

## Crawley Borough Council

### Minutes of Audit Committee

Tuesday, 23 July 2019 at 7.00 pm

#### Councillors Present:

M W Pickett (Chair)

T G Belben, R D Burrett, M G Jones, K Sudan and T G Belben

#### Also in Attendance:

A Brittain Associate Partner, Ernst and Young LLP

#### Officers Present:

Chris Corker Operational Benefits and Corporate Fraud Manager

Gillian Edwards Audit and Risk Manager

Karen Hayes Head of Corporate Finance

Mez Matthews Democratic Services Officer

Stuart Small Investigations Officer

Paul Windust Chief Accountant

#### Apologies for Absence:

Councillor J Millar-Smith

### 1. Disclosures of Interest

The following disclosures of interests were made:

<b>Councillor</b>	<b>Item and Minute</b>	<b>Type and Nature of Disclosure</b>
Councillor Burrett	Fraud and Investigation Team Report (Minute 3)	Personal Interest – He was a West Sussex County Councillor
Councillor Jones	Fraud and Investigation Team Report (Minute 3)	Personal Interest – He was a West Sussex County Councillor
Councillor Sudan	Fraud and Investigation Team Report (Minute 3)	Personal Interest – She was a West Sussex County Councillor

## 2. Minutes

The minutes of the meeting of the Audit Committee held on 19 March 2019 were approved as a correct record and signed by the Chair.

## 3. Fraud and Investigation Team Report

The Committee considered report FIN/476 of the Operational Benefits and Corporate Fraud Manager, which focused on activity for the period from 5 March 2019 to 1 July 2019. The Operational Benefits and Corporate Fraud Manager presented the report and introduced the Committee to the Investigations Officer who was also in attendance.

The report indicated that the Team had continued to perform successfully. The Committee was provided with details of cases investigated and a discussion took place on the Team's work generally.

The Committee was provided with clarification as to when a fraud case would be classed as "Housing Investigations (General)" and noted that a Single Person Discount data match exercise had recently taken place which had resulted in the removal of 65 discounts.

The Committee sought and received clarification on a number of points raised, including the Council's ability to back-date repayments as a result of fraud or overpayments, the status of students in relation to Council Tax, the Team's average annual fraud case load, situations which would trigger a home visit with regards to housing fraud, as well as how the Team determined whether to pursue prosecution or repayment as a result of fraud.

The Committee noted that the Council proactively encouraged the public to report suspected fraud and were informed that an article relating to housing fraud was due to be included in a future publication of *Crawley Live*.

The Council Tenancy Amnesty which had taken place in 2015 had been very successful and it was suggested by a Committee Member that another Amnesty be considered to encourage the recovery of Council houses. It was moved by Councillor Jones (seconded by Councillor Sudan) that the Corporate Management Team be requested to consider that another Council Tenancy Amnesty be conducted, and that the outcome of that discussion be brought back to a future meeting of the Committee.

The proposal upon being put to the Committee, was declared to be CARRIED.

### RESOLVED

1. That the Fraud and Investigation Team Report be noted.
2. That the Corporate Management Team (CMT) consider undertaking another Council Tenancy Amnesty and that CMT's decision be reported back to a future meeting of the Committee.

#### 4. Progress Report and Risk Management

The Committee considered report FIN/475 of the Audit and Risk Manager. The purpose of the report was primarily to update the Committee on the progress made towards the completion of the 2018/2019 and 2019/2020 Audit Plans, and to report on the progress made in implementing the previous recommendations. The report also included an update on the Council's Strategic Risks.

The Committee discussed and noted all the Audit Plan reviews in progress, along with other work as detailed in the report. The Audit and Risk Manager briefed the Committee on the progress made towards the completion of the Audit Plans and, in relation to the following areas, the Committee:

##### Work Completed in the Current Period:

- Received clarification on the audit assurance classifications.
- Noted that reference to "Community Centres" should be deleted and replaced with "Housing Benefits".

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

- Noted that the audit opinion assurance for Corporate Health and Safety should be amended to read "satisfactory".

##### Follow-Up Audit: Data Centre Migration Project:

- Noted that all the recommendations suggested by Actica Consulting (who had undertaken an independent review of the project) had either been implemented or were already in place, and as such no further work with regards to this follow-up audit were required.
- Acknowledged that the way in which Actica Consulting summarised assurance levels relating to value for money differed to the way in which it was categorised by the Council's internal Audit Department.
- Noted the steps the Council were pursuing in relation to the outside organisations involved in the project.
- Requested that a copy of Actica Consulting's full report be circulated (as Part B) to all Councillors. The Head of Corporate Finance therefore agreed to discuss the possibility of circulating the report with the Head of Digital and Transformation.

