

## 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

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.

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

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)**