successfully.

The Committee noted that the table in paragraph 4.1, which detailed the number and type of cases being undertaken for the period, now also included figures for the previous activity period as requested by the Committee at its last meeting. The Committee was advised that whilst that table gave an indication of the types of case

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Audit Committee (2)
21 June 2023

being investigated over time, due to the individual nature of each case, a direct comparison should not be drawn from each individual activity period.

The Committee sought and received clarification on a number of points raised, including whether a country's financial situation could potentially affect fraud levels, the rationale for adjusting the annual cost for each property being misused due to housing fraud, the process for detecting and investigating potential fraud, circumstances where it would be possible to retrospectively claim for unpaid Tax or Rates and circumstances where the Council might seek a prosecution.

Following queries from the Committee it was noted that Councillors and the public could contact the Investigations Team directly should they suspect fraud. 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.

RESOLVED

That the Fraud and Investigation Team Report be noted.

5. Risk Management Update

The Committee considered report [LDS/203](#) of the Head of Governance, People & Performance which provided an update on the Council's Strategic Risks.

The Corporate Performance Manager took the opportunity to brief the Committee on the risks as detailed in the report, and in doing so highlighted that, following the Committee's request at its last meeting, for ease of reference the risk score had been added to the Strategic Risk Register for each individual risk matrix.

A detailed discussion then took place regarding the Strategic Risk Register. The Committee sought and received clarification on several issues including the steps being taken by the Council to mitigate the migration / asylum pressures (Risk 7), ongoing action being taken to reduce the risk of IT data breaches (Risk 10) and the current risk focus relating to the new Town Hall (Risk 1).

In response to specific matters raised by the Committee:

- The link between risk score (no controls), mitigations and risk score (post mitigation) was explained in further detail.
- It was noted that external factors were more difficult to mitigate as they were beyond the Council's control.
- A brief explanation was given as to the fundamental differences between Local Government accounting/budgeting and that of the commercial sector.
- The Committee noted that not all areas in the United Kingdom were impacted as heavily by the new legislation passed to provide those with Chagossian descent UK Citizenship entitlement. Crawley Borough Council was linking with other Local Authorities which were especially affected to share information and lobby for additional funding.
- That further information with regard to the potential risks and associated mitigations resulting from staff remote working be sought from the Head of Digital and Transformation and reported back to the next meeting of the Audit Committee.

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A discussion took place regarding Risk 13 (organisational capacity, recruitment and succession planning) and Risk 14 (organisational capacity, recruitment and succession planning: key staff retirement) with the Committee questioning whether the risk levels attributed were high enough. In response to the concerns raised, more detailed information was provided regarding mitigations such as SharePoint, induction, training and the current annual report to the Overview and Scrutiny Commission. The Committee continued to be of the view that the risk scores for Risks 13 and 14 should be higher and, whilst it understood that those risks would continue to be reviewed at future meetings of the Committee, it requested that the Cabinet and the Chief Executive review those risk scores before the next Audit Committee meeting.

It was requested that, should Committee Members have specific queries in future, particularly in relation to understanding a service area's processes and procedures, those matters be passed to the relevant officer in advance of the Committee meeting.

RESOLVED

- a) That the Committee confirm it is satisfied with risk management arrangements.
- b) That the comments provided by the Committee regarding Risk 13 (organisational capacity, recruitment and succession planning) and Risk 14 (organisational capacity, recruitment and succession planning: key staff retirement) be brought to the attention of the Chief Executive and the Cabinet.

6. Internal Audit Annual Report 2022-23

The Committee considered report [FIN/625](#) of the Head of Corporate Finance which presented the Internal Audit Annual Report and Opinion for 2022/23 in accordance with the requirements of the Public Sector Internal Audit Standards. The Committee was assured that a "reasonable" conclusion was good considering the impact of Covid. The Committee was informed that Southern Internal Audit Partnership (SIAP), the Council's Internal Auditors, had advised that Council staff engaged enthusiastically with the auditing process.

Following a query from the Committee the process for identifying actions which could be taken to address issues discovered by an audit was explained. Additionally, the Committee was provided with further information relating to the arrangements the Council had in place to ensure the long-term success of those actions and avoid repeated shortcoming in the future.

The Committee recognised that internal and external audit were separate functions which were completed by different organisations on behalf of the Council. The Committee was informed that the external audit was undertaken by Ernst and Young (EY). Whilst the Statement of Accounts for 2021/22 had been considered and approved by the Committee at its meeting on [20 March 2023](#), material changes to those Accounts were anticipated and it was therefore likely the matter would be brought back to the Committee at its meeting in September. In addition, whilst the Council's Finance Officers had completed the Statement of Accounts for 2022/23, EY had informed the Council that those Accounts would not be audited until 2024. The Head of Corporate Finance was in the process of negotiating with EY with a view to bringing that completion date forward. The Committee was assured that the Committee's dissatisfaction with external audit fees and the service provided had

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21 June 2023

been expressed both with the PSAA (Public Sector Audit Appointments), which had appointed EY as the Council's external auditors, as well as with EY itself.

RESOLVED

That the Internal Audit Annual Report 2022-23 be noted.

Closure of Meeting

With the business of the Audit Committee concluded, the Chair declared the meeting closed at 8.47pm

J Millar-Smith (Chair)

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Crawley Borough Council

Report to Audit Committee

5 September 2023

Fraud and Investigation Team Report

Report of the Head of Corporate Finance - Report no. **FIN/631**

1. Purpose

- 1.1. This report describes the activity of the Corporate Fraud & Investigation Team for the period 8 June 2023 to 20 August 2023. All outcome figures are taken from closed cases.

2. Recommendation

- 2.1. That the Committee note the report.

3. Reasons for the Recommendation

- 3.1. The Committee has a responsibility to oversee the Council's anti fraud and corruption arrangements. A major part of those arrangements is the activity of the Corporate Fraud & Inspection Team in identifying, investigating and taking action against cases of fraud.

4. Information & Analysis

- 4.1 The Fraud Team are currently investigating the following case types:

<u>Case Type</u>	<u>Number of current open cases</u>	<u>Previous reporting period</u>
Council Tax Support	19	18
Housing Cases	13	13
Non Domestic Rates	-	1
Single Person Discount	1	4
Council Tax Liability	1	2
Right to buy	12	13
Fly Tipping	3	2
Total	49	53

The above cases are all at various stages in the investigation lifecycle and will be reported on when the cases are closed.

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4.2. Housing Fraud

During the reporting period the team have achieved the following:

	<u>In period</u>	<u>2023/24 (YTD)</u>
Properties recovered	2	7
Right to buy prevented	3 (£261,600)	4 (£348,800)
Notional value of savings	£336,200	£539,900

From 1 April 2023 we estimate the annual cost to the Council for each property which is not correctly occupied or has been obtained fraudulently to be £27,300.

This is based on the average cost of Temporary Accommodation which currently stands at £75 per night.

Discounts of up to £96,000 are now available under the right to buy scheme. This is a significant amount of money. Investigator's will routinely check applications and make enquiries where appropriate.

4.3. Single Person Discount

The Council Tax Inspectors have completed their annual review exercise of Single Person Discounts.

A Single Person Discount is where the Council Tax liability is reduced by 25% due to single occupation. However, we are not always informed when a 2nd adult joins the property. Using data matching we are able to identify possible cases of concern and correct the liability accordingly.

The inspectors reviewed the matched data and identified 169 cases of concern. This resulted in 113 cases of the Single Person discount being removed, saving £75,000.

4.4. Council Tax and Business Rates

The team continue to investigate and inspect Council Tax and Business rates.

New billable CT or Rates – Inspectors are constantly looking for properties or businesses that are not on the valuation list and therefore not being billed. Legislation does not require occupiers to report new properties.

	Council Tax		Non Domestic Rates	
	In period	2023/24	In period	2023/24
New billable CT or Rates	£135,666	£77,110	£802,647	£1,323,747

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5. Significant Cases

- 5.1. The investigation team were asked to assist our Private Sector Housing Team after they received an allegation of an unlicensed house of multiple occupation (HMO) in West Green owned by Mrs Hussain.

Under section 72 of the Housing Act 2004 offences in relation to licensing of HMOs, it is determined that a person commits an offence, if he is a person having control of or managing an HMO which is required to be licensed but is not so licensed. An HMO licence is required if a property is occupied by 5 or more persons, forming 2 or more households.

The investigation team were able to provide evidence to show 6 bedrooms, with 9 adults residents. The property was also not up to required standards including fire and electrical safety.

After a full review a decision was taken to impose a financial penalty of £5,000 and all deficiencies of the property to be resolved.

6. Implications

- 6.1. There are no implications from the report.

7. Background Papers

- 7.1. None

Report author and contact officer:

Chris Corker, Operational Benefits & Corporate Fraud Manager (telephone 01293 438598).

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Crawley Borough Council

Report to the Audit Committee

5 September 2023

Internal Audit Progress Report

Report of the Head of Corporate Finance – FIN/630

1. Purpose

- 1.1. The Committee has a responsibility to review the Internal Audit Progress report to ensure that action has been taken by relevant managers on risk based issues identified by Internal Audit.

2. Recommendations

- 2.1. The Committee is requested to receive this report and note progress to date, as at 31 July 2023.

3. Reasons for the Recommendations

- 3.1. The Committee has a responsibility to ensure that action has been taken by relevant managers on risk based issues identified by Internal Audit.

4. Background

- 4.1. The Committee approved its Internal Audit Plan at its meeting of 20 March 2023.

- 4.2. Under the Accounts and Audit (England) Regulations 2015, the Council is responsible for:

- ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of functions and includes arrangements for the management of risk; and
- undertaking an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.

- 4.3. In accordance with proper internal audit practices (Public Sector Internal Audit Standards), the Chief Internal Auditor is required to provide a written status report to the Audit Committee, summarising:

- The status of 'live' internal audit reports (outstanding management actions);
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues;
- a summary of significant issues that may impact on the Chief Internal Auditor's annual opinion.

- 4.4. The progress report is attached at Appendix A and provides a clear and transparent articulation of internal audit activity, performance, and outcomes during the period up to the end of July 2023.

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Southern Internal Audit Partnership

Assurance through excellence
and innovation

CRAWLEY BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT July 2023

Prepared by: Iona Bond, Assistant Head of Partnership

August 2023

1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

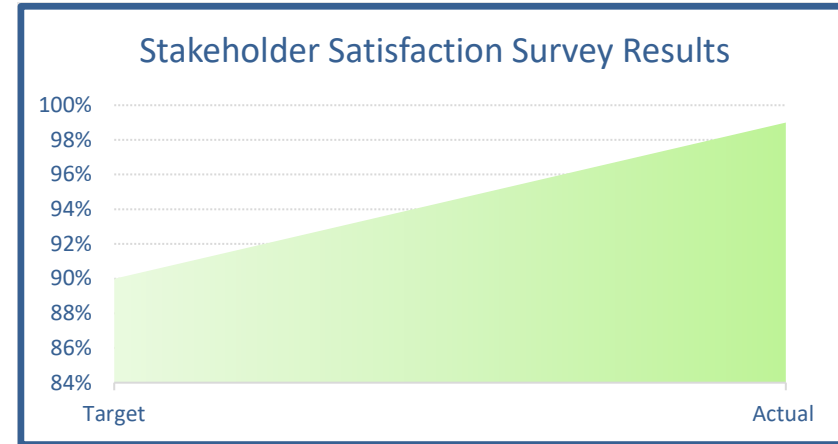
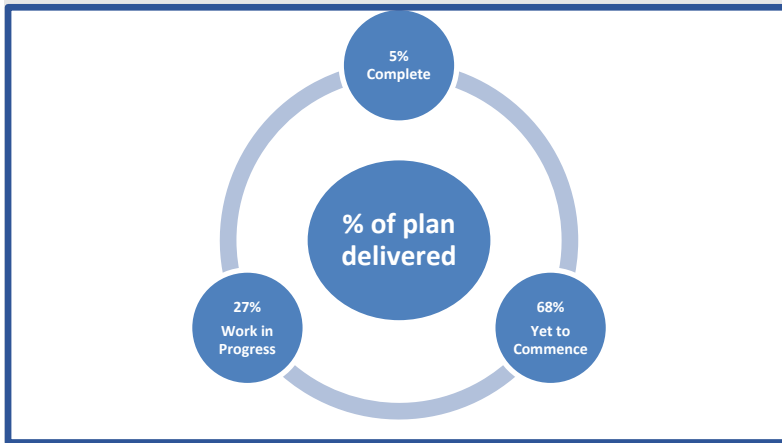
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial	<i>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited</i>
Reasonable	<i>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</i>
Limited	<i>Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.</i>
No	<i>Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.</i>

* Some reports listed within this progress report (pre 2022-23 audit plan) refer to categorisations previously adopted by the Council, reference is provided at Annex 3.

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.'

'We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)*	Not Yet Due	Complete	Overdue		
							L	M	H
2021/22 Reviews									
Health and Safety	15.06.2022	HofGP&P	Limited	7 (2)	0 (0)	5 (2)		2	
2022/23 Reviews									
Houses in Multiple Occupation	23.12.2022	HofSS	Reasonable	3 (3)		3 (3)			
Payroll	19.01.2023	HofCF	Reasonable	3 (0)	1 (0)	2 (0)			
Air Quality Management	07.02.2023	HofCoS	Reasonable	3 (0)	3 (0)	2 (0)		1	
Recruitment, Retention and Leavers Processing and Monitoring	08.03.2023	HofGP&P	Reasonable	6 (4)	0 (0)	0		2	4
Compliance – Gas Safety Audit (Housing Stock)	08.03.2023	HofCH	Reasonable	13 (7)	0	9 (5)		3	1
Crawley Growth Programme	11.05.2023	HofE&P	Reasonable	3 (0)	2	1			
Health and Safety – Driver Safety Training	13.04.2023	Hof GP&P	Limited	12 (4)	12 (4)	0			
Taxi and Private Hire Licensing – New Driver Applications	20.06.2023	HofCoS	Limited	7 (4)	0 (0)	5(3)	1		1
2023/24 Reviews									
Total							1	8	6

*Total number of actions (total number of high priority actions)

Audit Sponsor			
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HofCF	Head of Corporate Finance	HofD&T	Head of Digital and Transformation
HofE&P	Head of Economy and Planning	HofComS	Head of Commercial Services
HofCoS	Head of Community Services	HofGP&P	Head of Governance, People and Performance
HofCH	Head of Crawley Homes	HofSS	Head of Strategic Housing

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There have been no reports published concluding a “Limited” or “No” assurance opinion to date for 2023/24.

6. Planning & Resourcing

The internal audit plan for 2023-24 was presented to the Corporate Management Team (CMT) and the Audit Committee in March 2023.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. A number of changes have been made to the plan and these are shown in the table in section 8.

We are satisfied that the revised audit plan for the year remains robust and sufficient to enable an annual assurance statement to be provided.

Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2022/23 Reviews								
Contract Management	HofCF	✓	✓	✓	✓			
2023/24 Reviews								
Governance								
Procurement	HofCF							Q3
Corporate Complaints	HofGP&P	✓	✓	✓	✓	✓	Reasonable	
Information Governance	HofGP&P							Q4
IT								
Cyber Security	HofD&T							Q4
IT Asset management	HofD&T	✓	✓	✓				
Core Financial								
Main Accounting	HofCF							Q3
Housing Rents	HofCH							Q4
Delivering value for money and modernising the way we work								
Commercial Properties	HofCF							Q4
Delivering affordable homes for Crawley and reducing homelessness								
Homelessness	HofSS							Q3
Statutory Checks - Asbestos	HofCH							Q4
Statutory Checks – Fire Safety	HofCH							Q3
Statutory Checks - Electrical	HofCH	✓	✓	✓				
Responsive Repairs	HofCH	✓	✓					
Protecting the Environment								
Water Neutrality Strategy	HofE&P	✓	✓	✓				
Climate Action Plan	HofE&P							Q4
Providing high quality leisure and culture facilities and supporting health and wellbeing services								
Parks and Open Spaces	HofCoS							Q3

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Community Facilities – Regulatory Compliance	HofComS	✓	✓					
Creating stronger communities								
Community Safety and Enforcement	HofCoS HofCH							Q3
Other								
Parking (and Enforcement)	HofCoS							Q4
Environmental Health – Port Health	HofCoS							Q2
Development Management - CIL	HofE&P							Q4

8. Adjustments to the Internal Audit Plan

The following adjustments to the plan have been made:

Plan Variations	
Removed from the Plan	Reason
Statutory Checks - Lifts	External sources of assurance obtained. No requirement for additional internal audit review.
Statutory Checks – Water Safety	Deferred until 2024/25 to allow for all data to be migrated into the Council’s system.
Health and Safety – New Town Hall	Not a priority area for 2023/24. All policies and procedures as reviewed in 2021/22 are substantially the same following the move into the new Town Hall. All emergency equipment installed is new and under guarantee.
Towns Fund	Deferred until 2024/25. Full audit in 2022/23 and no new significant projects will be at a stage during 2023/24 that an audit would add value
Crawley Growth Programme	Deferred until 2024/25. Full audit in 2022/23 and no new significant projects will be at a stage during 2023/24 that an audit would add value
PCI	No progress towards compliance, revisit the requirement for review in 2024/25

Added to the Plan	Reason
Compliance Checks – Fire Safety	Cancellation from 2022/23
Compliance Checks – Electrical Safety	Cancellation from 2022/23
Parks and Open Spaces – Tilgate Park	Cancellation from 2022/23

Annexe 1

Overdue 'High Priority' Management Actions

Recruitment, Retention and Leavers Processing and Monitoring – Partial Assurance			
Observation: Although guidance for managers relating to recruitment and leavers processing is available on the intranet, they are not comprehensive and recruitment responsibilities are not always clear, resulting in the Recruitment & HR Information Officer having to guide recruiting managers on their responsibilities. A review of the current guidance would be beneficial to ensure that they are sufficient, clear and avoid any ambiguity around responsibilities.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Take a proposed corporate approach around recruiting manager responsibilities to CMT	30.04.2023	31.10.2023	01/08/2023 a paper was presented to CMT for discussion on Recruitment and Retention as it is identified as a corporate strategic risk. A further paper to CMT by the end of October 23 will cover off the actions identified in Observations 2,3,4,5. So the completion dates for these actions need to be put back. This is mainly down to capacity issues across the division, unexpected projects and delays with developing the HR systems project.

