

Crawley Borough Council

**Minutes of Audit Committee**

Monday, 19 July 2021 at 7.00 pm

**Councillors Present:**

J Millar-Smith (Chair)

M Flack (Vice-Chair)

M L Ayling, T G Belben, D Crow and K Khan

**Also in Attendance:**

Councillor R D Burrett            Observing

Elizabeth Jackson            Associate Partner, Ernst and Young

**Officers Present:**

Gillian Edwards            Audit and Risk Manager

Karen Hayes            Head of Corporate Finance

Mez Matthews            Democratic Services Officer

Stuart Small            Deputy Fraud Manager

**Apologies for Absence:**

Chris Corker            Operational Benefits and Corporate 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 29 April 2021 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/530](#) of the Operational Benefits and Corporate Fraud Manager, which focused on activity for the period from 17 February 2021 to 6 July 2021. The report was presented by the Investigations Officer on behalf of the Operational Benefits and Corporate Fraud Manager. The report indicated that the

Team had continued to perform successfully despite facing a considerable increase in work during the Covid-19 pandemic.

The Committee was provided with details of cases investigated and the Team's investigations, whilst a discussion took place on the Team's work generally. The Committee sought and received clarification on a number of points raised, including the work undertaken with regard to Business Grants and the method of identifying potentially fraudulent claims for Single Person Discount. In response to a query raised by a Committee Member, it was highlighted that details of fly-tipping by neighbourhood were provided to Councillors recently via email. The Chair requested that, for future reports, the table which detailed the number of cases being undertaken for each case type (Paragraph 5.1 of the report) also provide comparative figures from the previous activity period.

The Committee thanked officers for the work they had undertaken, especially considering the additional work created by Business Grants.

## **RESOLVED**

That the Fraud and Investigation Team Report be noted.

## **5. Progress Report and Risk Management**

The Committee considered report [FIN/529](#) 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 2021/2022 Audit Plan, and to report on the progress made in implementing the previous recommendations. The report also included an update on the Council's Strategic Risks.

The Committee discussed and noted all the Audit Plan Reviews in progress, along with other work as detailed in the report. The Audit and Risk Manager informed the Committee that additional work had recently been included to their remit, such as complaints and data breaches. The Audit and Risk Manager took the opportunity brief the Committee on the work as detailed in the report and, in relation to the following areas, the Committee:

### Work Completed in the Current Period:

- Requested that in future the table set out in Paragraph 4.1 of the report, which identified work completed since the last report, be amended to differentiate more clearly between the various audit assurance levels.

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

- Were informed that Crawley Council had ceased to provide an Audit service for Mid Sussex District Council on 31 March 2021. That had enabled the Audit and Risk Manager's team to undertake the additional work set out in the report.

### High Priority Findings (Fleet Management Audit 2020/2021):

- Were provided with further information relating to the Audit and its findings.

### Follow Up Audit (Car Parking Permit Audit 2020/2021):

- Were advised that changes were in the process of being implemented and that, once further work had been undertaken by the Audit Team, it was anticipated that the outcome would be reported at the next meeting of the Audit Committee.

- Praised officers for identifying the potential issue and investigating the matter further.

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

New Town Hall (Risk Register attached as Appendix B to the report):

- Were provided with more details relating to the risk levels and noted that any risk below a level 10 was not considered a concern (as set out in the risk scoring table provided on page 39 of the Agenda Pack). Any risk identified as being above level 10 would result in investigating further mitigations.

Organisational Capacity, Recruitment, Retention and Succession Planning:

- Noted that the Council was recruiting several new staff members at apprentice level, in whom the Council would invest. That process would enable to Council to 'grow its own' talent.
- Acknowledged that recruitment, particularly that of finance and legal staff, was not specific to Crawley Council and was an issue for Local Authorities nationally.

Following a request from several members of the Committee, the Head of Corporate Finance agreed to arrange some training prior to the next Committee meeting. In addition, further detail on the Audit Committee in general would be circulated via email to all Committee Members.

**RESOLVED**

That the Committee receive the report and note progress to date, as at 30 June 2021.

