

Crawley Borough Council

Minutes of Audit Committee

Tuesday, 12 March 2024 at 7.00 pm

Councillors Present:

J Millar-Smith (Chair)

J Charatan (Vice-Chair)

I Ashraf, H Hellier, J Russell and S Sivarajah

Also in Attendance:

Elizabeth Jackson Partner, Ernst & Young

Mr UI Haque Independent Member to the Audit Committee

Officers Present:

Vicki Basley Chief Accountant

Siraj Choudhury Head of Governance, People & Performance

Carolin Martlew Head of Corporate Finance

Mez Matthews Democratic Services Officer

Anna Pedlow Corporate Performance Manager

Apology for Absence:

Councillor T G Belben

1. Disclosures of Interest

No disclosures of interests were made.

2. Minutes

The minutes of the meeting of the Audit Committee held on 21 November 2024 were approved as a correct record and signed by the Chair subject to the following bullet point being added to the discussion points raised under Minute 7 (Internal Audit Progress Report):

- “Noted that, whilst checking sign-off from the Legal department on any agreement with vendors had not been reviewed in the Contract Management Audit, that procedure would be incorporated into future audits concerning vendor management.”

3. Public Question Time

No questions were asked by members of the public.

4. Questions Asked in Advance of the Meeting

A significant number of questions had been submitted by the Committee in advance of the Committee meeting. The Chair advised that, for openness and transparency, those questions, along with any responses, had been published in a supplementary agenda via report [LDS/218](#) of the Head of Governance, People & Performance.

5. Auditor's Annual Report for the Year Ended 31 March 2022

The Committee considered report [FIN/651](#) which had been submitted by Ernst & Young, the Council's External Auditors.

The Committee noted the questions submitted by the Committee in advance of the meeting which were detailed in report [LDS/218](#) of the Head of Governance, People & Performance and contained within the Supplementary Agenda. In response to the outstanding advance questions (advance question number is shown in brackets) the Committee noted that:

- The National Audit Office (NAO) was still processing the 2021/22 Accounts and it reserved the right to ask questions regarding a Council's Accounts work. Although it was not anticipated that the NAO would raise questions of Crawley Borough Council's Accounts (due to the Council's size) the Certificate could not be issued until the NAO had confirmed as such (Question 1).
- EY did look at the recognition of grants to ensure that the terms and conditions of a grant had been met (Question 5).
- As a standard test, right up until the date in which an Audit Report was given, EY considered the risk of cut-off errors for expenditure at year-end (Question 6).
- As part of closing the current year-end, new processes would be introduced including a robust timetable and a more advanced spreadsheet model to improve the verification processes (Question 7).
- The cyber security training was now up to date. The training was a rolling programme for all Councillors and Council staff (Question 8).

RESOLVED

That the Auditor's Annual Report for the year ended 31 March 2022 be received and noted.

6. Value for Money Interim Report: Year Ended 31 March 2023

The Committee considered report [FIN/652](#) which had been submitted by Ernst & Young, the Council's External Auditors and gave its opinion on value for money as it currently stood. The Committee was informed that the Auditor's Annual Report for this period was expected to be brought to the September 2024 Audit Committee meeting.

The Partner for EY assured the Committee that no significant weaknesses had been identified in the work to date and that the processes were considered robust. Where financial risks to the Council had been identified, EY was satisfied that the Council was doing everything from an arrangements perspective to underpin that. Internal Audit had also provided reasonable assurance for the year and the Council's draft Financial Statements had been published within the required timeframe.

The Committee noted the questions submitted by the Committee in advance of the meeting which were detailed in report [LDS/218](#) of the Head of Governance, People & Performance and contained within the Supplementary Agenda.

RESOLVED

That the Value for Money Interim Report: Year Ended 31 March 2023 be received and noted.

7. Accounting Policies 2023/24 and 2024/25

The Committee considered report [FIN/649](#) of the Head of Corporate Finance which requested that the Committee consider and approve the Accounting Policies that would be applied to the Statement of Accounts for 2023/24 and 2024/25.

The Committee's attention was drawn to the outstanding questions submitted by the Committee in advance of the meeting which were detailed in report [LDS/218](#) of the Head of Governance, People & Performance and contained within the Supplementary Agenda. In response to those questions (advance question number is shown in brackets) the Committee noted that:

- The Council had been an early adopter of the IFRS-16 which would bring "right of use" assets onto the balance sheet (Question 11).
- The two accounting policies which were relevant to financial assets measured at fair value through profit and loss related to the financial instrument notes. Those referred to investments, namely gilts and the shared equity the Council had in some residential properties. For those items the value could change during the year and as such they were valued at market value at year-end, (Question 12).

