

Crawley Borough Council

Minutes of Audit Committee

Monday, 20 March 2023 at 7.00 pm

Councillors Present:

J Millar-Smith (Chair)

T Rana (Vice-Chair)

M L Ayling, T G Belben and Y Khan

Also in Attendance:

Councillor R D Burrett

Hannah Lill

Senior Manager, Ernst & Young

Officers Present:

Siraj Choudhury

Head of Governance, People & Performance

Chris Corker

Operational Benefits and Corporate Fraud Manager

Mez Matthews

Democratic Services Officer

Carolin Martlew

Head of Corporate Finance

Anna Pedlow

Corporate Performance Manager

Paul Windust

Chief Accountant

1. Disclosures of Interest

No disclosures of interests were made.

2. Minutes

The minutes of the meeting of the Audit Committee held on 8 November 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. Fraud and Investigation Team Report

The Committee considered report [FIN/614](#) of the Operational Benefits and Corporate Fraud Manager, which focused on activity for the period from 29 October 2022 to 5 March 2023. 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 was pleased that the Council's use of enforcement had resulted in success, and it was hoped that the use of such enforcement would act as a deterrent to other potential offenders.

The Committee sought and received clarification on the method for collecting money owed to the Council through financial penalties.

The Chair requested that, for future reports, the table which detailed the number of cases being undertaken for each case type (Paragraph 4.1 of the report) also provide comparative figures from the previous activity period, to help identify any fluctuations in activity. Whilst the Operational Benefits and Corporate Fraud Manager agreed to include that additional detail in future, they cautioned that comparing those figures might not always give a true representation as the length of activity period for each report could differ and the amount of work undertaken for each case also varied.

The Committee thanked officers for an informative and uplifting report and the Team's continued good work.

RESOLVED

That the Fraud and Investigation Team Report be noted.

5. Internal Audit Progress Report

The Committee considered report [FIN/615](#) of the Head of Corporate Finance which had been prepared by Southern Internal Audit Partnership (SIAP), the Council's Internal Auditors. The purpose of the report was to update the Committee on the status of 'live' internal audit reports, the progress against the Annual Audit Plan and provide a summary of internal audit as well as any significant issues which might impact the annual audit opinion.

The Committee discussed and noted all the Audit Plan Reviews in progress, along with other work as detailed in the report. The Head of Corporate Finance took the opportunity to brief the Committee on the work as detailed in the report and in doing so highlighted that no reports had been published which concluded a "Limited" or "No" assurance opinion to date for 2022/23. The Committee was also informed that SIAP were satisfied with the progress being made on the priority management actions identified in follow-up audits (Annex 1 and 2 of Appendix A to the report) and it was anticipated that the Council would get the assurance required for the Annual Governance Statement.

In response to matters raised by the Committee:

- It was noted that the delay in progressing high priority actions for the Car Parking (Staff Permits) Audit Review had been caused by staffing issues.
- Reassurance was given that significant progress was being made on priority areas identified in the Health and Safety Audit Review. The Health and Safety work program, which had been dominated by the Covid pandemic, was getting back to business as usual and the appointment of a Health and Safety Apprentice had increased the service area's capacity. Further information would be brought to a future meeting of the Committee.
- The Committee was assured that both "substantial" and "reasonable" assurance opinions signified a sound system of governance and SIAP was pleased with Council officer's cooperation with regard to Audits.

The Chair requested that, for future reports, any previous audit opinions be provided for "repeat" audit reviews, to help identify any trends for those areas or ascertain whether improvements had been made since the previous review was undertaken. Whilst the Committee acknowledged that it might not always be possible to provide a comparison, as some areas were not audited regularly, and where a previous audit had been conducted, any comparison would need to be treated with caution as the scope of the audit might have varied since its last review, the Committee agreed that, for future reports, previous audit opinions be provided where possible.

RESOLVED

1. That the Committee receive the report and note progress to date, as at 28 February 2023.
2. That, for future reports, previous audit opinions be provided where possible.

6. Risk Management Update

The Committee considered report [LDS/198](#) 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, where a risk has a residual score of 15 or more, the high score was mainly due to external factors beyond the Council's control which made the risks more difficult to mitigate.

Following a query from the Committee, with regard to Risk ID G1-11 (on page 45 of the agenda pack), assurance was given that any defects had not stopped the Council from entering into an agreement with new clients.

When considering the Strategic Risk Register, a member of the Committee commented that, although the residual risk score was included in the risk score matrix key on the first page of the Register, the matrix for each individual risk did not. It was suggested that this made it more difficult to identify the residual risk score for each risk. The Committee therefore requested that consideration be given to the layout of the individual risk scores matrixes in the Strategic Risk Register for future Committee reports to make the document more user friendly and individual risk levels more easily identifiable.

RESOLVED

1. That the Committee confirm it is satisfied with risk management arrangements.
2. That consideration be given to the layout of the individual risk scores matrixes in the Strategic Risk Register for future Committee reports to make the document more user friendly and individual risk levels more easily identifiable.

7. Internal Audit Annual Plan 2023-2024

The Committee considered report [FIN/616](#) of the Head of Corporate Finance which had been prepared by Southern Internal Audit Partnership (SIAP), the Council's Internal Auditors. The Plan, which was attached as Appendix A to the report, included an indicative scope of work planned for each proposed audit review. The Plan had been drawn up following a full Audit Needs Assessment, including consideration of the Council's Corporate Risk Register, findings from the previous year's internal audit coverage, and took into account any audits postponed from 2022/23.

