

Crawley Borough Council

**Minutes of Audit Committee**

Monday, 25 July 2022 at 7.00 pm

**Councillors Present:**

T Rana (Vice-Chair)

M L Ayling, T G Belben and Y Khan

**Also in Attendance:**

Councillor R D Burrett (observing)

**Officers Present:**

Chris Corker                      Operational Benefits and Corporate Fraud Manager

Karen Hayes                      Head of Corporate Finance

Mez Matthews                    Democratic Services Officer

Paul Windust                      Chief Accountant

**Apologies for Absence:**

Councillor J Millar-Smith

**1. Disclosures of Interest**

No disclosures of interests were made.

**2. Minutes**

The minutes of the meeting of the Audit Committee held on 15 March 2022 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. Internal Audit Annual Report 2021/2022

The Committee considered report [FIN/577](#) of the Head of Corporate Finance. The Chief Accountant presented the report on behalf of Southern Internal Audit Partnership (SIAP), the Council's Internal Auditors.

The Committee acknowledged that the Annual Report had been produced in accordance with the requirements set out in the Public Sector Internal Audit Standards. SIAP considered that in its overall opinion, for the period in question, the Council's framework of governance, risk management and control was "satisfactory" and audit testing had demonstrated controls were working in practice. SIAP thanked all staff for their continued engagement in the audit process in what continued to be a very difficult year with the ongoing pressures of the pandemic.

In response to questions from the Committee, the Head of Corporate Finance:

2020/21 Car Parks (Staff Permits) Audit:

- Provided clarification on the partially implemented recommendations, advising that staff were fully trained in the manual handling of stationery with practices and procedures being kept under review and advised that ensuring the relevant documents were stored securely had been implemented immediately.
- Stated that new procedures had been put in place following the implementation of ANPR technology in the car parks.

Health and Safety Handbook:

- Advised that the Handbook was due to be updated in 2020 but, since the Covid-19 pandemic hit, additional workload relating to the pandemic had taken precedence.

Cyber Security:

- Provided further information on the steps being taken by the Council to reduce the risk to the Council and the training being undertaken by staff to enhance the measures taken by them to increase security.

#### RESOLVED

That the Internal Audit Annual Report 2021/2022 be noted.

#### 5. Internal Audit Progress Report

The Committee considered report [FIN/578](#) of the Head of Corporate Finance. The purpose of the report was to update the Committee on the status of 'live' internal audit reports, the progress against the Annual Audit Plan and provide a summary of internal audit as well as any significant issues which might impact the annual audit opinion.

The Chief Accountant presented the report on behalf of Southern Internal Audit Partnership (SIAP), the Council's Internal Auditors and advised that the Fraud Framework audit review identified in Section 7 (Rolling Work Programme) of the Appendix to the report had now been completed. The Committee noted all the Audit Plan Reviews in progress, along with other work as detailed in the report.

#### RESOLVED

That the Committee receive the report and note progress to date, as at 30 June 2022.

## 6. Fraud and Investigation Team Report

The Committee considered report [FIN/579](#) of the Operational Benefits and Corporate Fraud Manager, which focused on activity for the period from 28 February 2022 to 10 July 2022. The report indicated that the Team had continued to perform successfully.

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 options available to the Council should an individual repeatedly offend, the financial cost to the Council in investigating fraud cases, the level of cases under investigation over time and the various ways in which the Council was alerted to potential fraud.

### RESOLVED

That the Fraud and Investigation Team Report be noted.

## 7. Risk Management Update

The Committee considered report [FIN/580](#) of the Head of Corporate Finance which provided an update on the Council's Strategic Risks.

The Committee discussed the update provided on Strategic Risk Management and considered the Strategic Risk Register. Following queries from the Committee regarding the Strategic Risk Register, the Committee:

- Noted that the level of disruption to the infrastructure in the town centre and Manor Royal was due to works relating to improved broadband within the town and the development of the new Town Hall.
- Was advised that it would be incredibly costly to adapt all properties owned by the Council so they were carbon neutral, and as such the Council would need additional support if that were to be achieved.
- Noted that levels of homelessness in the Borough were currently at their highest level and remained concerned that the increase in cost of living would exacerbate the issue.
- Was informed that the Council was not responsible for housing refugees currently housed in hotels/B&Bs as those individuals/families were the responsibility of the Home Office.