The Chair informed the Committee that the Audit Committee had previously received information on IFRS-16 as the Council was aware that would be coming forward.

RESOLVED

That the Committee:

1. Confirm it is satisfied with the adequacy of the Accounting Policies set out as Appendix A to report FIN/649.
2. Approve the Accounting Policies set out as Appendix A to report FIN/649 be applied to the 2023/24 and 2024/25 Financial Statements.

8. Internal Audit Progress Report

The Committee considered report [FIN/653](#) 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 Head of Corporate Finance presented the report on behalf of Southern Internal Audit Partnership (SIAP), the Council's Internal Auditors.

The Committee's attention was drawn to the outstanding questions submitted by the Committee in advance of the meeting which were detailed in report [LDS/218](#) of the Head of Governance, People & Performance and contained within the Supplementary Agenda. The Head of Corporate Finance informed the Committee that they did not have the information available to answer those questions (namely questions 15-20), and as such responses would be sought from SIAP and published in the Councillors' Information Bulletin.

Several members of the Committee commented that the responses provided to some of the advanced questions gave reassurance on the concerns raised. It was suggested that if reassurance was given via additional commentary within future reports, fewer queries would be raised by the Committee. The Head of Corporate Finance agreed to ask SIAP to consider including such commentary in future reports. The Committee noted that it would be provided with additional training in the new municipal year, whereby SIAP would explain its processes to the Committee.

Following a query from the Committee it was confirmed that the management action for the Contract Management Audit, namely to review the Contracts Register, had been completed and the Register would be reviewed on a quarterly basis going forward.

It was questioned whether completed Audit reports could be distributed to the Committee or whether another option, such as Committee members having access to those reports on request, would be more appropriate. The Chair agreed to liaise with Democratic Services further on that point.

RESOLVED

That the report be received and that the progress to date, as at 31 January 2024, be noted.

9. Internal Audit Charter 2024/2025

The Committee considered report [FIN/654](#) of the Head of Corporate Finance which presented the Internal Audit Charter 2024/2025 to the Committee in accordance with the requirements of the Public Sector Internal Audit Standards.

The Head of Corporate Finance presented the report on behalf of Southern Internal Audit Partnership (SIAP), the Council's Internal Auditors.

The Committee's attention was drawn to the outstanding questions submitted by the Committee in advance of the meeting which were detailed in report [LDS/218](#) of the Head of Governance, People & Performance and contained within the Supplementary Agenda. The Independent Member, who had raised those outstanding questions

(namely questions 21-23), raised concerns about the independence of the Internal Auditors and the involvement of the Corporate Management Team (CMT) as the Charter stated that CMT were engaged in “approving the Internal Audit Charter (minimum annually); and approving the risk based Internal Audit Plan”. He emphasised that CMT should not be involved in the approval of the Audit Plan. In response, the Head of Corporate Finance reassured the Committee that SIAP operated independently and CMT’s involvement in the Audit Plan referred mainly to the scope and timing of audits to ensure they were built around the workload of the service area. The Chair drew the Committee’s attention to the section of the Charter which detailed the “Independence and Objectivity” of the Internal Auditors. After further discussion it was agreed that the wording in the Charter was misleading and the word “approving”, in reference to CMT’s involvement in the finalising of the Internal Audit Charter and Internal Audit Plan, should be replaced with the word “agreeing”.

RESOLVED

That the Internal Audit Charter 2024-25 (attached as Appendix A to report FIN/654) be approved subject to the word “approving”, in reference to CMT’s involvement in the finalising of the Internal Audit Charter and Internal Audit Plan, being replaced with the word “agreeing”.

10. Internal Audit Annual Plan 2024/2025

The Committee considered report [FIN/655](#) of the Head of Corporate Finance which presented the Internal Audit Plan 2024-25 to the Committee in accordance with the requirements of the Public Sector Internal Audit Standards.

The Head of Corporate Finance presented the report on behalf of Southern Internal Audit Partnership (SIAP), the Council’s Internal Auditors.

The Committee’s attention was drawn to the outstanding questions submitted by the Committee in advance of the meeting which were detailed in report [LDS/218](#) of the Head of Governance, People & Performance and contained within the Supplementary Agenda. The Head of Corporate Finance informed the Committee that they did not have the information available to answer those questions (namely questions 25-26), and as such responses would be sought from SIAP and published in the Councillors’ Information Bulletin.

RESOLVED

That the Internal Audit Plan 2024-25 (as attached as Appendix A to report FIN/655) be approved.