Recruitment, Retention and Leavers Processing and Monitoring – Partial Assurance

Observation:

There is an online job advert template with guidance notes for completion by recruiting managers. From our sample of nine job adverts reviewed we identified a number of inconsistencies and non compliance with the guidance notes.

Job adverts are submitted to HR via the online recruitment system for processing and advertising. HR undertake some checks before adverts are posted however it is not clear what responsibility HR has for ensuring the quality of adverts.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Take a proposed corporate approach around development of job adverts to CMT	30.04.2023	31.10.2023	01/08/2023 a paper was presented to CMT for discussion on Recruitment and Retention as it is identified as a corporate strategic risk. A further paper to CMT by the end of October 23 will cover off the actions identified in Observations 2,3,4,5. So the completion dates for these actions need to be put back. This is mainly down to capacity issues across the division, unexpected projects and delays with developing the HR systems project.

Recruitment, Retention and Leavers Processing and Monitoring – Partial Assurance

Observation:

Start dates for new recruits are agreed once all pre-employment checks have been satisfactorily completed. One applicant in the audit sample had started employment without receiving at least one reference. There are instances where an urgent start date may be required before all necessary checks have been completed.

In instances such as these there is no process in place to undertake a risk assessment that would identify the risks and any safeguards that may need to be put in place to protect the Council.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Take a proposed corporate approach around pre-employment check requirements to CMT	30.04.2023	31.10.2023	01/08/2023 a paper was presented to CMT for discussion on Recruitment and Retention as it is identified as a corporate strategic risk. A further paper to CMT by the end of October 23 will cover off the actions identified in Observations 2,3,4,5. So the completion dates for these actions need to be put back. This is mainly down to capacity issues across the division, unexpected projects and delays with developing the HR systems project.

Recruitment, Retention and Leavers Processing and Monitoring – Partial Assurance

Observation:
 The shortlisting of candidates to be selected for interview is undertaken by the recruiting manager. The review of applications and shortlisting is completed manually and only the decision to invite applicants for interview or reject them is recorded on the recruitment system. Evidence of the shortlisting process is not retained on the HR system or in HR’s records and audit testing was therefore not able to evidence shortlisting had been based on the advertised criteria.

Following the interview, the interview panel are required to send the interview notes and assessments to HR for retention. This part of the process is manual. Audit testing identified HR had received interview documentation for two out of a sample of ten.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Take a proposed corporate approach around shortlisting and interviewing record requirements to CMT.	30.04.2023	31.10.2023	01/08/2023 a paper was presented to CMT for discussion on Recruitment and Retention as it is identified as a corporate strategic risk. A further paper to CMT by the end of October 23 will cover off the actions identified in Observations 2,3,4,5. So the completion dates for these actions need to be put back. This is mainly down to capacity issues across the division, unexpected projects and delays with developing the HR systems project.

Compliance – Gas Safety Audit (Housing Stock) Assurance**Observation:**

The Council has a contractual arrangement with a third party to undertake gas safety checks and included in the terms of the contract is an agreement to comply with Data Protection legislation between the parties. The Council shares gas safety data with the contractor which includes information relating to individuals residing in council owned properties. The contract states that "Notwithstanding this clause 30, in the event that the Service Provider is reasonably expected to be acting as a Data Processor it shall enter into a data sharing agreement with the Client". We requested a copy of the Data Sharing Agreement between the two parties however we were informed that the Council was not able to locate the Data Sharing Agreement that was in place. Without reference to the Data Sharing Agreement the Council cannot define what is the parties' roles and the purpose of the data sharing and what is going to happen to the data.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
If there is no DSA present in the strong room, we will draft and issue a DSA between the Client and the Service Provider.	28.04.2023	29.09.2023	Work in progress. New DSA being drafted.

Taxi and Private Hire Licensing – New Driver Applications– Partial Assurance

Observation:

Discussions with the TLPHS&LS and the TSO highlighted the fact that there are currently no written internal procedure notes on the new process in place. The TLPHS&LS explained that the process is constantly changing, but that it would be possible to write procedure notes on the basic process.

The TSO added that the paper front sheet they use for each of the applications acts as a form of procedure note as it contains a checklist. Uniform also contains a checklist. The checklists do not contain information on how to perform the checks though, other than in the case of the English Language Standard check, as the front sheet contains guidance on what qualifications to check.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Now that the procedure has been fully tested, a documented process will be produced, including a flow chart.	01.08.2023	01.10.2023	Revisions have been made to the New Applicant Guidance Notes but procedure notes have been delayed due to staff annual leave, Jury Service and staff sickness. Systems continue to be tested and check sheets/draft procedures developed.

Annexe 2

Overdue 'Low & Medium Priority' Management Actions (July 2023)

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Health and Safety	15.06.2022	Reasonable	Medium	31.08.2022	31.12.2023
			Medium	30.09.2022	31.12.2023
Air Quality management	07.02.2023	Reasonable	Medium	01.07.2023	31.03.2024
Recruitment, Retention and Leavers Processing and Monitoring	08.03.2023	Reasonable	Medium	30.09.2023	31.10.2023
			Medium	30.05.2023	31.10.2023
Compliance – Gas Safety Audit (Housing Stock)	08.03.2023	Reasonable	Medium	31.03.2023	01.12.2023
			Medium	28.04.2023	29.09.2023
			Medium	31.03.2023	31.12.2023
Taxis and Private Hire Licensing – New Driver Applications	20.06.2023	Limited	Low	01.08.2023	01.10.2023

Crawley Borough Council Assurance Opinions (Pre 2022/23)

Substantial	<i>There is a sound system of internal control designed to achieve the system objectives. Compliance with the control process is considered to be of a high standard and few or no material errors or weaknesses were found.</i>
Satisfactory	<i>Whilst there is a basically sound system of internal control designed, there are weaknesses, which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.</i>
Limited	<i>Weaknesses in the design of the system of internal controls are such as to put the system objectives at risk, and/or the level of non-compliance with some of the controls puts the system objectives at risk.</i>
No	<i>Control design is generally weak leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.</i>

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Crawley Borough Council

Report to the Audit Committee

5 September 2023

Risk Management Update

Report of the Head of Governance, People & Performance – LDS/206

1. Purpose

- 1.1. The Committee is asked to review the action taken by the Corporate Management Team and staff to mitigate Strategic Risks.

2. Recommendations

- a) The Committee is requested to consider the contents of this report and confirm it is satisfied with risk management arrangements.
- b) Review the Strategic Risk register (Appendix A) and determine whether there are any matters that it wishes to draw to the attention of the Chief Executive or to Cabinet.

3. Reasons for the Recommendations

- 3.1. The Committee has a responsibility to ensure that action has been taken by relevant Managers on risk-based issues.

4. Background

- 4.1. The Corporate Management team regularly review the Strategic Risks of the Council and look at the mitigations of those risks. This is a live document and updates on risks are presented to the Audit Committee at its meetings. The internal audit service (SIAP) will give an annual report and opinion on the organisation's framework of governance, risk management and contra based on the audit work conducted in the year. The Audit Plan looks at these Strategic risks.
- 4.2. The Corporate Management Team made a commitment to amend the strategic risks from a long list to one in tabular format; with risk scores without controls in place; what mitigations are in place which gives residual scores.
- 4.3. The focus of effective risk management is the identification and management of risks and opportunities. It increases the probability of success, reduces the likelihood of failure and the uncertainty of achieving objectives. Risk management should be a continuous and evolving process which runs throughout the Council's strategies and service delivery.

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- 4.4. This enables the Audit Committee to meet its responsibilities to provide the Council with independent assurance of the adequacy of the risk management framework and associated control environment.

5. Risk Management Arrangements

- 5.1. The Council's approach to risk management is set out in its [Risk Management Strategy](#). The objectives of a risk management strategy are to:
- Integrate risk management into the culture of the Council by engendering a positive attitude and understanding to risk throughout service areas.
 - Manage risk in accordance with best practice.
 - Prevent injury, damage and financial loss to those connected with the Council's delivery of services.

6. Strategic Risk Register

- 6.1. A strategic risk is defined as an event or action that will affect an organisation's overall ability to achieve its corporate objectives and execute strategies successfully. By their nature, strategic risks are generally not service or objective specific; they are areas of risk that cut across service and objective boundaries.
- 6.2. The Strategic Risk Register (Appendix A) is a live document which is regularly reviewed by the Corporate Management Team, and it includes a summary of the current analysis of residual risk as well as detail on each Strategic Risk.
- 6.3. The risk tolerance of the Council is the threshold above which the level of risk is not acceptable and requires further action to reduce the risk. The level has been agreed by the Corporate Management Team to be any risk with a residual score of 15 or above (red risks). This is set out in the Risk Management Strategy.
- 6.4. Risks around the provision of affordable housing, cost of living, homelessness, water neutrality and climate change emergency are exceeding this score. In these cases, there are external factors that are affecting the score, these scores are being constantly reviewed and updates will be provided at future Audit Committees.

7. Updates since the last meeting

- 7.1 Risk 4: Delivering the Affordable Housing Programme has been amalgamated into one risk (previously 4 & 5). The risk description, mitigations and risk scores have been updated. The overall risk score is 16 (no controls) and 12 (post mitigation).
- 7.2 Risk 8: Disaster Recovery & Business Continuity has been amalgamated into one risk (previously 9 & 10) which covers data breaches and network compliance. The risk description remains unchanged, the mitigations and risk scores have been updated. The overall risk score is 16 (no controls) and 8 (post mitigation).
- 7.3 A recommendation from the last Audit Committee was to review the risk score for Risks 11 and 12 (previously Risks 13 & 14) in relation to Organisational Capacity: recruitment and retention and succession planning. These risks have been reviewed by the Head of Governance, People and Performance and agreed by the Chief Executive and CMT. Both risk scores have been increased. Risk 11 has increased from 12 to 16 (no controls) and 6 to 9 (post mitigation). Risk 12 has increased from 9 to 12 (no controls) and 6 to 8 (post

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mitigation).

- 7.4 Risk 10: Maintaining a balanced budget (previously Risk 12), has been reviewed and the risk score increased from 9 to 12 (post mitigation) by the Head of Corporate Finance and agreed by the Chief Executive and CMT. Continuing pressure is being placed on the outturn against budget by the increased employers pay offer (not accepted); the continuing high number of homeless placements; and the challenging conditions for town hall lettings. The challenge of budget exercise has commenced with the aim of identifying savings, efficiencies, and increased income to mitigate future budget gaps.
- 7.5 Following a query at the last committee meeting regarding the potential risks and associated mitigations resulting from staff remote working, the Head of Digital & Transformation has provided assurance that risks relating to that matter have been considered and appropriate mitigations put in place. If staff have issues with their internet connection, then they would be expected to work in the office. For the last 12 months the VPN availability (barring scheduled maintenance downtime) has been 100%, with no downtime whatsoever.

Report author and contact officer: Anna Pedlow, Corporate Performance Manager

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Strategic Risk Register

This register details the strategic risks faced by Crawley Borough Council in relation to achieving its priorities and includes the mitigation action being taken to control these risks. The register is owned by the Chief Executive and Corporate Management Team and is updated regularly.

Below is the matrix we use when scoring risk for any project or activity. We have also considered the risk appetite, based on guidance included in the Orange Book – Management of Risk, Principles and Concepts (2020)

Impact/ Consequence	Likelihood				
	1	2	3	4	5
	Rare	Unlikely	Possible	Likely	Almost certain
5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

Risk Appetite	Description
Opposed	Avoidance of risk and uncertainty is key objective
Minimalist	Preference for safe options that have a low degree of inherent risk
Cautious	Preference for safe options that have a low degree of residual risk
Mindful	Willing to consider all options and choose one that is most likely to result in successful delivery
Enterprise	Eager to be innovative and to choose options that suspend previous held assumptions and accept greater uncertainty

Risk score = Impact x likelihood

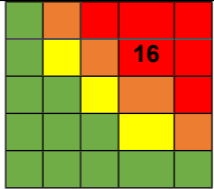
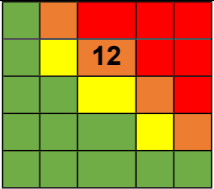
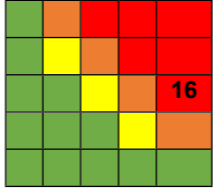
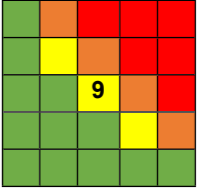
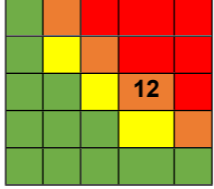
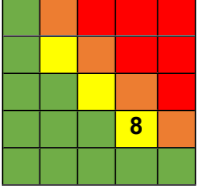
Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
1.	New Town Hall	PC was achieved on 25 October and mobilisation to the new building completed in March. Focus is now on settling the final account, defects and commercial floor lettings. Westrock and Kier have reached agreement on settling the final account and are progressing the associated settlement agreement.	Deputy Chief Executive		Mechanisms within the contract are being used to address delay and cost concerns. Significant effort was taken to ensure these were robust before entering the contract. Professional advice being taken throughout, and communication with key stakeholders being maintained. Defects have been high in number but significant focus to address these are being closed out. The Council has completed the agreement for lease with its first tenant who is due to commence occupation later in 2023. A London-based commercial agent has also been appointed to capture companies wishing to move out of the capital. With the project in its final stages and with these mitigations in place for some time and with no further mitigations possible, the post risk score remains the same.		Mindful
2.	District Heat Network	The District Heat Network Phase 1 has reached practical completion and has been handed over. The key risks moving forward therefore relate to the ongoing operation, maintenance, and billing. The inflationary context in particular creates a pricing risk, attempting to ensure value for residents whilst achieving the required return. There is significant reputational risk in ensuring this balance is correct.	Head of Major Projects & Commercial Services		The operation, maintenance and billing has already been contracted out to a specialist, and the onboarding went very well. Two rounds of price setting have been undertaken, which seems to demonstrate that the DHN is able to balance value with return. However, the risk score remains consistent post mitigation given that volatility in energy prices. Internal Audit completed a review of the DHN in Q4 2022/23 and assessed it as 'substantial assurance'		Mindful

Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
3.	LEP Infrastructure – Crawley Growth Programme	<p>Risk of failure to deliver the Crawley Growth Programme due to:</p> <ul style="list-style-type: none"> Budget overspend for the future project delivery within the Programme and scheme delivery time overruns. Discontinuation or withdrawal of support from key partners. A sustained period of economic downturn which slows up private sector investment on key regeneration sites in the town centre. Ineffective co-ordination of delivery across projects, leading to multiple disruption in the town centre and Manor Royal when this was avoidable. 	Head of Economy & Planning		<p>Regular financial monitoring and audit work carried out, including quarterly updates to CPAG. The Head of Corporate Finance regularly attends Programme Delivery Team or Crawley Growth Board meetings with West Sussex County Council.</p> <p>A mid-term programme review was undertaken in Q3 2022 to agree a way forward and delivery programme for the remaining projects. The agreed funding protocol between CBC and WSCC is being updated to reflect that outcome of the review and new opportunities arising to add more government funding to the Crawley Growth programme.</p> <p>Regular project monitoring undertaken by individual Project Boards, the Programme Delivery team with West Sussex County Council and reported to the Crawley Growth Board, chaired by the CBC Chief Executive.</p> <p>Regular interaction to identify and resolve issues promptly at project Board level with the Manor Royal Business District, Network Rail, GTR, Metrobus etc.</p> <p>The target date for delivery of regeneration site outcomes is 2030 to take account of the economic cycle and potential for a sustained downturn, which has been exacerbated by the impact of the COVID-19 crisis nationally and internationally.</p> <p>Careful planning and close cooperation between CBC, WSCC officers and third-party partners / contractors. All partners within the Crawley Growth Programme follow a Communications protocol to ensure effective coordination and communications around project delivery.</p>		Mindful