In drawing up the Plan, SIAP had discussed the Audit Needs Assessment with all Heads of Services and Senior Management Team.

The Plan would continue to remain fluid during the year and any changes would be brought to the Committee via the Internal Progress Report. The Chair thanked SIAP for the Audit Plan.

RESOLVED

That the Internal Audit Annual Plan 2023/2024 (attached as Appendix A to report [FIN/616](#)) be approved.

8. Internal Audit Charter 2023-2024

The Committee considered report [FIN/620](#) of the Head of Corporate Finance which had been produced by Southern Internal Audit Partnership (SIAP), the Council's Internal Auditors. The Charter was attached as Appendix A to the report. The Chair felt that the Charter should be made publicly available and requested that, if were not already published on the Council's website, it that be published accordingly.

The Head of Governance, People & Performance informed the Committee that, at its meeting on [13 March 2023](#), the Governance Committee had considered a proposal to appoint an independent member to the Audit Committee (report [LDS/197](#) refers). The views of the Audit Committee had been informally sought on the matter and it had shown support for such an appointment. At its meeting, the Governance Committee agreed that the Full Council be recommended that an independent member be co-opted as a non-voting member to the Audit Committee as of the 2023/24 municipal year, with the independent member being unable to hold the position of either the Chair or Vice Chair of the Committee. That recommendation would be considered at the next meeting of the Full Council.

RESOLVED

That the Internal Audit Charter 2023-2024 (attached as Appendix A to report FIN/620) be approved.

9. Internal Audit Quality Survey

The Committee's attention was drawn to the information item which advised that, as part of its internal quality assessment, Southern Internal Audit Partnership would be issuing an annual survey. Committee members were encouraged to complete and return the survey. At the request of the Chair, the Democratic Services Officer agreed to send out an email reminder to Committee Members closer to the closure date of the survey.

10. IFRS 16: Explanation and Impact

The Committee considered report [FIN/617](#) of the Head of Corporate Finance which explained the impact of IFRS 16 Leases on the Council. Following a query from the Committee, the Chief Accountant clarified that, for the purposes of IFRS 16 the value of leases would not be grouped together, and leases would only be identified if they had an individual value above £10,000. The Committee was invited to contact the Chief Accountant directly with any further questions relating to IFRS 16.

RESOLVED

That the report explaining IFRS 16 and its impact be noted.

11. Audit Planning Report: Year Ended 31 March 2022

The Committee considered [FIN/621](#) which had been submitted by Ernst & Young (EY).

The Planning Report detailed how EY intended to carry out its responsibilities as External Auditor. The Planning Report also provided the Committee with a basis to review EY's audit approach and scope for the 2021-2022 audit in accordance with the requirements of the relevant auditing standards and professional requirements. In addition, the Planning Report intended to ensure that the audit aligned with the Committee's service expectations.

The Committee received clarification on issues arising, including the Council's highways infrastructure, the areas of focus which were required by audit regulations and standards to be identified and assessed, the guidelines which identified how the various Council funds must be accounted for as well as the stages undertaken in producing the Planning Report.

RESOLVED

That the Audit Planning Report for the year ended 31 March 2022 be noted.

12. **Audit Results Report: Year Ended 31 March 2022**

The Committee considered [FIN/618](#) which had been submitted by Ernst & Young (EY). The report set out the current status of the audit, indicating that given that audit work in respect of the Council's audit opinion was ongoing, EY would continue to review the remaining evidence provided and the final disclosures in the Narrative Report and Accounts which could influence the final audit opinion.

The Committee sought and received clarification on several issues including how the Covid Grants received and distributed by the Council had been accounted for and the progress being made on outstanding reports.

The Committee was assured that the way in which some funds were accounted for did not impact Council Tax payers. It was also noted that the audit fee for 2020/21 had been referred to Public Sector Audit Appointments (PSAA) and would be brought back to the Audit Committee following discussion with management.

RESOLVED

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

13. **Approval of the 2021/22 Statement of Accounts**

The Committee considered report [FIN/619](#) of the Head of Corporate Finance which sought the Committee's approval of the 2021/22 Statement of Accounts, to comply with the statutory deadline of 30 September 2023, or as soon as reasonably practicable after the audit, if the audit has not been concluded by that date.

The 2021/2022 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 the income and expenditure depicted by the pie charts within the Narrative Statement, the type of instruments entered into prior to 1 April 2006, the total financial impact of the Crawley Homes rent issue, the nature of the revaluation losses identified in the financial outturn, the process for reviewing/retaining/removing reserve funds, the Council's investment properties and Council dwellings.

A number of clerical corrections to the Statement of Accounts were raised, and the Committee supported those revisions and requested that they be changed by officers accordingly.

The Chair requested whether a shorter, more accessible version of the Statement of Accounts could also be produced to accompany the Accounts in future which provided the key areas of note. In response, the Chief Accountant informed that Committee that whilst such a document had been produced in the past, due to increased workload in recent years, it had not been possible to provide it more recently. The Chief Accountant advised they would consider producing the document again for future years.

The Chair thanked the Chief Accountant for the significant work they had undertaken in producing the Statement of Accounts.

RESOLVED

1. Approve the 2021/22 Statement of Accounts.
2. Authorise the Chair of the Committee to sign the 2021/22 Letter of Representation.
3. Authorise the Chair of the Committee to sign the 2021/22 Statement of Accounts on behalf of the Council should there be no material changes.

Closure of Meeting

With the business of the Audit Committee concluded, the Chair declared the meeting closed at 9.20 pm

J Millar-Smith (Chair)