11. Risk Management Update

The Committee considered report [LDS/216](#) of the Head of Governance, People & Performance which asked the Committee to review the action taken by the Corporate Management Team (CMT) and staff to mitigate Strategic Risks.

The Corporate Performance Manager presented the report and in doing so advised:

- That the Head of Housing Strategic Services had agreed that the current risk score (no controls) for Risk 4: Homelessness should be raised to 25 to provide consistency with the risk score (no controls) associated with the Climate emergency previously declared by the Council.
- That, due to a typographical error, the risk score (post mitigation) of 15 for Risk 15: Cost of Living should be replaced with a score of 12.

The Committee's attention was drawn to outstanding question 29 submitted by the Committee in advance of the meeting which were detailed in report [LDS/218](#) of the Head of Governance, People & Performance and contained within the Supplementary Agenda. That question cited a news article where another Council had made payments to vendors with limited due diligence and asked whether Crawley Borough Council (CBC) had considered that risk. The Head of Corporate Finance was not aware that CBC had been exposed to that risk but was of the view that the news article should be brought to the attention of CMT for it to consider whether the risk should be added to the Risk Register. The Committee agreed that the matter should be drawn to the attention of CMT and noted that an email on the outcome of CMTs discussion would be sent to the Committee.

RESOLVED

1. That the Committee confirm it is satisfied with the risk management arrangements.
2. That the Corporate Management Team be requested to review the news article cited in question 29 of report LDS/218 (Questions Asked in Advance of the Meeting) and consider whether to add a risk on "payments being made to vendors with limited due diligence" to the Risk Register.

12. Frequency of Reports

The Committee was advised that the Chair and Vice-Chair of the Committee had been in initial discussion with officers about the possibility of reducing the frequency at which both the Fraud and Investigation Team report and the Risk Management Update were brought before the Committee given that the Audit Committee agendas were often quite full. It was recognised that both those reports provide updates on areas of importance.

The Chair explained that, before the scheduled Audit Committee in July 2024, they, along with the relevant Heads of Service, Democratic Services Officer and Vice Chair would come to a solid, well-thought through proposal for a way forward, which allowed for exception reporting when necessary. Any proposed change would be brought to the Committee for its approval.

It was emphasised that this was being brought to the Committee's attention for its information only and the Committee would have an opportunity to express its views if any proposed change in frequency was brought before a future meeting.

Following a query from the Committee regarding lengthy agendas, the Head of Governance, People & Performance recognised that reviewing complex financial data electronically could be challenging and therefore hard copies of Audit papers relating to such financial data would be provided to Committee members on request. The Committee noted however that the Council was promoting a paperless approach to

Committee documents and therefore reports which did not fall within that category would continue to be provided electronically only. The Head of Governance, People & Performance advised the Committee that should they require a paper copy of Committee papers for disability or medical reasons they should contact him directly.

13. Approval of RIPA (Regulation of Investigatory Powers Act 2000) Policy and Update on Usage of RIPA

The Committee considered report [LDS/217](#) of the Head of Governance, People & Performance which advised the Committee of the recent inspection by the Investigatory Powers Commissioner's Office regarding RIPA Authorisations, provided information on the usage of RIPA during 2021-23 and sought the Committee's approval of the reviewed Council Policy on RIPA.

The Committee noted that, due to a clerical error, reference to "Chichester District Council" in the third paragraph of section 9.12 of the RIPA Policy should be replaced with "Crawley Borough Council".

At the request of the Committee, it was agreed that an additional provision be included in the revised Policy on RIPA to ensure that the relevant Cabinet Member was informed when it has been agreed that RIPA powers be approved for use within their service area.

Following queries from the Committee the following was confirmed:

- That the Council's RIPA procedures accorded with General Data Protection Regulation (GDPR), human rights, and other relevant legislation.
- That covert surveillance would only be used by the Council when it was not possible to obtain the necessary information via any other means.
- That the Council would be required to comply with any Order imposed by the Magistrates Court.
- The training arrangements for those officers who could look to use RIPA powers.

RESOLVED

That the Committee:

1. Note the outcome of the recent inspection.
2. Note the usage of RIPA during 2021-2023.
3. Approve the reviewed Council Corporate Policy and Procedural Guidance Document on RIPA as attached as Appendix A to report LDS/217 subject to the following amendments:
 - i) That reference to "Chichester District Council" in the third paragraph of section 9.12 of the RIPA Policy be replaced with "Crawley Borough Council".
 - ii) That an additional provision be included to ensure that the relevant Cabinet Member is informed when it has been agreed that RIPA powers be approved for use within their service area.

Closure of Meeting

With the business of the Audit Committee concluded, the Chair declared the meeting closed at 8.31 pm

J Millar-Smith (Chair)