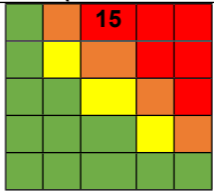
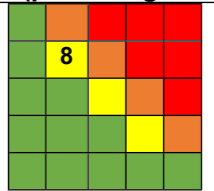
Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
4.	Delivering the Affordable Housing Programme	<p>The recent water neutrality position statement issued by Natural England has both immediate and future impacts on the delivery programme. Additional costs arising from the requirement for schemes to evidence water neutrality through on-site and off-setting measures may impact the viability of schemes and the level of affordable housing that can be delivered.</p> <p>Beyond the medium term, the majority of larger sites within the Council boundary that can easily be built upon will have been developed. This will leave smaller sites that are more challenging and contentious in nature and therefore more resource intensive to bring forward or finding other opportunities such as regeneration.</p>	Head of Strategic Housing Services		<p>Officers are engaged in discussions with Natural England and Southern Water as well as with neighbouring local authorities in seeking to minimise impacts on the delivery programme. Work is underway to quantify and maximise headroom to take forward new development through offsetting measures within existing stock. Supported by external consultancy advice officers continue to work up proposals to evidence water neutrality for key developments caught by the new requirements.</p> <p>Roll out of a pilot project within the Council's own housing stock has enabled further water savings to be made and these have been allocated to support the development of key sites. This work will continue to generate further water savings to support more housing development.</p> <p>Work has been undertaken to identify these future sites and opportunities, feeding into the Local Plan, and developing programmes of work. Planning and Housing teams continue to work proactively to maximise opportunities afforded by development within neighbouring Districts and Boroughs adjoining the Council's boundaries. Should the proposal to remove the Duty to Co-operate come into effect this work may be compromised.</p>		Mindful
5.	Homelessness	<p>Following increased demand for temporary accommodation during the pandemic, levels of homelessness continue to rise. The on-going economic impacts from the pandemic, cost of living rises and increased additional demand arising from asylum and refugee resettlement programmes are placing an unprecedented burden on the Council in meeting temporary accommodation duties. Demand for TA significantly outstrips supply necessitating heavy reliance on expensive nightly paid accommodation with significant budgetary implications. Half of the total 2023/24 TA budget allocation had been spent as at the end of July 2023.</p>	Head of Strategic Housing Services		<p>Efforts to relieve and prevent homelessness using all available options continue. 5 additional units of TA have been secured and negotiations are in progress in relation to a potential further 45 units including acquisition of a 27-unit HMO. All potential acquisition opportunities continue to be explored. Three potential sites have been identified for modular housing and consultation in relation to 2 of these sites is being taken forward. The 3rd presents issues that mean securing planning consent will be more challenging.</p> <p>Homelessness grant reserves will offset impacts for the current financial year. Under the new Government formula there has been a significant reduction in Homelessness Prevention Grant allocation for the next 2 years which, although offset by transitional protection arrangements to bring it to existing funding levels still represents a reduction in real terms. Representation continues to be made to Government departments and options for collaborative lobbying with other LAs also facing significant challenges are being explored by officers.</p>		Mindful

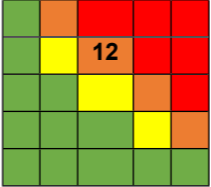
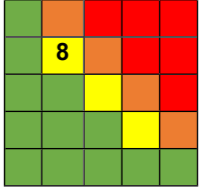
Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
6.	Migration/Asylum pressures	<p>Currently Crawley is host to a number of individuals either seeking asylum or providing Afghan Bridging accommodation. These are arrangements made directly by the Home Office.</p> <p>In addition, new legislation has recently been passed to provide those with Chagosian decent UK Citizenship entitlement from British Overseas Territories. The application process went live on 23 November 2022. Revised estimates by the Foreign, Commonwealth & Development Office are that 5000-6000 people will take up this entitlement with a view to moving to the UK, and that the majority will first head to Crawley due to an already established community in the town. Decisions are now taking place with Citizenship ceremonies being arranged. No impact analysis or implementation planning has been put in place by the Government. Potential impacts are wide but none more serious than potential impact on housing and homelessness, in addition to the risks set out in the above entry.</p>	Chief Executive		Ongoing representations to Government officials and relevant Government Ministers from FCDO, Home Office and DLUHC are regularly made, along with a case for CBC to secure additional new burdens funding to assist with costs of housing and resettlement. Temporary housing officer support is also being secured to assist with demand.		Cautious
7.	Three Bridges Station	A way forward for the scheme is unable to be agreed.	Head of Economy & Planning		A planning application for the scheme was submitted autumn 2022 and Planning Committee resolved to permit the application in Q4 2022/23. Work is being progressed with Network Rail and GTR on the processing of the Station Change procedure, the completion of which is required prior to the works starting on site. The scheme features as part of the overall Crawley Growth Programme review jointly with West Sussex County Council which took place in Q3 2022. A comprehensive risk register is overseen by the Project Board of the Crawley Growth programme.		Cautious

Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
8.	Disaster Recovery and Business Continuity – Data Breaches or Network Compromise (Hack)	<p>Inadequate technical safeguards and poor staff awareness and practice leads to a compromise of our systems and data.</p> <p>Failure to maintain technical security safeguards – e.g. that firewalls are up to date or that the latest advice from NCSC has not been assessed and followed where appropriate.</p> <p>Improper disclosure of confidential information (in any format i.e. digital, paper etc.) could bring both financial loss (ICO fines, or worse, a ransomware attack) as well as reputational damage to the organisation.</p> <p>Failure to comply with GDPR legislation could lead to major reputational damage, loss of public confidence and the inability to operate key business processes.</p>	Head of Digital & Transformation and Head of Governance, People & Performance (Data Protection Officer)		<p>The Council has made some considerable strides in this area.</p> <ul style="list-style-type: none"> PSN certification achieved again in May 2023. Migration to the Azure (Microsoft) Cloud Implementation of MFA and other technical safeguards mean CBC is well protected. <p>Training and awareness are key, as well as clear procedures for staff on what to do in the event of suspicious activity or possible breach. Additional foundation training has been delivered to all staff. Staff response to suspicious emails (with further training for those that fail) has been commissioned and began rollout in October 22 which includes regular random testing of all users.</p> <p>A comprehensive Information Management programme is being delivered, which includes new systems (Sharepoint), revised policies and procedures and is delivering training on both systems and GDPR & information management for all staff. The Information Governance Board has been refreshed both in terms of membership and its terms of reference.</p>		Minimalist
9.	Disaster Recovery and Business Continuity – Health & Safety Breaches	<p>Failure to comply with the requirements set out by Health & Safety legislation which covers the functions of the Council.</p> <p>Lack of clarity and / or understanding regarding the legal duties of Managers to ensure that risk assessments in respect of places, activities and people are regularly undertaken.</p>	Head of Governance, People & Performance		<p>Review the council's Health & Safety Handbook for Employees and Health & Safety Policy. Provide training where appropriate.</p> <p>Evaluate the Council's Health & Safety compliance status.</p> <p>Implement a Health & Safety Action Plan for compliance.</p>		Minimalist

Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
10.	Maintaining a balanced budget	A balanced budget is not achieved in the Medium Term, resulting in an increased use of reserves, which is not sustainable.	Head of Corporate Finance	 16	<p>Quarterly budget monitoring reports are submitted to Cabinet and Overview & Scrutiny Commission. Continuing pressure is being placed on the outturn against budget by the increased employers pay offer (not accepted); the continuing high number of homeless placements; and the challenging conditions for town hall lettings. Any overspend on budget impacts on future years. The challenge of budget exercise has commenced with the aim of identifying savings, efficiencies, and increased income in order to mitigate future budget gaps.</p> <p>Budget projections will be constantly monitored, an all-Member seminar took place on 5th January 2023 updating Members on the moving position of budgets and future gaps. The budget report FIN/606 to Cabinet on 1 February identifies a savings target of £701,000 for future years. This target has increased to £1,000,000 due to the adverse budget pressure identified above and the uncertainty over Town Hall letting. This target is considerable and public consultation of options for savings may have to be considered.</p>	 12	Mindful
11.	Organisational Capacity: Recruitment & Retention	<p>Failure to recruit and retain a range of employees including:-</p> <ol style="list-style-type: none"> 1) professional roles e.g. lawyers, accountants, planners, EHOs 2) manual / front facing roles e.g. Civil Enforcement Office's, Community Wardens, Neighbourhood Services 	Head of Governance, People & Performance	 16	<p>HR is undertaking benchmarking exercise to ensure that the Council is 1) aware of market salaries and trends and 2) may consider measures which might make it more competitive with the view to attracting quality candidates.</p> <p>People Board and HR Team working on developing the Council's "Employer Value Proposition". This will shape future recruitment campaigns and communications with existing staff.</p> <p>HR are working closely with managers to ensure that they properly plan and execute a professional recruitment campaign including quality, modern adverts and better communication and feedback with candidates before, during and after the process.</p> <p>Address the skills gap (and therefore lack of candidates) in the market by potentially "growing our own" experienced staff.</p>	 9	Mindful
12.	Organisational Capacity: Succession Planning	Impact of ageing workforce and an increase of key staff retiring.	Head of Governance, People & Performance	 12	Managers need to undertake PDRs and have open and honest discussions with reports. They should be aware, in advance, of upcoming events e.g., retirements and be planning for recruitment / stepping up / reassigning duties with an appropriate knowledge handover, exit interview etc.	 8	Mindful

Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
13.	Climate Emergency	<p>Failure to reduce carbon emissions by at least 50% and as close to net zero as possible by 2030.</p> <p>Failure to achieve carbon zero by 2040 at the latest.</p>	Head of Economy & Planning		<p>The Council's Climate Change Emergency Action Plan is in place.</p> <p>Officers are drawing on funds from within the agreed Council budget for 2023-2024 to progress the delivery of Climate Change Action Plan tasks and the Council's carbon emissions reductions targets.</p> <p>Indications are that HMG will reduce intervention to support this work moving forward, reducing the availability of external funding, and increasing the risk of not being able to deliver on key aspects of the plan.</p>		Mindful
14.	National Waste Strategy (including Food Waste)	<p>The National Waste & Resources Strategy is delayed which may impact on the Waste Contract.</p> <p>Letter from DEFRA in July 2023 indicates the Producer Responsibility Regulations (proposed as the means of funding the changes to collection regimes including food waste) will be delayed until 2025. It is therefore likely that the changes to the collection regime will be delayed until 2026.</p>	Head of Major Projects & Commercial Services		<p>To be closely monitored. It seems likely that the Strategy will mandate changes to refuse and recycling collections including the introduction of a mandatory weekly food waste collection. However, the delay in the publication of the National Waste Strategy constrains the ability to amend the specification in advance of the contract re-procurement. To manage this change, the existing contract with Biffa Municipal has been extended until March 2026.</p>		Mindful

Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
15.	Local Plan	Failure to adopt the Local Plan within the timeframe set by the government	Head of Economy & Planning		<p>The Crawley Local Plan review was further delayed due to the need to demonstrate Water Neutrality for all planned development within the Sussex North Water Resource Zone, cumulatively across all the Plans in the area. A Water Neutrality Strategy to support the emerging Local Plans has been finalised and agreed by all authorities within the Sussex North area, and this has been endorsed by Natural England. An Offsetting Implementation Scheme across Sussex North now needs to be established to deliver the agreed policy approach, which must be in place to support the Local Plan at Examination. A Project Manager has been appointed working across all the councils to progress this work. Following approval by Full Council in February 2023 and a six-week period of Regulation 19 consultation, which ended on 20th June, the Crawley Local Plan 2024-2040 was submitted at the end of July to the government's Planning Inspectorate for Examination. Representations made to the Plan as part of the consultation process will then be considered through the independent Examination (earliest start: autumn 2023), with interested parties (including those supporting and objecting) and the council questioned by an Inspector, to be appointed by the Planning Inspectorate to oversee the Examination of the Plan, who can also query any part of the Plan they wish. The Inspector may find the Local Plan unsound or propose modifications to make it sound. At that point, modifications would then have to be subject to further public consultation and the Plan with any modifications would then have to be approved by Full Council.</p>		Cautious

Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
16.	Water Neutrality	Failure to agree a Water Neutrality Strategy	Head of Economy & Planning		<p>A Water Neutrality Strategy to support the emerging Local Plans has been finalised and agreed with the other authorities within the area, and this has been endorsed by Natural England following work between the affected council officers and Chief Executives, Natural England, Southern Water, the Environment Agency and government representatives. These parties continue to meet regularly to secure the Offsetting Implementation Scheme. This now needs to be established to deliver the agreed policy approach and enable all the planned development to come forward, following the success of pilot schemes progressed in Crawley with off-site offsetting secured through retro-fitting that has reduced water use in Crawley Homes stock. A Project Manager has been appointed working across all the councils to progress this work. The Council's screening proforma with Natural England enables most householder and minor planning applications to proceed to decision without hindrance. Some developers are securing their own private offsite offsetting measures which is also enabling some limited development to take place where these satisfy the Natural England's water neutrality requirements.</p> <p>A Statement of Common Ground on water neutrality to support the Crawley Local Plan 2024-2040 submission to the Planning Inspectorate has been signed by the Local Planning Authorities affected – Crawley BC, Chichester DC, Horsham DC, Mid Sussex DC, West Sussex CC, South Downs National Park Authority and endorsed by Natural England, Southern Water and the Environment Agency.</p>		Cautious

Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
17.	Cost of Living	Impact of more residents presenting themselves as homeless and being unable to pay their debts.	CMT	<p>A 5x5 grid with the following values: Row 1: 1, 2, 3, 4, 5; Row 2: 2, 3, 4, 5, 6; Row 3: 3, 4, 5, 6, 7; Row 4: 4, 5, 6, 7, 8; Row 5: 5, 6, 7, 8, 9. The number 16 is in the center cell (row 3, column 3).</p>	<p>A webpage has been created https://crawley.gov.uk/council-information/help-money-worries designed to direct people to help.</p> <p>Winter warmers programme developed over the summer and morphing into local drop-in advice sessions. Engagement undertaken looking into specific neighbourhood support within our most disadvantaged neighbourhoods with funding available through UKSPF.</p> <p>Lateral implemented to provide a One Council overview of debt, including implementation of 'Breathing Space' within the Corporate Debt Group, Access Crawley working with vulnerable residents with long term debt creating bespoke pathways, and now seeking to extend that model. Work commencing to proactively target households likely not to be claiming all benefits they are entitled.</p> <p>Home visits are taking place where the council is aware that someone is claiming Universal Credit but has not responded to requests for them to claim Council tax reduction.</p> <p>Reserves review taking place to identify reserves to support people being impacted by the cost of living. A project will take place to look at ways of helping to support people, this will include the Wellbeing bus. Will lever in community and voluntary sector support.</p> <p>Whilst lots of mitigations are being implemented, the post-mitigation risk score remains the same given there is no direct control.</p>	<p>A 5x5 grid with the same values as the 'no controls' grid. The number 16 is in the center cell (row 3, column 3).</p>	Mindful
18.	Towns Fund and related programmes	Risks associated with the delivery of this programme are mainly centered around budget overspend and timescales exceed beyond the Towns Fund end date. A detailed risk register has been produced for each project within the programme.	Head of Economy & Planning	<p>A 5x5 grid with the following values: Row 1: 1, 2, 3, 4, 5; Row 2: 2, 3, 4, 5, 6; Row 3: 3, 4, 5, 6, 7; Row 4: 4, 5, 6, 7, 8; Row 5: 5, 6, 7, 8, 9. The number 16 is in the center cell (row 3, column 3).</p>	<p>Regular financial monitoring and project monitoring undertaken by the Towns Deal Board and relevant project boards. The Head of Corporate Finance attends the s151 officer meetings involving other local authorities with Towns Fund programmes. Internal assurance is via the Corporate Projects Assurance Group (CPAG), through quarterly reporting on programme / risk updates.</p>	<p>A 5x5 grid with the following values: Row 1: 1, 2, 3, 4, 5; Row 2: 2, 3, 4, 5, 6; Row 3: 3, 4, 5, 6, 7; Row 4: 4, 5, 6, 7, 8; Row 5: 5, 6, 7, 8, 9. The number 9 is in the center cell (row 3, column 3).</p>	Mindful