**6. Audit and Risk Manager's Annual Report 2020/2021**

The Committee considered report [FIN/528](#) 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 questions from the Committee, the Audit and Risk Manager / Head of Corporate Finance:

- Provided an overview of the risk management approach adopted by the Council and assured the Committee that the current Risk Management Strategy, although adopted in 2015, remained valid. Following a request from the Committee, the Head of Corporate Finance committed to reviewing that Strategy during the 2021/2022 financial year.
- Provided further information on how any risks, identified via an Audit, were graded as either low, medium or high.
- Explained the process for drafting the Internal Audit Plan and the factors considered when deciding which Audits should be undertaken.
- Gave more detail on the two frauds identified in Paragraph 8.3 of the report and outlined the systems implemented as a result of those isolated incidents.
- Explained the reasons for the Treasury Management Audit's "satisfactory" assurance and assured the Committee that the "substantial" assurance,

usually afforded to the Treasury Management Audit, was expected for future Audits.

- Clarified the difference between a “satisfactory” and “substantial” assurance.
- Informed the Committee that the Audit and Risk Manager undertook a quality review of draft audit reports and working papers before an Audit report was shared with the relevant department.

## **RESOLVED**

That the Audit and Risk Manager’s Annual Report for the period 2020/2021 be noted.

### **7. Provisional Audit Planning Report for Year Ending 31 March 2021**

The Committee considered the Provisional Audit Planning Report for the year ended 31 March 2021 which was included as [Enclosure 8](#) to the agenda. The report set out the proposed audit approach and scope for the 2020/21 audit and summarised the external Auditors’ (Ernst and Young LLP) initial assessment of the key risks driving the development of an effective audit from the Council as well as the planned audit strategy in response to those risks. The Associate Partner of Ernst and Young highlighted that the planning procedures were ongoing, specifically in relation to the new requirements for the value for money conclusion.

The Associate Partner of Ernst and Young gave the Committee an overview of the Provisional Audit Planning Report and explained that it would not be possible to complete its audit of the Council’s financial statements by the 30 September 2021, as previously intended, due to the increased level of work and scoping involved. It was therefore suggested that the Audit Committee scheduled for 23 November 2021 be replaced with a meeting on 14 December 2021 to allow the Statement of Accounts to be signed by the end of the calendar year.

The Committee considered matters raised, and in doing so:

- Was informed that Public Sector Audit Appointments Ltd (PSAA) had not yet approved the fee scale for 2019/20, the Committee would be provided with a further update at its next scheduled meeting.
- Acknowledged that the report before it was provisional and, as such, an updated addendum on any new risks would be brought to a future Committee meeting. The Committee was being requested to receive and note the Audit Planning Report as it stood.
- The audit risks and areas of focus (set out on pages 53-55 of the Agenda Pack) were those which Ernst and Young were aware of or had identified as a potential risk. The Committee’s attention was drawn to the two “fraud risks” and the “significant risk” detailed on page 53 of the Agenda Pack) and that Ernst and Young did not feel able to provide an audit opinion on those issues at the present time.
- The Committee continued to express its concern at the revised proposed fee scale. The Associate Partner for Ernst and Young explained that the professional and regulatory requirements had changed significantly from previous years which had increased the level of work which needed to be undertaken by them.
- The Chair informed the Committee that they would again be writing to Ernst and Young and the PSAA to echo the Committee’s dismay at the significant increase in fees and to request specific information be provided which justified the fee increase.
- Noted that the Head of Corporate Finance and the Associate Partner for Ernst and Young would be working together to complete the audit as efficiently as possible.

**RESOLVED**

1. The Provisional Audit Planning Report for Year Ending 31 March 2021 be received and noted.
2. The Audit Committee scheduled for 23 November 2021 be replaced with a meeting on 14 December 2021 to allow the Statement of Accounts to be signed by the end of the calendar year.

**Closure of Meeting**

With the business of the Audit Committee concluded, the Chair declared the meeting closed at 8.49 pm

**J Millar-Smith (Chair)**