##### Follow-Up Audit: Community Grants:

- Were informed that the new Community Services Manager was now in post and new measures had been put in place. Further information would be brought back to the Committee meeting in September, including how the systems had been changed to ensure they were more robust and that segregation of duties were appropriate.
- Raised concern that the Cabinet Member responsible for Community Grants at the time of the Audit had not been informed of the high priority finding. It was agreed that the former Cabinet Member discuss the matter with the Head of Corporate Finance.
- It was suggested that Cabinet Members be informed when a system under their portfolio had identified a high priority finding following an Internal Audit. The Audit and Risk Manager agreed to consider introducing a procedure to inform the relevant Cabinet Member.

The Head of Corporate Finance provided an update on Strategic Risks. The Committee sought and received clarification on several points in relation to the Town Hall Project, including the use of consultants and project costs as well as the risk levels assigned to the detailed design specification and project budget. Following a query from the Committee, the Head of Corporate Finance agreed to discuss the possibility of extending the Section 106 Agreement deadline for the Three Bridges Railway Station improvement project with the Head of Economy and Planning.

**RESOLVED**

That the Committee receive the report and note progress to date, as at 30 June 2019.

**5. Audit and Risk Manager's Annual Report 2018/2019**

The Committee considered report FIN/474 of the Audit and Risk Manager.

The Committee acknowledged that the Annual Report had been produced in accordance with the requirements set out in the Public Sector Internal Audit Standards. The Audit and Risk Manager considered that in their overall opinion, for the period in question, "substantial" assurance could be given that there was generally a sound system of internal control designed to meet the Council's objectives, and that the controls were generally being applied consistently.

In response to a question from the Committee, the Audit and Risk Manager advised that she was satisfied that the introduction of the Council's Risk Management Strategy in 2015 had not adversely affected operational risk management. The Committee was assured that in almost all cases managers were able to articulate how they have considered risks as well as recording risks formally when appropriate.

**RESOLVED**

That the Audit and Risk Manager's Annual Report for the period 2018/2019 be noted.

**6. Annual Audit Fee Letter for 2019/2020**

The Committee considered a letter from Ernst and Young on the Annual Audit and Certification Fees for 2019/2020. The letter was attached as Item 7 to the agenda.

**RESOLVED**

That the Annual Audit Fee Letter for 2019/2020 be noted.

**7. Audit Results Report: Year Ended 31 March 2019**

The Committee considered the Audit Results Report for the year ended 31 March 2019 which was included as Item 8 to the agenda. The report set out the current status of the audit, indicating that subject to satisfactory completion of items identified in the report, Ernst and Young had completed its audit of the Council's financial statements for the year ended 2018/2019.

The Committee considered matters raised, and in doing so, noted that it was proposed to issue an unqualified opinion on the financial statements and that in terms

of value for money, the report was satisfied that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

The Committee sought and received clarification on a number of issues raised. The Associate Partner for Ernst and Young thanked the Council's Head of Corporate Finance and the Chief Accountant for their assistance and hard work.

### **RESOLVED**

That the Audit Results Report for the year ended 31 March 2019 be received and noted.

## **8. Approval of the 2018/2019 Statement of Accounts**

The Committee considered report FIN/477 of the Head of Corporate Finance which sought the Committee's approval of the 2018/19 Statement of Accounts, to comply with the statutory deadline of 31 July 2019.

The 2018/19 Statement of Accounts was attached as Appendix C to the report.

The Committee received clarification on a number of issues referred to in the Statement of Accounts including further details on the debtor types included under "Central Government Departments" identified in Section 19 (Debtors). Following a query from a Committee Member, the Chief Accountant assured the Committee that the figure identified as "Cash Overdrawn" under Section 20 (Cash and Cash Equivalent), did not imply that the Council ever intentionally used its overdraft.

The Committee took the opportunity to thank the Head of Corporate Finance and Chief Accountant for answering its queries, and thanked the Finance Team for the amount of work they had undertaken and their success in producing the Statement of Accounts within a short period of time.

### **RESOLVED**

1. That the 2018/19 Statement of Accounts be approved.
2. That the rationale why the unadjusted audit difference had not been corrected be approved.
3. That the Chair of the Committee be authorised to sign the 2018/19 Letter of Representation.
4. That the Chair of the Committee be authorised to sign the 2018/19 Statement of Accounts on behalf of the Council.

### **Closure of Meeting**

With the business of the Audit Committee concluded, the Chair declared the meeting closed at 9.05 pm

M W PICKETT  
**Chair**