The Committee did not make any comments which it wished to be drawn to the attention of the Chief Executive or the Cabinet.

### RESOLVED

That the Committee confirm its satisfaction with the risk management arrangements.

## 8. Progress of Annual Audit 2020/21

The Chief Accountant provided the following update on the progress of the Annual Report for 2021 on behalf of Ernst and Young (EY), the Council's External Auditors:

- There was a small amount of testing outstanding which needed to be completed before the audit report on the financial statements could be issued.
- EY was aiming to sign the audit report by the end of August 2022.
- The proposed wording for the final version Audit Results Report (ARR) regarding the housing rents issue was currently with EY's Professional Practice Department for sign off. EY had completed its testing in that area and had not identified any significant weaknesses in arrangements that would impact on the value for money reporting. EY had identified one amendment required to the 2020/21 accounts for the impact of the payments in the 2020/21 audit year totalling £688k. The Council had chosen not to adjust for that amount and therefore it would be included as an unadjusted misstatement in the ARR and Letter of Representation.
- EY had not identified any further amendments required other than those reported in the ARR to the last meeting of the Audit Committee. EY would issue an updated ARR before signing the audit report and circulate to the Committee with any final amendments.

Following a query from the Committee the Chief Accountant agreed to obtain clarification on the estimated external audit fee in relation to the housing rents issue (now confirmed to be in the range of £10,000 to £15,000). That fee would be subject to approval by Public Sector Audit Appointments Ltd. The Committee noted that the Deputy Chief Executive had requested that EY include a breakdown of the costs in the Audit Results Report.

### RESOLVED

That the Progress of Annual Audit 2020/21 be noted.

## 9. Approval of the 2020/21 Statement of Accounts

The Committee considered report [FIN/581](#) of the Head of Corporate Finance which sought the Committee's approval of the 2020/21 Statement of Accounts.

The Committee was advised that the audit of the 2020/21 Statement of Accounts had not concluded. At the Audit Committee meeting on [15 March 2022](#) (minute 10 of that meeting refers), delegated authority had been given to the Chair of the Committee to sign the accounts if there were minor or non-material amendments to the accounts following the conclusion of the audit. One material amendment had been made in relation to depreciation on infrastructure assets at a value of £759,000.

In light of this, the Committee was requested to delegate authority to the Chair of the Committee to approve the 2020/21 Statement of Accounts once the audit was concluded. The Committee was assured that a copy of the final Statement of Accounts would be circulated to the Committee prior to them being signed.

**RESOLVED**

- (1) That delegated authority be given to the Chair of the Audit Committee to approve the 2020/21 Statement of Accounts once the audit is concluded.
- (2) That the Chair of the Committee be authorised to sign the 2020/21 Letter of Representation.
- (3) That the Chair of the Committee be authorised to sign the 2020/21 Statement of Accounts on behalf of the Council.

**10. Approval of the Annual Governance Statement 2021/22**

The Committee considered report [LDS/186](#) of the Head of Corporate Finance which sought the Committee's approval of the Annual Governance Statement 2021/22. The Head of Corporate Finance thanked the Corporate Performance Manager for the work they had undertaken in producing the Annual Governance Statement.

The Committee noted that the Annual Governance Statement had been produced before the Southern Internal Audit Partnership (SIAP) had submitted its Internal Audit Annual Report 2021/2022 (report [FIN/577](#) considered earlier in the meeting). As a result, the second paragraph of the Internal Audit section of the Annual Governance Statement (on page 71 of the agenda pack) needed to be amended as it currently stated that the Council was compliant with the Public Sector Internal Audit Standards (PSIAS) whereas SIAP had identified that the Council had not met two key fundamental principles of the Public Sector Internal Audit Standards (PSIAS). The Committee was informed that the audit was not due to be undertaken until January 2023 and a revised Annual Governance Statement would be submitted to the Governance Committee in 2023 to note the change to the Statement.

**RESOLVED**

That the Committee endorse the Annual Governance Statement 2021/2022 as signed by the Leader and Chief Executive (noting an amendment was required to the Internal Audit paragraph of the Statement to reflect the findings identified by the Southern Internal Audit Partnership).

**Closure of Meeting**

With the business of the Audit Committee concluded, the Chair declared the meeting closed at 8.00 pm