Risk ID	Risk Title	Risk Description	CMT Owner	Risk score (no controls)	Mitigations	Risk score (post mitigation)	Risk Appetite
19.	Damp and Mould	<p>Unprecedented demand for residents in Crawley Homes and in the private sector for advice, support, inspections and repairs relating to damp and mould following the death of Awaab Ishak in Rochdale.</p> <p>Demand for services is impacting on business-as-usual service delivery and is impacting responsive repairs budgets for Crawley Homes.</p> <p>Resourcing issues to inspect structural concerns and capacity to build potential demand into the planned maintenance programme.</p> <p>Some structural issues are being assessed and managed in the day-to-day service which is impacting service delivery.</p> <p>Loss of staff due to resignations, impact on resource availability</p> <p>Risk of regulatory involvement.</p>	Head of Crawley Homes		<p>Workflows have been amended for call triage and inspections. Additional sub-contractors have been taken on to reduce the wait time for damp and mould treatment.</p> <p>Inspections are prioritised with building surveyors where structural issues are diagnosed.</p> <p>Pro-active work underway to contact all tenants who have reported damp and mould in the last five years to make sure it has not re-emerged.</p> <p>Damp and mould working group, including officers and contractors</p> <p>Recruitment underway</p> <p>Community event(s) being planned ahead of autumn 2023 to raise awareness and educate residents on self-help</p>		Mindful
20.	Digital Accessibility	<p>We are required to reach minimum level AA of the W3C Web Content Accessibility Guidelines (WCAG 2). This applies to all digital channels, either owned by us or commissioned by us. So, it includes the intranet, ModernGov, myCrawley, DEF planning Register, Abritas, payment portals, etc.</p> <p>The guidelines also apply to any digital content that we disseminate, so documents attached to emails, posts on social media are all included. Any members of staff who creates web content or digital documents should make sure they are accessible.</p> <p>We were assessed in March 22 by the Cabinet Office's, Central Digital & Data Office and were subject to a number of improvement notices. We were informed that they would likely return to reinspect.</p> <p>Aside from the legal requirements there is also the reputational risk if we are found to exclude people by providing inaccessible content.</p> <p>It seems very likely that there will be some test prosecutions arising at some point – CBC needs to mitigate against the risk of being one of those used to inform legislation.</p>	Head of Digital & Transformation		<ul style="list-style-type: none"> • Include accessibility requirements in all procurements involving digital channels or apps • Carry out our own testing of all digital channels • Publish accessibility statement on all sites • Commission external testing of sites as needed (usually during development) • Promote the importance of accessibility to all content owners to raise awareness and understanding • Provide guidance (including signposting to training as needed) to content creators on how to meet the standards for web content and documents • Provide information to content owners on tools to help create, test, and maintain accessible content • Make accessible templates available reduce the risk of creating non-accessible documents • Create workflows to prevent non-accessible content being published 		Mindful

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Crawley Borough Council

Report to Audit Committee

5 September 2023

Approval of the Annual Governance Statement 2022/2023

Report of the Head of Governance, People & Performance: **LDS/205**

1. Purpose

- 1.1. The purpose of this report is to seek member approval of the Annual Governance Statement 2022/2023.

2. Recommendations

- 2.1. That the Audit Committee endorse the Annual Governance Statement 2022/2023 as signed by the Leader and Chief Executive.

3. Reasons for the Recommendations

- 3.1 It is a requirement of the Accounts and Audit (England) Regulations 2015 that all local authorities produce an Annual Governance Statement.

4. Background

- 4.1 We are responsible for making sure that our business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically and efficiently. We also have a duty under the [Local Government Act 1999](#) to put in place proper arrangements for:
- the continuous improvement of our functions
 - the governance of our affairs which includes arrangements for the management of risk.
- 4.2 The objective of the Annual Governance Statement is for the Council to summarise the extent to which we have complied with our own code of governance and met Regulation 6 of the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021.
- 4.3 The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), has produced a framework for delivering good governance in local government. The framework guidance "Delivering Good Governance in Local Government Framework 2016" is used as a guide in compiling the AGS.

Agenda Item 8

- 4.4 It is usual that the Annual Governance Statement is put before this Committee for its endorsement as part of a report on the approval of the Statement of Accounts. However, given the anticipated delay in completing the Statement of Accounts report for 2022/23, it was considered prudent to bring the Annual Governance Statement to the Committee separately for its endorsement.
- 4.5 The Draft Annual Governance Statement (AGS) and Governance Action Plan was considered by the Governance Committee at its meeting on the 13 June 2023. This was due to the publication date of the final Annual Audit Report and Opinion, along with the sequencing of Committees, the final Statement would be considered by the Audit Committee at this meeting rather than at its meeting in June.
- 4.6 The Governance Committee expressed its support for both the Statement and the Plan. A full copy of the Governance Committee discussion can be found in the meeting's minutes which can be accessed [here](#).
- 4.7 The Annual Governance Statement has been approved and signed by the Leader and the Chief Executive.
- 4.8 The Annual Governance Statement 2022-2023 is attached at Appendix A.
- 4.9 The Governance Action Plan is attached at Appendix B.

5. **Background Papers**

The Accounts and Audit Regulations 2015

Report author and contact officer: Anna Pedlow, Corporate Performance Manager

Crawley Borough Council Annual Governance Statement 2022/23

Introduction & Scope of Responsibility

Crawley Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and the effective exercise of its functions, which includes arrangements for the management of risk. The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement (AGS) reporting on the review with the Statement of Accounts.

The Council has approved and adopted a [Code of Corporate Governance](#) which is consistent with the principles of, and reflects the requirements outlined in, the 2016 CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'. This statement explains how the Council has complied with the Code and also meets the requirements of Accounts and Audit (England) Regulations 2015. The Code was reviewed by the Head of Governance, People & Performance in October 2022 and no changes were made as it was still fit for purpose. This document is on the Council's website under the "[Supporting Information](#)" section which sits outside the main Constitution document.

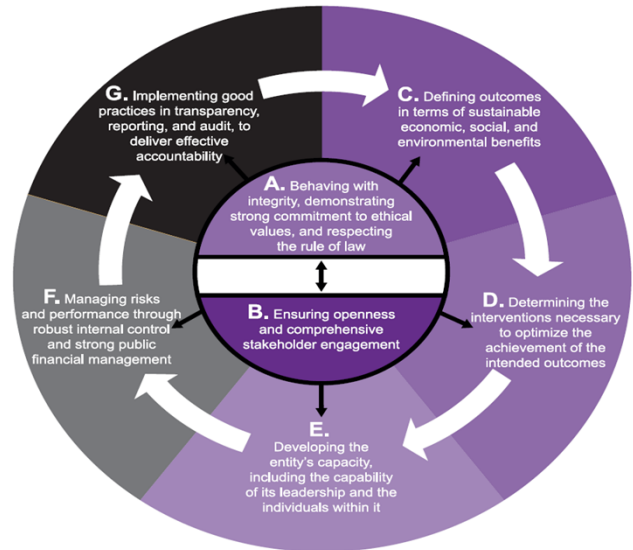
The Leader of the Council (Cllr Lamb until May 22 and then Cllr Jones) and the Chief Executive (Natalie Brahma-Pearl) both recognise the importance of having robust rules, systems and information available to guide the Council when managing and delivering services to the communities of Crawley.

The draft AGS in respect of the 1 April 2022 to the 31 March 2023 was considered by Governance Committee on the [13 June 2023](#). The final version will be presented to the Audit Committee on the 5 September 2023. This is subject to the Statement of Accounts potentially being presented to the Audit Committee at a date later in the year.

The Principles of Good Governance

The CIPFA/SOLACE Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector. The document sets out seven core principles that underpin the governance framework.

These principles apply to the AGS prepared for the 1 April 2022 to the 31 March 2023 and up to the date of the approval of the Annual Report and Statement of Accounts for the financial year 2022/23.



The purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Crawley Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The governance framework has been in place at Crawley Borough Council from the 1 April 2022 until the 31 March 2023.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law

The Constitution

Crawley Borough Council last updated its [Constitution on the 31 May 2023](#). The Constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.

The Constitution is divided into 3 sections: Decision Making, Procedure Rules and Codes & Protocols. The Decision-Making section includes details of the Council's decision-making mechanisms and a [scheme of delegation](#) setting out who is responsible for taking which decision. The Procedure Rules detail how meetings are conducted and how decisions are taken and scrutinised. The Code & Protocols set out the expected standards of behaviour for Councillors and officers along with any other required Councillor related protocols. The Constitution details how the Council ensures that all those elements are efficient, transparent and accountable to local people.

The Governance Committee is responsible for regularly reviewing the Constitution and ensuring that it is both up to date and fit for purpose. Significant changes to the Constitution are considered by the Governance Committee before being put before the Full Council for adoption.

Statutory roles within the Governance Framework

The Council has a legal duty to appoint to three statutory roles to fulfil the duties within the governance framework. These are outlined below:

Head of paid service
<ul style="list-style-type: none">• Responsible for the overall corporate and operational management of the council (including overarching management responsibility for all employees).• Required to report to and provide information for the Cabinet, the Full Council, the Overview and Scrutiny Commission and other Committees.• Responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.• For this Council this is the Chief Executive.
Monitoring Officer
<ul style="list-style-type: none">• Ensures that the council, its officers, and its elected Councillors, maintain the highest standards of conduct in all they do.• Ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures.• Responsible for matters relating to the conduct of Councillors and officers, as well as monitoring and reviewing the operation and maintenance of the Council's Constitution.• Ensures the lawfulness and fairness of decision making within the Council and, after consulting with the Head of Paid Service and the Chief Finance Officer, will report to the Full Council (or to the Cabinet in relation to a Cabinet function) if they consider that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.• For this Council this is the Head of Governance, People & Performance.
Section 151 Officer
<ul style="list-style-type: none">• Whilst all Councillors and Council officers have a general financial responsibility, section 151 of the Local Government Act 1972 specifies that one officer in particular must be responsible for the financial administration of the organisation, and that this officer must be CCAB qualified. This is typically the highest-ranking qualified Finance Officer.• For this Council this is the Head of Corporate Finance.• During the vacancy of the Head of Corporate Finance, the Chief Accountant acted as S151 Officer between the 20 January 2023 and the 28 February 2023.

Codes of Conduct

Codes of Conduct exist for both staff and Councillors. All Councillors must adhere to a [Code of Conduct](#) to ensure that they maintain the high ethical standards the public expect from them. If a complainant reveals that a potential breach of this Code has taken place the Council may refer the allegations for investigation or decide to take other action.

On joining the Council, officers are provided with a contract outlining the terms and conditions of their appointment. All staff must declare any financial interests, gifts or hospitality on a public register, as set out in the Constitution. Additionally, Councillors are expected to declare any interests at the start of every formal Council meeting they attend in accordance with Standing Orders. Councillors and officers are required to comply with approved policies.

Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all areas of its practice. The Council's [Whistleblowing Policy](#) was revised in March 2022 and signed off by Cabinet on the [6 July 2022](#). The Policy sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling such matters.

Anti-Fraud, Bribery and Corruption

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Councillors and officers regarding the administration of financial affairs.

The [Anti-Fraud and Corruption Policy](#) was updated in March 2022 and signed off by Cabinet on the [6 July 2022](#). Both the [Anti Bribery Policy](#) and the [Anti Money Laundering Policy](#) were updated in September 2022 and signed off by Cabinet on the [23 November 2022](#).

The Council has a Fraud and Investigations Team which acts to minimise the risk of fraud, bribery, corruption and dishonesty and recommends procedures for dealing with actual or expected fraud. The Team also prosecutes, where appropriate, and is involved in fraud training and awareness.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Transparency

The Council and its decisions are open and accessible to the community, service users, partners and its staff. All reports requiring a decision are considered by appropriately qualified Legal, and Finance staff with expertise in the particular function area before they are progressed to the relevant Committee or group. This Council wants to ensure that equality considerations are embedded in decision-making and applied to everything the Council does. To meet this responsibility, equality impact assessments are carried out when there is significant change to major Council services, functions, projects and policies in order to better understand whether the change will impact people who are protected under the Equality Act 2010.

All reports and details of decisions made can be found on the Council's [website](#).

Freedom of Information/Environmental Information Requests

The Freedom of Information (FOI) Act 2000 and Environmental Information Regulations (EIR) 2004 give anyone the right to ask for any information held by a public authority, which includes this Council. This is subject only to the need to preserve confidentiality and in the application of certain exemptions and exceptions which may be engaged where it is proper and appropriate to do so. The Council responds to such requests in a timely and impartial manner and in line with the legislation. The Council also proactively publish information on its website as part of the [Publication Scheme](#).

Subject Access Requests

Section 7 of the Data Protection Act provides for individuals to obtain a copy of information that an organisation holds about them upon making a written request.

Engagement and Communication

Crawley Borough Council recognises that stakeholders require information about decisions that are being taken locally, and how public money is being spent in order to hold the Council to account for the services it provides.

The Council held its annual [Crawley Question Time on the 15 March 2023](#), which was open to the public, business leaders and partner organisations to ask questions about topics important to them. The views and comments expressed will help the Council and others to plan work on improving services and the town in general. The panel included representatives from Crawley Borough Council, West Sussex County Council, Sussex Police and the Crawley Clinical Commissioning Group. This meeting was held at the new Town Hall.

The Council held its first [Estates Day](#) in August 2022, which welcomed Crawley Homes tenants and leaseholders from across the town to talk about how they would like the Council to deliver its estate services and manage council housing. The Social Housing White Paper and forthcoming associated legislation will have an impact on the Council's future work, including how it manages its estates and engages with residents. The purpose of this event was to kickstart the Council's future commitment to estate management.

Consultations

The Council publishes Forthcoming Decision Notices for planned consultations and future decisions. Internally, a consultation toolkit has been developed to guide Council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted.

Complaints

Crawley Borough Council is committed to delivering a high-quality service and aims to achieve the highest possible standards but recognises that, despite its best intentions and hard work, things can go wrong.

When there is service failure or users are unhappy about the way a matter has been handled, the Council openly wants to hear about such experiences and operates a two stage complaints system as part of its Complaints Policy. Stage 1 is where the complaint is dealt with locally by the relevant service area. If the complainant continues to remain dissatisfied with the Stage 1 response, a request can be made for a further review, conducted by a senior officer, normally the Head of Service as a Stage 2 complaint.

If the matter is still not resolved to their satisfaction, the complainant is entitled to take the matter up with the Local Government and Social Care Ombudsman or the Housing Ombudsman who deal with any complaints that relate to the housing managed service.

Complaints data is reported to the Corporate Management Team (CMT) on a quarterly basis and includes data on volumes received and reasons for those that are late. Lessons learned for upheld and part upheld complaints is also reported to CMT to ensure continuous improvement in service delivery. In addition, data is reported at a service level monthly to ensure action is taken to address any areas of concern.

Significant changes and improvements were made to the Complaints process in 2022/23. The Council's [Complaints Policy](#) was reviewed and updated in October 2022 and brought in line with Ombudsman requirements for consistency. Training was delivered by the Local Government & Social Care Ombudsman for over 50 members of staff on Effective Complaint Handling in May and June 2022.

The Housing Ombudsman requires landlords to carry out an annual [self-assessment](#) against their Complaint Handling Code. This was undertaken in September 2022.

The Council rolled out a new digital Corporate Complaints System in November 2022 to enable improved case management and reporting of complaints and to help evaluate performance and improve the customer experience.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Corporate Plan Priorities 2023-27

The [Corporate Plan](#) was updated and approved by the Full Council on the [22 February 2023](#). The Corporate Plan sets out the strategic direction of the Council for the next four years and consists of six key headline priority objectives which are underpinned by 33 objectives, projects and initiatives:

- Delivering value for Money and modernising the way we work
- Delivering affordable homes for Crawley and addressing homelessness
- Enabling a sustainable economic recovery and improving job opportunities
- Reconnecting communities
- Providing high quality leisure and culture facilities and supporting health and wellbeing services
- Protecting the environment

The Council continues to improve performance management within the organisation and service quality and best use of resources is ensured via:

- Strong Project Governance and Decision Making
- Transformation Board
- ICT Board
- Corporate Projects Assurance Group
- Portfolio Briefings
- Quarterly reporting to CMT
- Quarterly monitoring of complaints by CMT

The Council has a 'dashboard of measures' to track performance across a range of key services and the Corporate Plan priorities. This ensures that a timely response can be applied to service improvement and against service plans and strategies. This is encapsulated within the Performance Management Framework. The Corporate Performance Dashboard is reported to CMT on a quarterly basis. Heads of Service are encouraged to discuss the performance report as part of DMT discussions, to consider areas of success and improvement.

The Council recognises that to drive improvement it needs to closely monitor and review its performance. The Council routinely monitors its spend against budgets, and each department has an agreed purpose and collect data to measure their performance.

Financial Controls

Financial reports comparing budget to actual and projections to end of year are available in real time to all key officers, with access/drilldown facilities appropriate to role and responsibilities. The Leader of the Council and the Cabinet also receive quarterly Budget Monitoring Reports. All Councillor financial seminars have taken place twice during the year to keep Councillors updated on the financial situation following the pandemic and the cost-of-living crisis.

