

Crawley Borough Council

Minutes of Audit Committee

Tuesday, 3 September 2024 at 7.00 pm

Councillors Present:

K Khan (Chair)

T G Belben (Vice-Chair)

I Ashraf, T Lunnon, J Russell and B Yianni

Also in Attendance:

Iona Bond Deputy Head – Southern Internal Audit Partnership

Mr Ul Haque Independent Member to the Audit Committee

Officers Present:

Siraj Choudhury Head of Governance, People & Performance

Carolin Martlew Head of Corporate Finance

Mez Matthews Democratic Services Officer

Stuart Small Deputy Fraud Manager

Apology for Absence:

Councillor H Hellier

1. Disclosures of Interest

No disclosures of interests were made.

2. Minutes

With reference to Minute 6 (Internal Audit Annual Report and Opinion 2023/24) of the meeting of the Audit Committee held on 9 July 2024, the Independent Member suggested an amendment to include reference to his question about whether Ernst & Young (EY), the Council's External Auditors had access to internal audit reports. The Head of Governance, People & Performance clarified the officer response, which was communicated at the last meeting, namely that EY either did not require access or had never specifically requested access to the reports. He confirmed that the factual position was that, if requested by EY, those internal audit reports would have to be (and

would be) provided to EY. Further, he advised the Committee that the proposed amendment would not be technically correct or appropriate.

The Committee therefore declined to amend Minute 6 and requested that the clarification provided by the Head of Governance, People & Performance be noted.

The minutes of the meeting of the Audit Committee held on 9 July 2024 were then 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 Progress Report

The Committee considered report [FIN/667](#) of the Deputy Head of 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 Deputy Head of SIAP took the opportunity to brief the Committee on the work as detailed in the report and, in doing so advised that:

- Although the number of overdue actions (section 4 of the Progress Report) was increasing they were not overly concerned at this stage as the original target dates had been overly optimistic and they were satisfied with both the reasons for the delays and the revised targets. SIAP would monitor those actions and discuss both the reasons for the delay and the revised timescales with officers. SIAP would escalate the issue with the Council's Corporate Management Team (CMT), and potentially the Audit Committee (through the Progress Report), if they became concerned.
- The information regarding the report concerning a 'limited' assurance opinion (section 5 of the Progress Report), whilst detailing the observations and management actions, did not reflect the many positive observations (such as the effectiveness of policies and document) found during the audit. The Committee was provided with further context regarding the audit and was advised that the audit was on the borderline of a 'reasonable'/'limited' assurance opinion.
- The rolling work programme (section 7 of the Progress Report) was not significantly behind in its delivery, although there had been some slippage which was mainly due to stretched resources. SIAP was working with CMT to return to the scheduled delivery plan to enable a timely annual opinion.

The Committee considered the report and:

- The Committee expressed disappointment that the Housing Rents Audit (section 5 of the Progress Report) had identified that effective monitoring around arrears of housing rents was being hampered. Given the historic issue the Council had experience regarding overcharging of Council rents, the Committee sought assurance regarding the level of impact. The Deputy Head of SIAP provided more detail and assured the Committee that the miscalculations were not a repeat of the historic issue.

As the Deputy Head of SIAP did not have the information available, it was agreed that they would circulate a response to the Committee via email on the following matters:

- Whether the incorrect rent level was due to an error in the formula being applied.
- Where reconciliations were applied due to differences, whether those differences were material, and whether a value could be put to it.
- Noted that the scope for the User Access Audit (identified in section 7 of the Progress Report) had not been defined yet as it was scheduled for Quarter 4. It was anticipated it would include reviewing how users were set up and removed from the system as well as whether access to IT systems was altered when an officer changed jobs.
- Asked for clarification on the driver safety scores referred to in Annex 1 to the Progress Report. As the Audit was from 2022/23 the Deputy Head of SIAP did not have the information available at the meeting. They therefore agreed to obtain the relevant information and circulate it to the Committee via email.

The Deputy Head of SIAP credited CMT and stated that it invested heavily in the Audit Plan and did not “shy away” from audit areas which were challenging.

RESOLVED

That the Committee receive the report and note progress to date, as at 31 July 2024.

5. Update on Counter-Fraud

The Committee considered report [FIN/668](#) of the Head of Corporate Finance, which focused on activity for the period from 1 July 2024 to 18 August 2024.

The Committee sought and received clarification on several matters, and in doing so noted:

- That, although the fraud relating to the significant case identified in paragraph 5.1 of the report had been taking place since 2019, that area of work was the responsibility of the Department for Work and Pensions. As soon as the issue came to the Council’s attention (in February 2024) a short investigation was undertaken which had resulted in the calculation of overpayments – those overpayments were currently in the process of being recovered.
- The various checks being proactively undertaken by the Council. In addition, the Fraud Team provided fraud awareness training to officers within the Council and the number of referrals increased after training was provided.
- That the Deputy Fraud Manager was not aware of any Council’s which currently provided a financial incentive for reporting fraud.

A Committee Member suggested that it may be useful to include the duration a fraud case (paragraph 4.1 of the report) had been open for. The Deputy Fraud Manager agreed to look into the possibility of including that information in future reports. The Committee noted that the duration was dependent on the type of case and, if a fraud case was taken to court, it would significantly lengthen the duration of the case.

The Deputy Fraud Manager was not able to advise the Committee on how any of the open cases (identified in paragraph 4.1 of the report) had been referred to the Council, and how many had been identified by the Council itself. It was therefore agreed that the information be obtained and circulated to the Committee via email.

The Committee was impressed with the savings being made through the detection of fraud. The Committee suggested that the work of the Fraud Team should be promoted, including the successful outcomes of investigations.

RESOLVED

That the Update on Counter-Fraud be noted.

6. Risk Management Update

The Committee considered report [LDS/223](#) 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 Committee thanked the Corporate Management Team (CMT) for reviewing the risks identified by the Committee at its last meeting. The Committee noted that, whilst CMT would keep those risks under review, the risk scores had not been changed since the last meeting. Following a query from the Committee it was highlighted that, for ease of reference, any updates made to the Risk Register were set out in the main Risk Management Update report.

RESOLVED

That the Committee confirm it is satisfied with risk management arrangements.

Closure of Meeting

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

K Khan (Chair)