

# MINUTES OF THE AUDIT PANEL

Wednesday, 20 November 2013 at 7.00 pm

PRESENT: Councillors Michael Harris (Chair), Ami Ibitson, Mark Ingleby, Jim Mallory, Mr King and Mr Webb.

Apologies for absence were received from Councillor Philip Peake and Mike Robinson.

## 1. Minutes

RESOLVED that the Minutes of the meeting of the Panel held on September 12 2013, which was open to the press and public, be confirmed and signed as a true record of the proceedings.

## 2. Declarations of Interests

Councillor Mallory declared a personal interest in Item 5 as Chair of the Abbey Manor Management Committee.

## 3. Annual Audit Letter 2012-13

The report was introduced by Jamie Bewick of Grant Thornton who stated three key workstreams had been considered, the Audit of the Accounts, Value for Money, and Grant Claims Certification.

In terms of the Audit of the Accounts, he confirmed an unqualified opinion had been given within the Government set deadline and stated they were of a good standard.

In respect of Value for Money, he stated the Council had a good track record of meeting targets but future resilience would be required and he noted the Lewisham Futures programme could be crucial in meeting the demands placed on the Council.

For Grant Claims and Returns, Mr Bewick confirmed the Capital Receipts Pooling return and the NNDR3 return had been signed off in September; the Housing and Council Tax Benefits claim had been signed off that day; while work on the Teachers Pensions returns was ongoing, as they appeared to have been produced without a proper audit trail to evidence.

The Chair asked how much time had been spent on the

Value for Money element and was informed about 15 days in total had been spent on Budget projections. He suggested it may be helpful to include for the public comparisons with other London Boroughs. Mr Bewick promised to consider such a change for future reports. Councillor Mallory added that information about what were the key indicators of performance could also aid the public

Councillor Ingleby asked why financial planning and financial control on the Value for Money section were both ranked as 'amber'. Jamie Bewick said this was a reflection of the Council's financial situation facing 2014/15 with the need to make, as of yet, unidentified massive savings.

The Chair asked to be informed of the outcome of the Teachers Pensions review when it was finalised, including the liability to the Council in funding a 20% share of the £40,000 discrepancy.

#### **4. Financial Forecasts for 2013-14**

The report was introduced by the Interim Head of Financial Services who noted the report had already been considered at Mayor & Cabinet and at the Public Accounts Select Committee.

The Chair asked officers to provide him with information about Council Tax collection rates in new build developments.

Mr King asked if re-evaluation of the capital programme could be brought forward to the end of the second quarter. He was supported by Councillor Mallory who said advancing the programme might allow slippage to be spent elsewhere.

Officers advised that some capital projects were spread over several financial years and that some apparent underspends in any given year were required to complete projects in subsequent financial years, but that processes could be re-examined to see if some earlier monitoring could be done.

In response the Chair suggested that a longer term view be taken on larger key projects and that there be an earlier review of all other areas in the capital programme.

**RESOLVED** that the report be received and officers be requested to consider modifications to the monitoring of capital schemes as

suggested by the Panel.

## **5. Internal Audit Update Report**

The report was introduced by the Interim Head of Corporate Resources who reported the two outstanding reports from 2012/13 had now been completed. He said work was progressing on the 2013/14 Audit Plan and he pointed out the deletions and additions to the Plan, as well as noting a review of the approach to continuous auditing would coincide with the Oracle finance system upgrade and new reporting tool.

The Head of Technology and Transformation addressed the Panel on the Disaster Recovery for ICT and Third Party Access reports. He said the Council has embarked on an ambitious plan to link Business Continuity Plans with Disaster Recovery for ICT and comply with ISO 20731. Fifteen primary systems had been identified and all Council Directorates had been surveyed for their expectations in terms of recovery targets. However emergent Public Service Network security arrangements had proved absolutely overwhelming and no focus was able to be given to the audit. As a result, officers were now predicting two years, rather than a few months, would be required to fully align Business Continuity Planning and Disaster Recovery.

The Chair asked why the Council had 220 servers and was not more committed to cloud computing. The Head of Technology and Transformation said the Council did make some use of cloud computing and would increase usage over time but owing to commitments in the Capita contract it was not logical to abandon reliance on servers. Any cloud solution embraced by Capita during the term of the current contract would benefit that company rather than the Council.

Councillor Ingleby asked for more information on Third Party Access and was informed 6 out of 11 overdue recommendations had been implemented and two superseded. Again, Public Service Network requirements were the cause of the delays.

The Chair asked for an update on the photocopier contract and was told by the Head of Technology and Transformation that next year the Council would be able to move away from a demand driven regime to one where resources were strictly rationed.

Councillor Mallory asked if the cleaning contract needed to

be reassigned given the lack of monitoring of the contract. Mr Chris Harris of Baker Tilly stated the monitoring of the contract was insufficient and would be followed up until attended to, with regular meetings and feedback being arranged. The Chair asked that the relevant Head of Service be asked to give a written update on the cleaning contract at the next meeting.

Mr Webb highlighted an apparent lack of progress in implementing the 2013-14 Plan. In response, Mr Chris Harris acknowledged implementation was behind target but was at a more advanced stage than at the same time last year. The Interim Head of Corporate Resources confirmed steps the position is being closely monitored and assurances were given by the contractor that sufficient resources were in place to ensure the timely completion of the Plan, subject to no significant delays on the Council side.

The Chair noted the additional financial function responsibilities which had been allotted to the Interim Head of Corporate Resources (formerly Head of Audit & Risk) and reported he had asked the Internal Audit Contract Manager, Julie Hetherington, to attend the next meeting. When questioned, the two Independent members in attendance indicated they would reserve judgement on the robustness of the new arrangements until they had assessed the Internal Audit Contract Manager's presentation. The Chair advised the Panel that they would consider the Audit Charter at their next meeting.

RESOLVED that the report be noted.

## **6. Anti Fraud and Corruption Update**

The Interim Head of Corporate Resources introduced the report and stated, as in previous reports, information was provided on Special Investigations, Benefit Investigations and Housing Investigations. He confirmed work was progressing well in all areas and highlighted the training planned, and now delivered, in support of teams undertaking assessments.

RESOLVED that the report be noted.

The meeting ended at 8.53p.m.