Local Plan

The [Local Plan – Crawley 2030](#), was adopted in December 2015 and reviewed in December 2020. It forms the Council's development plan under which development control decisions are taken. The Local Plan is supported by a number of Supplementary Planning Documents (including Conservation Area Statements and Development Briefs) and other planning considerations including Article 4 Directions and the Community Infrastructure Levy Charging Schedule and associated Infrastructure Plan. The Council's planning policies seek to balance the economic, social and environmental needs of residents, businesses and visitors, ensuring that Crawley continues to be a great place to live, to work and to visit.

Review of the Crawley Local Plan and its supporting evidence base commenced in 2019 and various rounds of formal public consultation have taken place. Progress had been delayed due to the need to address the requirements of Water Neutrality, but further formal consultation took place in May-June 2023. The [Local Plan 2024 to 2040](#) was submitted to the Planning Inspector on the 31 July.

Implementation of the Local Plan and the success of the Council's planning policies is measured and reported through the Authority's Monitoring Report which is published annually.

Transformation

The Transformation Board, chaired by the Chief Executive, meets monthly, the Board is made up of all members of the Corporate Management Team, the Service and Improvement Development Manager and the HR and OD Manager. They monitor actions against the Transformation Plan.

In 2020 the Council updated the [Transformation Plan](#) to reflect the significant progress made against the previous Plan (2017/18). The purpose of the Transformation Plan for 2020-22 is to 'prepare the organisation to embrace new ways of working, providing easily accessible and more efficient services for our users, deliver value for money and creating a more commercial culture in order to sustain financial stability'.

The next plan 2023 – 2025, will be the third iteration and is currently in development by the Board and will reflect the changed organisational priorities and pressures. Previous versions have been largely internally focused to put in place structure, governance and enabled new ways of working resulting in positive service improvements.

Going forward the Council will need to respond to key emerging drivers:

- Focus on our Community Needs
- Continuing to deliver efficiencies
- A workforce with the right people, skills and attitudes
- Capacity to respond to wider change agendas both within the sector and more broadly
- Operational resilience reflecting the reduction in funding and need to generate income

Housing Strategy

Housing need and the Council's policies to address this are contained within the Local Plan Housing policies.

Following the introduction of the Homelessness Reduction Act, the Council's [Homelessness Review and Homelessness Strategy \(2019 – 2024\)](#) was approved by the Full Council on 16 December 2019.

The Council has identified five priorities for addressing homelessness within Crawley:

- Preventing and relieving homelessness
- Tackling rough sleeping
- Meeting the needs of vulnerable people
- Accessing suitable and affordable accommodation
- Preventing repeat homelessness.

Procurement Strategy

The Council operates a shared Procurement Service with Horsham, Mid Sussex and Mole Valley Councils, with Crawley acting as the lead Authority. Procurement processes are undertaken according to each Council's Procurement Code and the relevant public procurement regulations. These govern the way officers acquire goods, works and services, and ensure that Council processes are consistent, transparent, legally compliant, and that suppliers are treated fairly.

Depending on the type of contract being procured, suppliers may be asked as part of their bid to commit to the principles of a relevant charter or policy. Crawley has a Sustainable Procurement Charter, Unite Construction Charter and Social Value Charter. Further information on the Council's procurement processes, and key policies and charters are published on the website. [Procurement | Crawley GOV](#)

In January 2022, the Council introduced its first [Modern Day Slavery and Human Trafficking Statement](#). The Leader has delegated authority to approve minor amendments and approve subsequent annual statements for publication. The latest version was approved in August 2023.

The Council also provide quarterly updates to Cabinet on key procurements over £500,000 and a forward programme of key procurements. The last update went to [Cabinet](#) on the 23 November 2022.

Climate Emergency

The Council declared a Climate Emergency in July 2019. In November 2021, the Cabinet agreed the Council's [Climate Emergency Action Plan](#) which includes short, medium and long term actions. This action plan was still applicable in 2022/23.

Details of current activities are available on the Council website. [Climate emergency | Crawley GOV](#).

Equality, Diversity & Inclusion

The Council updated its [Equality, Diversity & Inclusion Statement 2022 – 2026](#) and was agreed by [Cabinet](#) on the 7 September 2022. The statement sets out the Council's equality, diversity and inclusion priorities which were identified as part of an informal review of how the Council currently discharges its equality duty. An [Equality, Diversity & Inclusion Action Plan](#) was also produced to support the delivery of these priorities which will be reviewed annually.

Corporate Debt Policy

The Council updated its [Corporate Debt Policy](#) and was agreed by [Cabinet](#) on the 1 February 2023. The Council's approach to debt recovery co-ordinates with its welfare response to support the Council's strategic aims in helping Crawley rapidly recover from the COVID-19 pandemic and Cost of Living Crisis.

The Council uses "Lateral" software to enable it to have a shared view of debt across the Council. This system identifies people that are vulnerable and points them to get debt advice to help avoid them getting into further debt.

Local Partnerships

The Council has a key role in a number of local partnerships, working for the benefit of residents and the community to improve the quality of life, including:

- Safer Crawley Partnership - formed in 1998 in response to the Crime and Disorder Act 1998.
- Crawley Wellbeing - a free, friendly and impartial service from the Local Authority, run in partnership with West Sussex County Council and the local NHS.
- Economic / Regeneration Partnerships - Crawley Growth Programme, Crawley Economic Recovery Taskforce/Town Deal Board.
- The Local Community Network (LCN) is a place-based approach to health and wellbeing delivery and aims to share plans, resources and priorities in tackling local, evidenced based, health inequalities. Membership includes colleagues from primary care, NHS, public health, the Local Authority and voluntary sector, using the Borough Council as the health anchor organisation to deliver the Crawley Health Programme.
- The Council is also a statutory member of the Local Safeguarding Children Board, Safer West Sussex Partnership, West Sussex Prevent Board, West Sussex Corporate Parenting Panel, the Adult Safeguarding Board and the West Sussex Health & Wellbeing Board
- Strategic Housing - the Council both leads and participates in a range of groups providing a multi-agency response to tackling street homelessness and providing improved outcomes for care leavers, ex-offenders older people and people with supported housing needs. A key focus remains planning for, and responding to, rising levels of housing need associated with structural issues within the housing market outside of the Council's control and broader economic factors. The Chief Executive continues to Chair the West Sussex Strategic Housing Partnership.

The Council also participates in national, sub-regional and County-wide partnership initiatives, including:

- Coast to Capital LEP
- Greater Brighton Economic Board
- Gatwick Diamond Initiative
- The Sussex North Water Neutrality Board
- The Gatwick DCO LA Group

Principle D: Determining the intervention necessary to optimise the achievement of the intended outcomes

Effectiveness of Governance Framework

The Council has responsibility for reviewing the effectiveness of its governance framework and this is undertaken by the work of CMT in its development and maintenance of the governance environment. Internal Audit produces an annual report and specifically comments on the governance framework as does the External Auditor. Areas identified for improvement are acted upon by CMT.

Financial Measures

Crawley Borough Council publishes its Annual Statement of Accounts in accordance with CIPFA guidelines and the annual Budget is approved by the Full Council and is monitored and reported upon regularly. The Narrative Report which forms part of the Statement has a series of financial measures. Quarterly monitoring of finance is reported to Cabinet, other financial measures are reported to CMT on a quarterly basis together with other non-financial performance measures.

Consultations

To be effective this policy aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the Council. Local people have the option to engage in a dialogue through social media sites (including Facebook and twitter), petition schemes, neighbourhood forums, Council meetings (open to the public), their local Councillor and annual Crawley Question Time.

Internally, a Statement of Community Involvement has been developed to guide Council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness and participation, consultations are proactively promoted via publications (printed and digital), press releases, social media, email, town notice boards and the Council's website. [Crawley Live](#), a Council publication, is published quarterly and sent to every household in Crawley to keep residents informed. It is also available online on the Council's website. Various methods are used (depending on the scope of the consultation) to seek people's views, including questionnaires, public events and exhibitions, focus groups, satisfaction surveys and feedback forms. A list of current consultations and consultation events is available on the Council's website at www.crawley.gov.uk/consultation

Public Consultation

Where appropriate, the Council has carried out consultations with the general public, community groups and relevant stakeholders. There were a number of consultations carried out during 2022/2023 including:

Feedback and improvements to Goffs Park, Crawley Town Centre regeneration programme survey, Crawley Community Ambassadors survey, and Children's play area, regeneration surveys for Mill Pond, Shackleton Road, and Southgate.

All information gathered from public consultations is analysed and considered as part of the Council's decision-making process. Links to all surveys and consultations are hosted on www.crawley.gov.uk/consultation with results available upon request.

Principle E : Developing the Council's capability, including the capability of its leadership and the individuals within it

Recruitment, Training and Development

Human Resource policies and procedures are in place to facilitate the recruitment and retention of capable staff. The Council operates a robust interview and selection process to ensure that staff are only appointed if they have the right level of skills and experience to effectively fulfil their role.

The Council has shared [values and behaviours](#) that reflect the special nature of the Council. They describe what is important to the Council and what to expect from each other in the way work is done.

Annual Plan, Develop and Review (PDR) discussions were introduced in January 2022 and continue to be held on an annual basis. These discussions are an opportunity for line managers and staff to reflect on achievements in the past 12 months and plan for the year ahead. They are also linked to the Council's values and behaviours.

All new staff attend corporate induction sessions and undertake an e-learning induction package. Suitable training is available to support all staff to carry out their roles to the best of their ability. Newly elected Councillors are required to attend an induction which includes information on roles and responsibilities; political management and decision-making; the Code of Conduct, declaration and registration of interests, financial management and processes; information governance; and Data Protection.

Councillors' attendance at meetings is recorded via the Modern.Gov system. In the event of continual non-attendance for 4 months the matter will be passed to the Leader of the political group concerned for action to be taken. Should a Councillor fail to attend any formal meetings of the Council, for a period of 6 months, they relinquish being a Councillor. Each Group may seek approval from the Full Council to extend the 6-month non-attendance period, in exceptional circumstances.

Performance issues relating to staff are dealt with by the relevant Manager / Head of Service.

The Council has identified Organisational Capacity, Recruitment, Retention and Succession Planning as a Strategic Risk for the Council. The HR & Organisational Development Team is leading on meeting the challenges that the Council faces. It is supported by the People Board (chaired by the Deputy Chief Executive) which serves as a sounding board and a focused discussion group with staff members from different areas of the Council. The Corporate Management Team also monitors this as part of regular risk reporting.

Legal Compliance

The Council's Constitution clearly defines the [roles and responsibilities](#) of the Chief Executive, Chief and Senior Officers, Councillors and Committees and outlines procedural standards, the Scheme of Delegation and protocol on Council/Officer relations.

The Monitoring Officer is responsible for legal compliance, Conduct and Compliance and working with departments to advise on legal issues across the Council.

Financial Compliance

The Head of Corporate Finance has overall financial responsibility within the Council, as outlined in the Constitution. Within the Constitution are the [Financial and Budget Procedure Rules](#) which ensure that compliance takes place. The Accounts comply with financial regulations and the CIPFA Financial Management (FM) Code.

The Financial Management Code of Practice Compliance Assessment 2022/23 was undertaken by the Head of Corporate Finance (s151 officer) and the Chief Accountant (deputy s151 officer). The outcome of this assessment was reviewed by Corporate Management Team on the 25 April 2023.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Effective Scrutiny (Overview & Scrutiny Commission)

The Council operates an Overview and Scrutiny Commission which has its own [terms of reference](#), as outlined in the Council's Constitution. This Commission supports the work of the Cabinet and the Council as a whole. It allows citizens to have a greater say in Council matters by holding public inquiries into matters of local concern. These lead to reports and recommendations which advise the Cabinet and the Council on its policies, budget and service delivery. The Commission also monitors the decisions of the Cabinet, enabling it to consider whether a decision is appropriate. The Commission may recommend that the Cabinet reconsider or amend the decision. It may also be consulted by the Cabinet or the Full Council on forthcoming decisions and the development of policy.

Financial Management

The Head of Corporate Finance (S151 Officer) is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by Council services, and that the finance function is fit for purpose. They provide advice on financial matters to both the Cabinet and the Full Council and is actively involved in ensuring that the Authority's strategic objectives are delivered sustainably in line with long term financial goals. The Head of Corporate Finance, together with the Finance team, ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the Council.

Risk Management

The Council's approach to risk management is set out in its [Risk Management Strategy](#) which was presented to Audit Committee on the [8 November 2022](#) and subsequently approved by the Cabinet Member for Resources on the 13 December 2022. The objectives of a risk management strategy are to:

- Integrate risk management into the culture of the Council by engendering a positive attitude and understanding to risk throughout service areas
- Manage risk in accordance with best practice
- Prevent injury, damage and financial loss to those connected with the Council's delivery of services.

The Risk Management Strategy sets out the roles and responsibilities for risk management arrangements in the Council.

The format and presentation of the strategic (significant) risks was reviewed and revised from a narrative to a tabular format. Showing the risk score without controls in place and the residual score with mitigation in place.

These strategic risks include the New Town Hall, District Heat Network, Delivering Affordable Housing, Homelessness, Migration / Asylum pressures, Three Bridges Station, Disaster Recovery & Business Continuity (data & health and safety breaches), maintaining a balanced budget, Recruitment, Retention and Succession Planning, Climate Emergency, National Waste Strategy (including food waste), Local Plan, Water Neutrality, Cost of living, Towns Fund programme and Damp and Mould.

The strategic risk register is a live document and discussed regularly at CMT and are reported to the Audit Committee on a quarterly basis. The last update for 2022/23 went to the [20 March 2023 Audit Committee](#). Operational risks are managed at departmental level.

Risk management awareness training was given to managers and Councillors during the financial year by the Council's insurers Zurich. Dedicated training on Accident and Investigation and Claims Defensibility was also provided for relevant officers, with a particular focus on tree maintenance, trips and falls on Council land and housing repairs.

Corporate Projects Assurance Group (CPAG)

CPAG is chaired by the Chief Executive and includes the Deputy Chief Executive, Head of Corporate Finance (s151), Head of Governance, People & Performance (Monitoring Officer), Procurement Manager and Corporate Performance Manager. Its purpose is to monitor and manage strategic and significant risks and ensure improvement plans are adequate and managed effectively. It supports the framework of corporate controls to manage risks across the Council. The Group meets monthly.

Corporate Health & Safety

The Council ensures all its employees' time at work is safe and free from injury and ill health. In addition, the Council aims to ensure, as far as is reasonably practicable, the safety of all other persons who may be affected by the Council's undertakings. The Corporate Health & Safety Advisor primarily focuses on monitoring and advising on the Council's legal and legislative requirements where Health and Safety is concerned.

Significant progress has been made on reviewing and updating Health and Safety policies. The following policies have either been updated or are still to be completed. The documents are available for staff on the Council's intranet and were approved by CMT:

- Cycling while at work completed in March 2023
- Personal Protective Equipment (PPE) completed in February 2023
- Manual Handling completed in December 2022
- Control of Asbestos completed in December 2022
- Lifting Operations and Lifting Equipment completed in October 2022
- Management of the Register of Aggressive & Potentially Violent Persons (Caution Register) this is currently in draft and awaiting sign off
- Smoke free Policy is currently awaiting sign off
- Other policies will be updated as and when required.

The Corporate Health & Safety Adviser has been working with Service Managers across the organisation to ensure that Corporate Risk assessments are in place and up to date. However, progress has been slow due to time pressures and capacity.

Cyber Security & IT Resilience

The Council continues to manage its Cyber risk effectively, having made significant investments over recent years in both the technical resilience of the organisation through its infrastructure and software, as well as embarking on a comprehensive 'train, test and retrain' approach to cyber awareness and education for all staff and members. As an organisation, the Council recognises the critical nature of the threat that cyber-attacks pose and the ever-shifting developments that arise. As such the Council's Information Security Officer and wider team keep abreast of developments through specialist centres of advice and excellence like the National Cyber Security Centre (NCSC) and other such bodies. The Council also maintains compliance with all the security standards and accreditations, such as PSN (Public Service Network) Accreditation, which is an annual penetration test of all its systems and network, including physical access to buildings and equipment.

Information Management & Information Governance Board

The Information Governance Board has oversight of data related resources and processes within the Council. Information Management has been a significant focus of the Board over the past 2 years, to ensure GDPR compliance. This includes preparing for the Council's move to SharePoint and the migration of data files and folders, putting in more controls regarding retention. This will continue to be a key area of work in the coming year. This Board has also overseen significant work in the arena of cyber security, including training and testing to ensure that the Council's network is as secure from attack as it possibly can be.

Principle G: Implementing good practices in transparency reporting and audit to deliver effective accountability

Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

Internal Audit is provided by the Southern Internal Audit Partnership (SIAP) and fully conform with all requirements of the Public Sector Internal Audit Standards (PSIAS). The Council maintained a fully compliant internal audit service in 2022/23. SIAP produced an [Internal Audit Charter 22/23](#) which formally defines the internal audit activity's purpose, authority, and responsibility. This was approved by the Audit Committee on the [15 March 2022](#) and will be updated annually.

The Chief Internal Auditor (Head of SIAP) provides an independent and objective annual opinion on the effectiveness of internal control, risk management, and governance each year and is in accordance with the PSIAS. Progress on the Audit Plan is reported to the Audit Committee on a quarterly basis.

Audit Committee

The role of the [Audit Committee](#) is to review and assess the adequacy of the Council's internal audit and risk management arrangements. This Committee meets quarterly and receives the reports from SIAP, including their progress reports and Annual Report. This Committee considers and comments upon the Internal Audit Plan, ensures the Audit and Risk functions are fulfilled and reviews the effectiveness of the Council's risk management arrangements.

Governance Committee

The [Governance Committee](#) deals with Constitutional matters, the Conduct of Councillors, Political Management Arrangements, and Corporate Governance, Councillors' Allowances, Elections and all non-Executive functions not specifically delegated to another Committee or Sub-Committee of the Council. This Committee specifically monitors and reviews the Corporate Governance of the Council including giving consideration of the Authority's Annual Governance Statement.

Annual Accounts

The Council publishes full audited accounts each year, which are also published on the Council's website at [Statement of accounts | Crawley GOV](#).

Review of Effectiveness

Crawley Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of CMT, who has responsibility for the development and maintenance of the governance environment, the Chief Internal Audit annual report, and comments made by relevant stakeholders, the external auditors and other review agencies and inspectorates.

Corporate Management Team undertook a self-assessment of these governance arrangements, and all declared they had adhered to the governance and decision-making arrangements in place for 2022/23.

Internal Audit Annual Report and Opinion

The Chief Internal Auditor (Head of SIAP) is required to provide an independent opinion on the overall adequacy of the effectiveness of the Council's governance, risk and control framework. Their Annual Report and Opinion is considered, and any significant issues incorporated as a result. Report [FIN/625](#) was presented to the Audit Committee on the 21 June 2023 where the [Annual Report and Opinion](#) was considered.

The opinion states that sufficient assurance work has been carried out to allow the Chief Internal Auditor to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment. In their opinion frameworks of governance, risk management and management control are **reasonable** and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, SIAP have worked with management to agree appropriate corrective actions and a timescale for improvement.

In general, internal audit work found there to be a sound control environment in place across the majority of review areas included in the 2022/23 Audit Plan that were working effectively to support the delivery of corporate objectives. Two areas were identified to provide challenge to the organisation's risk environment. Limited assurance was given to Health and Safety - Driver Safety Checks and Taxi and Private Hire Licensing – New Driver Applications. These have been included in the Governance Action Plan as areas for improvement.

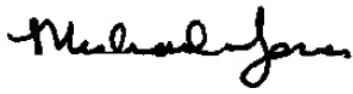
Significant Governance Issues

There are no significant governance issues to report.

Conclusion

To the best of our knowledge, the governance arrangements as defined above, have been operating effectively during the year and remain fit for purpose.

Signed on behalf of Crawley Borough Council:



Cllr Michael Jones
Leader of the Council
Date: 09/08/2023



Natalie Brahma-Pearl
Chief Executive
Date: 09/08/2023

Governance Action Plan

Progress on the governance improvement areas from 21/22

Issue	Progress	Status
Implement the actions identified in the Complaints Procedure Audit which received “limited assurance”	Significant changes have been made to the Complaints process during 22/23, including a revised Policy, LGSCO training and a new digitised system. More is included in the main content of the 22/23 AGS. These changes will continue to be embedded. A follow up audit was undertaken on the Corporate Complaints Process and received a “reliable assurance” outcome, which is an improvement on the last audit.	Complete
Implement the actions identified in the Health and Safety Audit which received “limited assurance”	Significant progress has been made, with various Health and Safety policies being updated as outlined in the main content of the 22/23 AGS. Further policies will be updated as and when required. Corporate Risk Assessments will commence from the first quarter of 23/24 and site inspections have also commenced. Progress on the management actions is reported to the Audit Committee.	Ongoing
Implement the actions identified in the Cyber Security – Staff Awareness Audit which received “limited assurance”	All staff and Members have undertaken mandatory cyber security awareness training which will be an ongoing requirement. The Acceptable Use Policy has been updated and cyber incident communication is fully documented. A follow up audit was conducted at the end of 22/23 and no further action is required.	Complete
Strategic Risks to be updated and produced to show scoring for risks with and without mitigation controls.	The Strategic Risk register and Risk Management Strategy was updated and presented to Audit Committee on the 8 November 2022. Risks are monitored by CMT on a monthly basis and the Audit Committee on a quarterly basis.	Complete
Update the Council’s Equality Statement and produce an EDI Action Plan.	The Council’s Equality Statement 2022 - 2026 and Action Plan was updated and approved by the Cabinet on the 7 September 2022. The Action Plan will be updated annually.	Complete

Governance Action Plan

This Action Plan sets out the planned activity for improvement which has been identified as part of the AGS 22/23 review. These are tracked by the Audit Committee until implemented or discharged.

No.	Issue	Action	Who	When	How is this monitored?
1.	Continue to implement the actions identified in the Health and Safety Audit	Complete further updates to existing Health & Safety policies and keep them under review. Undertake corporate risk assessments.	Head of Governance, People & Performance Corporate Health & Safety Advisor	March 2024	Audit Committee
2.	Implement the actions identified in the Health & Safety - Driver Safety Checks Audit	Ensure the relevant checks and driver risk assessments are undertaken and reviewed as part of the appraisal process. Undertake a review of the Vehicle Policy. Ensure sampling of risk assessments are carried out to scrutinise the accuracy of scoring.	Head of Governance, People & Performance Corporate Health & Safety Advisor	March 2024 September 2023 April 2024	Audit Committee
3.	Implement the actions identified in the Taxi & Private Hire Licensing – New Driver Applications Audit	Ensure all fees and charges are up to date on the council's website and agreed by Full Council. Update the council's Private Hire & Hackney Carriage Licensing Policy & Guidance and internal procedure notes to reflect the changes. Update the key elements of the Policy & Licensing Conditions and publish them on the council's website.	Public Protection & Enforcement Manager Team Leader, Health Safety & Licensing	September 2023 June 2023 and ongoing	Audit Committee

Crawley Borough Council Updated Audit results report

Year ended 31/03/2022

August 2023

22 August 2023



Crawley Borough Council
Town Hall
The Boulevard
Crawley
United Kingdom
RH10 1UZ

Dear Audit Committee Members,

2021/22 Audit results report

We are pleased to attach our *updated* audit results report, summarising the status of our audit for the forthcoming meeting of the Audit Committee and management of Crawley Borough Council. Due to the timing of writing this report, this is a status update and a final report will be circulated once our procedures are finalised. We will update the Audit Committee at its meeting scheduled for *5 September 2023* on further progress to that date and explain the remaining steps to be completed before we can issue our audit report.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Crawley Borough Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

This report is intended solely for the information and use of the Audit Committee, other members of the Council, and senior management. It is not intended to be and should not be used by any one other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on *5 September 2023*.

Yours faithfully,

Elizabeth Jackson
Partner
For and on behalf of Ernst & Young LLP



01 Executive Summary



Executive Summary

Scope update

In our audit planning report circulated to members of the Audit Committee in February 2023, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

Materiality:

In our Audit Plan, we communicated that our audit procedures would be performed using a materiality of £2.44 million. Performance materiality was set at 75 % of overall materiality and thresholds for reporting misstatements were set at 5% of performance materiality. We have made no changes to these materiality levels.

Status of the audit

Our audit work in respect of the Council's opinion audit is ongoing. The main items relating to the completion of our audit procedures that were outstanding at the date of this report are detailed in Appendix B, including actions required to resolve and responsibility. Once the audit procedures have been performed, the following items will need to be completed:

- ▶ Review of the revised financial statements
- ▶ Completion of manager and partner review of work performed
- ▶ Subsequent events review
- ▶ Receipt of signed management representation letter
- ▶ Receipt of signed Narrative Report and financial statements

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Narrative Report and Accounts which could influence our final audit opinion.

Auditor responsibilities under the Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- **Financial sustainability:**
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance:**
How the Council ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness:**
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Status of the audit - Value for Money

We have concluded our risk assessment. We have not identified any risks of significant weaknesses in our work completed to date and have no matters to report by exception in the auditor's report at this stage (see Section 03).

We plan to issue the VFM commentary within three months of issuing the audit report, in line with the extension provided by the NAO for 2021/22, within our Auditor's Annual Report.



Executive Summary

Audit differences

Uncorrected misstatements increase the surplus on provision of services by £0.8 million of which £0.4 million decrease in the provision of services relates to current-year differences, further details are included in section 4 of this report.

We have also identified seven audit differences to date in the draft financial statements which management have agreed to adjust for, further details are included in section 4 of this report.

We will provide the Audit Committee with a verbal update on any further audit differences on 5 September 2023.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have identified some inconsistencies within the Statement *which we have discussed with management and are being amended*.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission for 2021/22. However, we do not expect any issues in performing this work as the Council falls below the threshold set within the guidance from HM Treasury and the group audit instructions for 2021/22 on which our work is based.

We have no other matters to report.

Independence

Please refer to Section 07 for our update on Independence.



Executive Summary

Areas of audit focus

In our Audit Plan, we identified a number of key areas of focus for our audit of the financial report of Crawley Borough Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Fraud Risk	Findings & Conclusions
Misstatements due to fraud or error (management override)	Our work on the <i>IAS 19 disclosures and journals is substantially complete</i> and the valuation of property is still ongoing. We have not identified any evidence that management has overridden controls in order to prepare fraudulent financial statement balances or postings within the financial statements in our work completed to date.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	We have identified one misclassification of a £0.4 million repayable grant classified as the Revenue Expenditure Funded from Capital Under Statute. We have concluded our work on the testing of additions made to Property, Plant and Equipment during the year and have not identified any evidence of manipulation through incorrect capitalisation of revenue expenditure within the Property, Plant and Equipment additions balance.
Significant Risk	Findings & Conclusions
Valuation of PPE using Existing Use Value (EUV)	<i>Our audit work over assets valued using EUV is ongoing.</i> We employed the use of our own expert to support the work in relation to the valuation of land and buildings on an EUV basis, <i>assessing the valuation of four properties. Their review did not identify any issues in relation to these assets.</i>
Valuation of Investment Properties (IP) under Fair Value (FV)	<i>Our sample testing identified four investment property assets that were outside our estimated reasonable range. These misstatements are below our performance materiality threshold and therefore we are satisfied that the asset valuation is materially fairly stated and appropriately disclosed for the audit report.</i>

Executive Summary

Areas of audit focus	
Area of Audit Focus / Inherent Risk	Findings & Conclusions
Valuation of Land & Buildings in property, plant and equipment (PPE) under Depreciated Replacement Cost (DRC)	<i>Our audit work over assets valued using DRC is ongoing. We employed the use of our own expert to support the work in relation to the valuation of land and buildings on an DRC basis, assessing the valuation of one property. Their review did not identify any issues in relation to this asset.</i>
Valuation of Housing Revenue Account (HRA) properties	<i>Our work in relation to the valuation of HRA property is complete. Based on the audit work performed, we have obtained reasonable assurance over council dwelling valuation assertion and no audit issues identified.</i>
Accounting for Pension Fund Asset	<p>We tested the Council's pension asset valuation and assessed the work of the Council's actuary. We are satisfied that the pension asset and associated balances within the financial statements are not materially misstated, subject to review. We have undertaken additional audit procedures in responses to the updated ISA540 regarding accounting estimates. These have included the production of a parallel IAS19 report by an EY pensions expert which was then compared to the report prepared by Hymans Robertson. No material differences were identified from this process.</p> <p><i>Our work over the triennial valuation of the pension fund as at 31 March 2022 is ongoing. Officers have obtained an updated IAS 19 report from the actuaries and the financial statements will need to be amended to reflect this.</i></p>
Valuation of NNDR Appeals Provision	We tested the Council's NDR Appeals Provision valuation and assess the management estimate. We are satisfied that the NDR Appeals Provision and associated balances within the financial statements are not materially misstated.
Transfer of HRA Garages to the General Fund	<i>The work is still in progress. Management provided a written briefing paper following our request, setting out their judgement, based on accounting standards and CIPFA guidance, that allows them to transfer these assets. We are currently performing detailed testing of leases to corroborate management's assessment.</i>
Housing Rents Issue	<i>The work is still in progress. We have obtained a working paper from management supporting the repayments made in 2021/22. We are currently performing detailed testing of the repayments to corroborate the information provided by management.</i>
Infrastructure assets	<i>The work is complete subject to review.</i>
Going Concern Disclosure	The work is still in progress. We have asked for a cash flow forecast until November 2024.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no residual further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee or Management.



02

Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error (management override)

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

We did not identify any specific fraud risks in our planning. We continued to update our risk assessment throughout our audit. We have no additional specific fraud risks to report.

What judgements are we focused on?

The risk manifests specifically in whether year-end adjustment journals are appropriate and supported, the application of estimates and judgements, and whether significant or unusual transactions are identified and accounted for appropriately. As part of our work we focus on judgements made which effect the recording of transactions within the general ledger, particularly around journal entries. We considered what the most significant estimates in the financial statements relate to and we reviewed these accounting estimates for evidence of management bias, with a specific focus on the following:

- ▶ IAS 19 disclosures;
- ▶ Valuation of the Local Government Pension Scheme assets and liabilities;
- ▶ Valuation of the Police Pension Fund liability; and
- ▶ Valuation of land and buildings in Property, Plant and Equipment.

As the above estimates have been identified as separate risks within section 2 of this report we have not repeated that information here.

What did we do?

We have performed the procedures described in our original audit plan. Please see the following page for full details.

What are our conclusions?

Our audit work is still in progress and is subject to review.

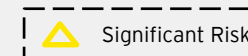
We have found no evidence of weaknesses in controls or that management had attempted to override internal controls. We have not identified any instances of inappropriate judgements being applied to date.

Our testing of journals found the items tested to be appropriately supported and correctly entered into the general ledger.

Our testing of judgements and estimates did not identify inappropriate judgements or bias in estimates.

We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.

This conclusion is based on detailed testing of accounts entries susceptible to potential manipulation.





Areas of Audit Focus – Fraud risk



Further details on procedures/work performed

We identified the key fraud risks at the planning stage of the audit and considered the effectiveness of management's controls that are designed to address the risk of fraud. We updated our understanding of the risks of fraud and the controls put in place to address them and made enquiries of Internal Audit, management and those charged with governance to support our understanding. We remained alert throughout the course of the audit for where this assessment may have changed. We did not identify any previously unidentified areas of risk (that are not linked to the presumed risk of fraud in revenue and expenditure recognition covered separately).

We have:

- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.

Performed mandatory procedures regardless of specifically identified fraud risks, including:

- ▶ Reviewing the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of the financial statements.
- ▶ Substantively testing of journals that met specific risk criteria in order to understand their purpose and appropriateness, and we reviewed and tested accounting estimates for evidence of management bias, including those related to pensions and asset valuations.
- ▶ Reviewing and discussing with management and challenging any accounting estimates on revenue or expenditure recognition for evidence of bias, specifically:
 - ▶ IAS 19 disclosures;
 - ▶ Valuation of the Local Government Pension Fund asset and liability; and
 - ▶ Valuation of land and buildings in Property, Plant and Equipment and Investment Properties.

Our work on the *IAS 19 disclosures and journals is substantially complete*. The valuation of property is still ongoing.

- ▶ Reviewing the transactions in the financial statements for evidence of any significant unusual transactions.



Areas of Audit Focus

Significant risk (Cont.)

Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure *

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

The Council is under financial pressure to achieve budget and maintain reserve balances above the minimum approved levels. Manipulating expenditure is a key way to achieve these targets.

We believe the risk of manipulation is most likely to manifest in the incorrect capitalisation of revenue expenditure through either inappropriate additions to Property, Plant and Equipment or incorrect classification of expenditure as revenue funded from capital under statute (REFCUS), as there is an incentive to reduce expenditure which is funded from Council Tax.

PPE: Additions totalled £41.085m in the 2021/22 unaudited financial statements.

REFCUS: totalled £4.041m in the 2021/22 unaudited financial statements.

What judgements are we focused on?

We focused on the Council's judgements to classify expenditure as either revenue or capital in nature. We tested a sample of items to confirm that the Council's judgement was supported by sufficient evidence and was genuinely capital in nature.

What did we do?

In response to this risk, we:

- ▶ Tested a sample of PPE additions to ensure that the expenditure incurred and capitalised is clearly capital in nature. We also ensured the transaction was supported by sufficient evidence to verify its value and the period to which it related.
- ▶ Tested a sample of REFCUS, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources. As with PPE additions, we also ensured these items were supported by sufficient evidence to verify the value and period to which it related.
- ▶ Performed a review of significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What is the status of our work?

Our audit work is complete in this area.

We have concluded our work on the testing of additions made to Property, Plant and Equipment during the year and have not identified any evidence of manipulation through incorrect capitalisation of revenue expenditure within the Property, Plant and Equipment additions balance.

We identified one misclassification of £0.4 million repayable grant, which was incorrectly classified as REFCUS.

We are satisfied that the transactions tested were supported by evidence which confirmed the valuation, nature of the expenditure, period to which it related to and confirmed that it was correctly classified, except REFCUS issue noted above.

We are satisfied that journals posted were appropriate.

We identified no evidence of fraud in revenue and expenditure recognition through the above testing.



Areas of Audit Focus

Significant risk (Cont.)

Valuation of Land and Buildings in Property, Plant & Equipment (PPE) under Existing Use Value (EUV)

What is the risk?

The valuation of land and buildings valued on an EUV basis represent material figures within the Council's financial statements. The valuation of these assets is reliant upon expert valuations based on information provided by the Council, which includes a number of judgements and assumptions.

Errors within the judgements, assumptions or information provided to the valuer can have a material impact on the financial statements.

What judgements are we focused on?

We focussed on whether the appropriate assumptions had been used in calculating the valuation of the assets.

What did we do?

- We:
- ▶ Considered the work performed by the Council's valuer (Wilks, Head & Eve), and confirmed that the scope of their work is adequate, they had appropriate professional capabilities to complete the work and the results of their work is in line with our expectations;
 - ▶ Challenged the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists. This included considering significant or unusual movements in valuation. Additional work has been completed in this area, including detailed review of a sample of assets by our own valuer;
 - ▶ Sample tested key asset information used by the valuer in performing their valuation (e.g. yield adopted and forecast future income has been agreed to external sources)
 - ▶ Instructed our own Property valuation team (EY Real Estates) to review a sample of property valuations performed by the Council's Valuer
 - ▶ Confirmed that the valuation was completed on up-to-date information regarding each asset such that any specific changes to assets that have occurred in year had been communicated to the valuer.
 - ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
 - ▶ Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;
 - ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
 - ▶ Tested accounting entries have been correctly processed in the financial statements.

What are our conclusions?

Our work in relation to the valuation of property is still ongoing. *We are testing 17 assets in this category, out of a total of 175 assets. Officers are working to provide sufficient supporting evidence for some of the assets as we currently do not have appropriate evidence to conclude on the valuation as at 31 March 2022.*

We instructed our property valuation team to review a sample of four assets that had been revalued in 2021/22. Their review did not identify any issues in relation to these assets.



Areas of Audit Focus

Significant risk (Cont.)

Valuation of Investment Properties (IP) under Fair Value (FV)

What is the risk?

The valuation of land and buildings valued on an EUV basis represent material figures within the Council's financial statements. The valuation of these assets is reliant upon expert valuations based on information provided by the Council, which includes a number of judgements and assumptions.

Errors within the judgements, assumptions or information provided to the valuer can have a material impact on the financial statements.

Investment Property assets valued on an FV basis totalled £17.888m in the 2021/22 unaudited financial statements.

What judgements are we focused on?

We focussed on whether the appropriate assumptions had been used in calculating the valuation of the assets.

What did we do?

We:

- ▶ Considered the work performed by the Council's valuer (Wilks, Head & Eve), and confirmed that the scope of their work is adequate, they had appropriate professional capabilities to complete the work and the results of their work is in line with our expectations;
- ▶ Challenged the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists. This included considering significant or unusual movements in valuation. Additional work has been completed in this area, including detailed review of a sample of assets by our own valuer;
- ▶ Sample tested key asset information used by the valuer in performing their valuation (e.g. yield adopted and forecast future income has been agreed to external sources)
- ▶ Instructed our own Property valuation team (EY Real Estates) to review a sample of property valuations performed by the Council's Valuer
- ▶ Confirmed that the valuation was completed on up-to-date information regarding each asset such that any specific changes to assets that have occurred in year had been communicated to the valuer.
- ▶ Confirmed that the valuation was undertaken to ensure all investment property had been revalued in year as required by the Code;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ Tested accounting entries have been correctly processed in the financial statements.

What are our conclusions?

Our work in relation to the valuation of investment property is complete.

From the work performed we identified misstatements in relation to three assets with a net overstatement of investment properties of £858,500. Details are shown on the following page.

These misstatements are below our performance materiality threshold (£2,444,000) and therefore we are satisfied that the asset valuation is materially fairly stated and appropriately disclosed for the audit report.



Areas of Audit Focus – Fraud risk



Further details on procedures/work performed

- ▶ *Our work on investment properties is complete subject to review. We tested the valuation of all seven assets held within investment properties. Our testing identified differences in relation to three assets with a net overstatement of £858,500. Given that we tested all assets in this category, no further extrapolation was required. The main reason for the variances is due to differing judgements on the appropriate yield to use in the valuation.*
 - ▶ *Overstatements:*
 - ▶ *Ashdown House - we engaged our EY Real Estate colleagues to perform a valuation review of this asset. The valuation of the asset is £1,007,500 greater than the reasonable range put forward by EY Real Estate.*
 - ▶ *49-51 High Street , the valuation of this asset is £30,000 greater than the range calculated by the audit team based on the information provided by officers and the valuer.*
 - ▶ *Understatements:*
 - ▶ *1-7 Station Road, the valuation of this asset is £179,000 below the range calculated by the audit team based on the information provided by officers and the valuer.*



Areas of Audit Focus

Other areas of audit focus

Valuation of Land & Buildings in property, plant and equipment (PPE) under Depreciated Replacement Cost (DRC)

What is the risk?

The value of land and buildings in PPE under DRC represent significant balances in the Council's accounts and are subject to valuation changes and impairment reviews. Management is required to make a lesser degree of material judgemental inputs and apply estimation techniques which are required to calculate these balances held in the balance sheet. Although there is a risk for land and buildings under DRC to be misstated due to the specialised nature of these assets and insufficient availability of market-based evidence to assist the valuation, these assets are inherently not subject to material uncertainty arising due to market conditions.

What did we do?

We:

- ▶ Considered the work performed by the Council's valuer (Wilks, Head & Eve), and confirmed that the scope of their work is adequate, they had appropriate professional capabilities to complete the work and the results of their work is in line with our expectations;
- ▶ Challenged the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists. This included considering significant or unusual movements in valuation. Additional work has been completed in this area, including detailed review of a sample of assets by our own valuer;
- ▶ Sample tested key asset information used by the valuer in performing their valuation (e.g. yield adopted and forecast future income has been agreed to external sources)
- ▶ Instructed our own Property valuation team (EY Real Estates) to review a sample of property valuations performed by the Council's Valuer
- ▶ Confirmed that the valuation was completed on up-to-date information regarding each asset such that any specific changes to assets that have occurred in year had been communicated to the valuer.
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ Tested accounting entries have been correctly processed in the financial statements.

What is the status of our work?

Our work in relation to the valuation of property is still ongoing. *We are testing five assets from a total of eight assets revalued. Officers are working to provide sufficient supporting evidence.*

We employed the use of our own expert to support the work in relation to the valuation of land and buildings in PPE valued on an DRC basis. *Our expert have reviewed the valuation of one property and did not identify any issues.* The local audit team are currently testing a further four assets back to supporting information.



Areas of Audit Focus

Other areas of audit focus (Cont.)

Valuation of Housing Revenue Account (HRA) properties

What is the risk?

The value of HRA properties represents a significant balance in the Council's accounts and are subject to valuation changes and impairment reviews. Management is required to make a lesser degree of material judgemental inputs and apply estimation techniques which are required to calculate these balances held in the balance sheet and HRA notes. HRA properties are inherently not subject to material uncertainty arising due to market conditions.

At 31 March 2022, the value of HRA properties was £785.350m based on the unaudited financial statements.

What did we do?

We:

- ▶ Considered the work performed by the Council's valuer (Wilks, Head & Eve), and confirmed that the scope of their work is adequate, they had appropriate professional capabilities to complete the work and the results of their work is in line with our expectations.
- ▶ Challenged the assumptions used by the Council's valuer by reference to external evidence. This included considering significant or unusual movements in valuation.
- ▶ Sample tested key asset information used by the valuer in performing their valuation (e.g. by completing our own research for prices to other third-party resources including Zoopla, Mouseprice and Rightmove).
- ▶ Sample tested and undertook analytical procedures to support the valuation of HRA properties valued using the beacon approach.
- ▶ Confirmed that the valuation was undertaken to ensure all assets required to be valued within a 5 year rolling programme as required by the Code for PPE had been completed, which confirmed that the entire asset base had been revalued by Wilks, Head & Eve in 2021/22, so there was no risk of material misstatement arising from the lack of valuation of assets.
- ▶ Reviewed and challenged where necessary any changes to useful economic lives as a result of the most recent valuation.

What is the status of our work?

Our work in relation to the valuation of HRA property is complete. Based on the audit work performed, we have obtained reasonable assurance over the council dwelling valuation assertion and no audit issues were identified.



Areas of Audit Focus

Other areas of audit focus (Cont.)

Pension Liability Valuation

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by West Sussex County Council.

The Council's pension fund asset is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet. At 31 March 2021 this totalled £28.38m and in the draft financial statements as at 31 March 2022 this totalled £37.08m.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do?

We:

- ▶ Liaised with the auditors of West Sussex Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council;
- ▶ Assessed the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team;
- ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19; and
- ▶ Assessed the accuracy of estimated information included in the financial statements and concluded whether any adjustments were required.

What is the status of our work?

In response to the requirements of ISA540, the auditing standard on accounting estimates, we based our audit approach on procedures to evaluate management's process. The standard requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model. Neither we, nor PwC as consulting actuaries commissioned by the NAO for all local government sector audits, are able to access the detailed models of the actuaries in order to evidence these requirements. Therefore, we undertook further procedures to create an auditor's estimate, to gain assurance. We employed the services of an EY Pensions specialist to review the Council's IAS19 reports and run a parallel actuarial model which was compared to that produced by Hymans Robertson. This confirmed there was no material misstatement arising from those estimation procedures undertaken by Hymans Robertson.

We were satisfied there was no evidence of material misstatement arising from the work completed above.

As in previous years we identified a difference between the audited value of the Council's share of pension scheme assets and the estimated value communicated to the Council's actuary earlier in the year to inform its assessment of the Council's pensions liability. This difference, which we consider to be an update to an estimate and not an error, decreases the reported pensions liability and debit balance on the positive pensions reserve by £0.4 million. This has not been adjusted in the financial statements.

Our work over the triennial valuation of the pension fund as at 31 March 2022 is ongoing and our financial statements will need to be amended to reflect this.



Areas of Audit Focus

Other areas of audit focus (Cont.)

Valuation of NNDR Appeals Provision

What is the risk?

Crawley Borough Council's share of the NNDR Appeal Provision is valued at £5.716m in the draft financial statements to 31 March 2022. This is a high value estimate driven by internal calculations and judgement.

What did we do?

We:

- ▶ Agreed data used to calculate the provision to reports received from the Valuations Office Agency;
- ▶ Confirmed appeals percentage provided for is reasonable, considering the government's baseline data for predicting business rates appeals;
- ▶ Reperformed calculations to confirm arithmetical correctness; and
- ▶ Compared the level of appeals at 31 March 2022 and 31 March 2021 to assess the reasonableness of amounts provided for at year end.

What is the status of our work?

Our work in this area is complete. We tested the Council's NDR Appeals Provision valuation and assess the management estimate.

We identified a difference of £155,000 between the assessment performed by the Council and our own recalculation, the impact on the Council's own statements is £62,000, being 40% of the misstatement. This is due to the Council incorrectly amending the prior NDR appeals provision calculations using the success rate for the current year, which has been correctly calculated using the historic success rate for the Council. The prior provisions should have been retained at their prior values.

We are satisfied that the NDR Appeals Provision and associated balances within the financial statements are not materially misstated.



Areas of Audit Focus

Other areas of audit focus (Cont.)

Transfer of HRA Garages to the General Fund

What is the risk?

In December 2020, Full Council agreed to transfer the garages from the Housing Revenue Account to the General Fund from 1 April 2021. Although the transfer of garages has been agreed by the Council, there is a risk that moving garages from Housing Revenue Account to the General Fund may not be in line with the CIPFA code requirements.

What did we do?

We:

- ▶ Obtained a briefing paper from the Council outlining the arrangements under which such a transfer can be made with due reference to the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22;
- ▶ Reperformed our own correlation of the movement to CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 to ensure that we concur with the Council's view;
- ▶ Reviewed the communication with those charged with governance to ensure appropriate governance arrangements were observed with regards to the transfer; and
- ▶ Tested the accounting for the transfer to ensure that the Council has accounted for this appropriately.

What is the status of our work?

Our work in relation to the transfer of the HRA garages is still ongoing.

Management provided a written briefing paper following our request, setting out their judgement, based on accounting standards and CIPFA guidance, that allows them to transfer these assets.

We are currently performing detailed testing of leases to corroborate management's assessment. However, our work to date has identified that the garages were valued using an incorrect assumption regarding the number of weeks rent is applied. This resulted in the garages being understated by £1.8 million. We also identified a further difference between our calculation of the revalued garages and the valuation by the Council's valuers of £0.3 million. Management has agreed to amend the financial statements for these findings.



Areas of Audit Focus

Other areas of audit focus (Cont.)

Housing Rents Issue

What is the risk?

During 2020/21 audit period, the Council disclosed to us that it came to their attention in April 2021 that they had been overcharging rent to council housing tenants since April 2014 for all new tenancies since this date in properties that pre-dated April 2014. As the issue came to light in 2021/22, the Council investigated the issue and made the repayments during the year. The risk is that the Council have not accounted for this correctly in 2021/22.

What did we do?

In order to address this risk we carried out a range of procedures including:

- ▶ Updated our understanding of the areas reviewed in 2020/21
 - ▶ Obtained and reviewed the Council's root cause analysis for this issue.
 - ▶ Obtained confirmation from the Regulator regarding the actions they intend to take.
 - ▶ Evaluated the procedures undertaken by the client, to determine whether the quantification of the issue is reliable and reasonable.
 - ▶ Reviewed the legal advice received by the Council regarding this issue.
 - ▶ Determined whether the proposed accounting treatment is correct.
 - ▶ Documented Council's approach to notifying impacted tenants.
 - ▶ Considered the impact of repaying the rents on the going concern of the Council.
- ▶ Reviewed the accounting for this issue in the 2021/22 financial statements to ensure that this is in line with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2021/22

What is the status of our work?

Our work in relation to the overcharging of housing rents is still ongoing.

We have obtained a working paper from management supporting the repayments made in 2021/22. We are currently performing detailed testing of the repayments to corroborate the information provided by management.



Areas of Audit Focus

Other areas of audit focus (Cont.)

Infrastructure Assets

What is the risk?

In March 2022, an issue was raised with the National Audit Office's Local Government technical network in relation to the accounting for infrastructure assets. Under the CIPFA Code of Local Authority Accounting, these assets are held at depreciated historic cost. Following more detailed consideration by auditors this year, it has been identified that whilst local authorities add expenditure incurred on replacing or enhancing such assets, most do not appear to be reviewing the Code requirement to establish whether this spend is a replacement of an asset, or a recognised component, and therefore, are not derecognising the old component. As a consequence gross cost/gross accumulation is therefore continually increasing, and the balance sheet may be misstated where the expenditure is a replacement for an asset/component not fully depreciated.

Our work in 2020/21 concluded the Council's current accounting practice is in line with the CIPFA Code. However, as a consequence of the issue above CIPFA is considering a potential Code amendment. We will ensure the Council's accounting treatment of infrastructure assets complies with any updated guidance or Code amendments issued by CIPFA.

What did we do?

We confirmed the Council's accounting practice for infrastructure assets remains in line with the published CIPFA Code of Local Authority Accounting. The Council has therefore not needed to adopt the temporary solution for accounting for infrastructure assets issued by DLUHC and CIPFA. Our work focused on:

- ▶ Obtaining evidence to match the subsequent expenditure to the carrying amount of the replaced part or component that is being derecognised.
- ▶ Understanding the Council's approach to depreciating infrastructure assets, ensuring that the asset lives were reasonable and undertaking sensitivity analysis to understand the potential impact of over or understating the asset lives.
- ▶ Testing the accounting entries have been correctly processed in the financial statements.

What is the status of our work?

Our work in relation to infrastructure assets is *complete subject to review*.



Areas of Audit Focus

Other areas of audit focus (Cont.)

Going Concern Disclosure

What is the risk?

There is a presumption that the Council will continue as a going concern for the foreseeable future. However, the Council is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 during 2021/22, there is a need for the Council to ensure its going concern assessment, including its cashflow forecast, is robust and appropriately comprehensive.

The Council is required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

What did we do?

We:

- ▶ Challenged management's identification of events or conditions impacting going concern.
- ▶ Tested management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- ▶ Reviewed the Council's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern including an assessment of any underlying need to borrow.
- ▶ Undertook a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when drawing our conclusions on going concern.
- ▶ Challenged the disclosure made in the accounts in respect of going concern and any material uncertainties.

What is the status of our work?

Our work in relation to going concern is still ongoing. We have asked for a cash flow forecast until *November 2024*.



03

Audit Report



Audit Report

Draft audit report

Our draft opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAWLEY BOROUGH COUNCIL

Opinion

We have audited the financial statements of Crawley Borough Council ('the Council') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- ▶ Comprehensive Income and Expenditure Statement;
- ▶ Movement in Reserves Statement;
- ▶ Balance Sheet;
- ▶ Cash Flow Statement;
- ▶ the related notes 1 to 43 and the Expenditure Funding Analysis;
- ▶ Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 8; and
- ▶ Collection Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of Crawley Borough Council as at 31 March 2022 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22

as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Head of Corporate Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for the period to April 2024.

Our responsibilities and the responsibilities of the Head of Corporate Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Council's ability to continue as a going concern.



Audit Report

Draft audit report (cont.)

Our draft opinion on the financial statements

Other information

The other information comprises the information included in the Narrative Report 2021-2022 and the Statement of Accounts 2021-2022, other than the financial statements and our auditor's report thereon. The Head of Corporate Finance is responsible for the other information contained within the Narrative Report 2021-2022 and the Statement of Accounts 2021-2022.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)

- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Responsibility of the Head of Corporate Finance

As explained more fully in the Statement of Responsibility for the Statement of Accounts set out on page 2, the Head of Corporate Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Head of Corporate Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Corporate Finance is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.



Audit Report

Draft audit report (cont.)

Our draft opinion on the financial statements

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are:
 - ▶ Local Government Act 1972,
 - ▶ Local Government and Housing Act 1989 (England and Wales),
 - ▶ Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
 - ▶ Local Government Act 2003,
 - ▶ The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
 - ▶ Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948),
 - ▶ Business Rate Supplements Act 2009,
 - ▶ The Local Government Finance Act 2012,
 - ▶ The Local Audit and Accountability Act 2014 (as amended), and
 - ▶ The Accounts and Audit Regulations 2015.
- ▶ In addition, the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.
- ▶ We understood how Crawley Borough Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Council's committee minutes, through enquiry of employees to confirm the Council policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance



Audit Report

Draft audit report (cont.)

Our draft opinion on the financial statements

with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

- ▶ We assessed the susceptibility of the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified the manipulation of reported financial performance through inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.
- ▶ To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Council's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- ▶ To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether Crawley Borough Council had proper arrangements for financial sustainability,

governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Crawley Borough Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.



Audit Report

Draft audit report (cont.)

Our draft opinion on the financial statements

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Crawley Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Elizabeth Jackson (Key Audit Partner)
For and on behalf of Ernst & Young LLP
Luton



04

Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We report to you any corrected and uncorrected misstatements greater than our nominal value of £122,000.

Adjusted misstatements

We have identified three audit differences so far in the draft financial statements which management have agreed to adjust:

- *We identified that the garages were valued using an incorrect assumption regarding the number of weeks rent is applied. This resulted in the garages being understated by £1.8 million*
- *We also identified a further difference between our calculation of the revalued garages and the valuation by the Council's valuers of £0.3 million*
- Management have incorrectly classified the Disabled Facilities Grant income of £1.0 million as netting against expenditure
- Management have incorrectly classified £0.4 million repayable grant as REFCUS. This amount should have been classified within debtors
- *We identified £0.3 million of assets on the asset register that the Council have either disposed of or scrapped. These should have been removed from cost and accumulated depreciation. This has no impact on the Balance Sheet*
- *We identified that £0.3 million of intangible assets had incorrectly been classified as Vehicle, Plant and Equipment within PPE. Both the gross book value and accumulated depreciation should have been classified within intangible assets. These assets have a nil net book value and therefore nil impact on the Balance Sheet*
- Management have incorrectly included £0.1 million as the 'interest receivables and similar income' in Note 12 - Financing and Investment Income and Expenditure, This amount should have been classified as 'income and expenditure in relation to investment properties and changes in their fair market value' in Note 12.



Audit Differences

Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and which were not corrected by management. We request that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Audit Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2022 (Currency'000)			Effect on the current period:		Net assets (Decrease)/Increase			
			OCI Debit/(Credit)	Comprehensive Income and Expenditure Statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Misstatements								
Judgemental differences:								
▸ Pension fund liabilities and assets valuation: Differences in the pension fund assets identified			(417)		417			
▸ <i>Investment Property valuation differences identified:</i>								
▸ <i>Ashdown house valuation of £1,007,500 overstated</i>			859			(859)		
▸ <i>1 - 7 Station Road £179,000 understated</i>								
▸ <i>49 - 51 High Street £30,000 overstated</i>								
▸ <i>Overstatement of the NDR appeals provision (£155,000 total impact, £62,000 impact on Crawley Borough Council financial statements)</i>			(62)				62	
Projected differences:								
▸ <i>We identified that there were assets on the asset register that no longer existed. Projection of these errors on the remaining population identified a potential overstatement of £684,000</i>						684 (684)		
▸ <i>We identified that there were intangible assets on the asset register that no longer existed. Projection of these errors on the remaining population identified a potential overstatement of £221,000</i>						221 (221)		
Cumulative effect of uncorrected misstatements before turnaround effect			380	417		(859)	62	



Audit Differences

Summary of unadjusted differences continued

In addition we highlight the following misstatements to the financial statements and which were not corrected by management. We request that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Audit Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2022 (Currency'000)			Effect on the current period:		Net assets (Decrease)/Increase			
			OCI Debit/(Credit)	Comprehensive Income and Expenditure Statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors								
<i>Cumulative effect of uncorrected misstatements before turnaround effect (from previous slide)</i>			380	417		(859)	62	
<i>Turnaround effect. See Note 1 below.</i>								
▸ <i>Turnaround impact of the overcharging of rent to Council tenants relating to the year ended 31 March 2021</i>				(688)				
▸ <i>Turnaround impact of the overstatement of investment property valuations in 2019/20</i>				(1,120)				
▸ <i>Turnaround impact of the overstatement of the NDR appeals provision (£614,000 total impact, £245,000 impact on Crawley Borough Council financial statements)</i>				246				
▸ <i>Turnaround impact of the understatement of the shared equity debtor</i>				331				
<i>Cumulative effect of uncorrected misstatements, after turnaround effect</i>			380	(814)		(859)	62	

There are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31 March 2022.

Note 1: turnaround effect is the post-tax impact of uncorrected misstatements related to the prior period, on results of the current period.



05

Value for Money



Value for money

The Council's responsibilities for value for money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

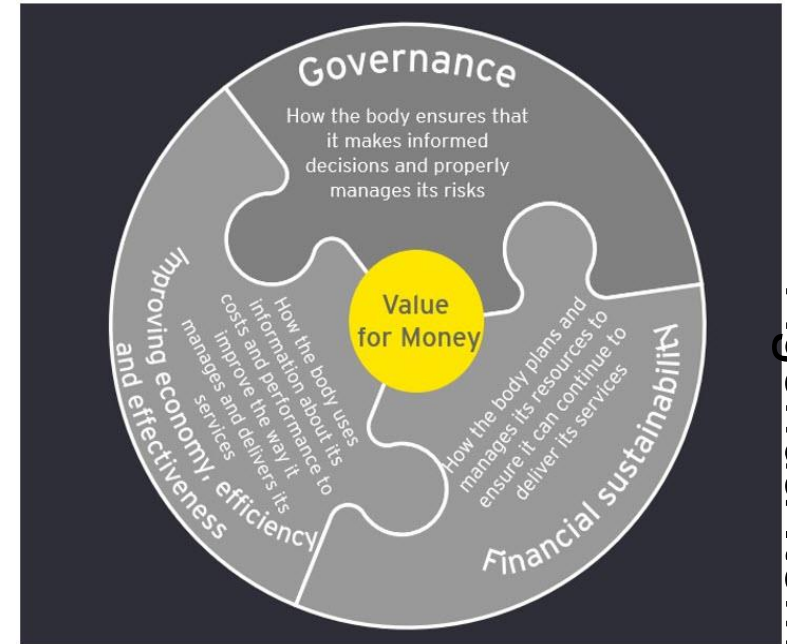
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements set out in CIPFA Code of Practice on Local Authority Accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

We are in the process of concluding our risk assessment. We have not identified any risks of significant weaknesses in our work completed to date and have no matters to report by exception in the auditor's report at this stage (see Section 03).

Status of our VFM work

Our planned VFM procedures are *complete* and we have no matters to report by exception in the auditor's report (see Section 03) at this time. We plan to issue the VFM commentary within three months of issuing the opinion.





06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the 2021/22 Financial Statements document with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

We have identified some inconsistencies within the Statement *which we have discussed with management and are being amended*.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet performed the procedures required on the Whole of Government Accounts submission for 2021/22. However, we do not expect any issues in performing this work as the Council falls below the threshold set within the guidance from HM Treasury and the group audit instructions for 2021/22 on which our work is based.

Other reporting issues

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

We have no matters to report.



07

Independence



Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees due for the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted. We confirm that we have not undertaken non-audit work other than the certification of the Council's Housing Benefit Claim.

EY Transparency Report 2022

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

[EY UK 2022 Transparency Report | EY UK](#)

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

Description	Planned Fee 2021/22 £	Scale Fee 2021/22 £	Final Fee 2020/21 £
PSAA Scale Fee	50,291	50,291	50,291
Scale fee rebasing (Note 1)	34,248	-	34,248
Revised proposed scale fee:	84,539	50,291	84,539
In-year scale fee variation:			
Scale fee variation - Additional audit work (Note 2)	TBC		16,423
Scale fee variation - PSAA pre-approved additional fee for VFM and ISA540 (Note 3):	8,500 - 13,500		8,500
Total audit related fees	TBC	TBC	109,462
Housing Benefit Claim Certification Fees	TBC	TBC	TBC
Total fees	TBC	TBC	109,462

All fees exclude VAT

** this is our proposed figure that has been submitted to the PSAA*

The agreed fee presented is also based on the following assumptions:

- ▶ Officers meet the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion are unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee where applicable.

Relationships, services and related threats and safeguards (Cont.)

Services provided by Ernst & Young

Notes

Note 1 - This relates to our scale fee rebasing for the audit, to take into account changes in professional and regulatory requirements to that date. This was previously raised in the 2019/20 audit year and as these are related to ongoing requirements, we have included the impact again in our 2020/21 requested fees. This is the same request that was submitted in the prior year and has been adjusted for the increase in PSAA rates.

Note 2 - This figure includes a variation to the scale fee for items specific to the 2020/21 audit year where additional audit work was undertaken by the audit team. We will submitting a request for this additional work undertaken on:

- ▶ Work of EY expert to calculate an auditors estimate of the pension liability and the valuation of assets;
- ▶ Work on the over charging of housing rents for financial statements and value for money

Note 3 - The fee impacts of the NAO's 2020 Code of Audit Practice, and the revised ISA540 on estimates were new during 2020/21. The PSAA communicated fee ranges for each type of auditee, and our assessed impact for the Council is that both ISA540 and VFM Commentary is at the bottom of the ranges.






08 Appendices






Appendix A

Required communications with the Joint Governance Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Joint Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report - February 2023.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report - February 2023.
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023.

Appendix A (Cont.)

		 Our Reporting to you
 Required communications	 What is reported?	  When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023.
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023.
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the Joint Governance Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023.
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Joint Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Joint Governance Committee responsibility. 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023.






Appendix A (Cont.)

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023.
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit Planning Report - February 2023</p> <p>Audit Results Report - March 2023 and updated Audit Results Report - August 2023.</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023.
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of. 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023.

Appendix A (Cont.)

Required communications with the Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Planning Report - February 2023 Audit Results Report - March 2023 and updated Audit Results Report - August 2023.
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023.
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - March 2023 and updated Audit Results Report - August 2023. Auditor's Annual Report - TBC
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Planning Report - February 2023 Audit Results Report - March 2023 and updated Audit Results Report - August 2023.
Value for Money	<ul style="list-style-type: none"> ▶ Risks of significant weakness identified in planning work ▶ Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses. 	Audit Planning Report - February 2023 Audit Results Report - March 2023 and updated Audit Results Report - August 2023. Auditor's Annual Report - TBC

Appendix B - Outstanding matters

The following significant areas of the audit items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	 Actions to resolve 	Responsibility 
<i>Review of completed audit work</i>	<i>Final review to be performed by the Manager and Partner</i>	<i>EY</i>
<i>Completion of our work over PPE Valuations</i>	<i>Obtain relevant supporting evidence and complete our testing of revalued assets</i>	<i>EY and management</i>
<i>Completion of our testing of journals</i>	<i>Receipt of supporting evidence for journals selected for testing Testing of journals identified for testing</i>	<i>EY and management</i>
<i>Completion of housing rents issue work</i>	<i>Receipt of supporting evidence that the rent was repaid to tenants Complete our sample testing</i>	<i>EY and management</i>
<i>Completion of garages transferred to general fund</i>	<i>Receipt of supporting evidence for our sample selected, HRA tenant register and reconciliation report between property team and finance team for total number of garages Complete our sample testing</i>	<i>EY and management</i>
<i>Completion of our work over the Annual Governance Statement</i>	<i>We have received the amended Annual Governance Statement and need to review this to ensure that this has been appropriately amended</i>	<i>EY</i>
<i>Completion of going concern assessment</i>	<i>Reviewing of cashflow forecast and management assessment on going concern, this is in progress Detail review and consideration of the going concern assessment</i>	<i>EY and management</i>
<i>Completion of Creditors and Debtors</i>	<i>Receipt of supporting evidence for our sample selected Complete our sample testing</i>	<i>EY and management</i>
<i>Review of the revised financial statements</i>	<i>Obtain and review final revised financial statements and verify all agreed amendments have been made</i>	<i>EY and management</i>
<i>Completion of manager and partner review of work performed</i>	<i>Complete work and review</i>	<i>EY</i>
<i>Subsequent events review</i>	<i>To be performed just before signing</i>	<i>EY and management</i>
<i>Receipt of signed management representation letter</i>	<i>Finalise the letter following completion of the audit</i>	<i>EY and management</i>
<i>Receipt of signed Narrative Report and financial statements</i>	<i>Finalise the financial statements and narrative report following completion of the audit</i>	<i>EY and management</i>

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that key disclosures on going concern remain to be finalised and audited. A draft of the current opinion (with outstanding

Management representation letter

Management Representation Letter

[To be prepared on the entity's letterhead]

[Date]

Elizabeth Jackson
Ernst & Young LLP
Grosvenor House
Grosvenor Square
Southampton
SO15 2BE

This letter of representations is provided in connection with your audit of the financial statements of Crawley Borough Council ("the Council") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of Crawley Borough Council as of 31 March and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because **[specify reasons for not correcting misstatement]**.



Appendix C (Cont.)

Management representation letter

Management Rep Letter

6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:
 - ▶ involving financial improprieties;
 - ▶ related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - ▶ related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - ▶ involving management, or employees who have significant roles in internal controls, or others; or

- ▶ in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - ▶ Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - ▶ Additional information that you have requested from us for the purpose of the audit; and
 - ▶ Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
3. We have made available to you all minutes of the meetings of the Full Council, Cabinet, and Audit Committee and Governance Committee held through the year to the most recent meeting of the Full Council on 22 February 2023, Cabinet on 8 March 2023, Audit Committee on 20 March 2023 and Governance Committee on 13 March 2023.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.



Appendix C (Cont.)

Management representation letter

Management Rep Letter

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 11 November 2022, the date of our last management representation letter, through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is **reasonably likely to have a material impact to the financial statements, in each case** or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 43 to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than Note 5 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises information included in the Statement of Accounts 2021/22 and Narrative Report 2021/22, other than the financial statements and your auditor's report thereon.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered, including the impact resulting from the commitments made by the Council, and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the applicable financial reporting framework, aligned with the statements we have made in the other information or other public communications made by us (see section G).



Appendix C (Cont.)

Management representation letter

Management Rep Letter

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

J. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of our land and buildings, HRA properties and investment properties and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

L. Estimates

NDR Appeals Provision

1. We confirm that the significant judgments made in making the NDR appeals provision have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the NDR appeals provision.

3. We confirm that the significant assumptions used in making the NDR appeals provision appropriately reflect our intent and ability to carry out our services on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
5. We confirm that appropriate specialized skills or expertise has been applied in making the NDR appeals provision.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

Valuation of assets

1. We confirm that the significant judgments made in making the valuation of assets have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of assets.
3. We confirm that the significant assumptions used in making the valuation of assets appropriately reflect our intent and ability to carry out our services on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
5. We confirm that appropriate specialised skills or expertise has been applied in making the valuation of assets.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.



Appendix C (Cont.)

Management representation letter

Management Rep Letter

M. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

(Head of Corporate Finances)

I confirm that this letter has been discussed and agreed at the Audit Committee on 20 March 2023.

(Chair of the Audit Committee)

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