

LONDON BOROUGH OF LEWISHAM

MINUTES of the meeting of the AUDIT PANEL, which was open to the press and public, held on TUESDAY, 24 JULY 2007 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU at 7.30 p.m.

Present

Councillor Maslin (Chair) Michel (Vice Chair) Councillors Bennett, Edgerton, Ibitson, and Till

Independent Members

Mr King, Mr Tucker and Mr Webb.

Officers

Sally-Anne Eldridge	-	Audit Manager-Audit Commission
Phil Johnstone	-	District Auditor- Audit Commission
Ray Gard	-	Audit and Risk Manager
David Gallie	-	Head of Corporate Resources

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1 MINUTES (page

RESOLVED that the minutes of the meeting of the Panel which was open to the press and public held on 20 June 2007 be confirmed and signed.

2 DECLARATIONS OF INTERESTS (page

Richard King declared that he chairs the audit panel that produces the CIPFA code and writes part of it.

3 INTERNAL AUDIT STRATEGY

3.1 Councillor Michel asked whether cross charging was identified for the internal audit service for Lewisham Homes as referred to in the second paragraph of the strategy. The Audit and Risk Manager said that there was cross charging. It was a detriment to Lewisham but we were providing this service at a similar level to previous years.

3.2 Councillor Michel also asked what arrangements were made for partner organisations. She was advised that it would depend on partner arrangements. The lead partner would normally contact the other partner.

3.3 The Chair said that he was concerned that one of the Audit

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Manager posts was vacant without any signs of the position being filled in the near future. In addition, the role of Audit and Risk Manager was not dedicated only to internal audit. He had four areas of responsibility including internal audit, fraud, health and safety and insurance. The Audit and Risk Manager said that some of the work had been devolved down to senior auditors who had received training. There would be a review of the structure in the autumn to consider whether the Audit Manager post was still required or whether the post could be brought down another tier. He said that he should be spending about 30% of his time on audit but was actually spending between 60-65% on this area of work. He hoped to reduce this soon. His other responsibilities were self managed and fraud work was well resourced.

- 3.4 The Chair said that 3 years ago, members were advised by officers that internal audit did not have any significant managerial problems. The District Audit took a different view and the need for improvement became a priority. The Chair was still concerned about staffing in internal audit because members were reliant on what officers say. Mr Webb said that quality and capability had been called into question by the District Audit. He asked whether this situation had improved. The Audit and Risk Manager said that there is a more robust system now to ensure that the high standards required by District Audit are met.

- 3.5 Mr King said that internal audit now have a more consistent policy. He said that resourcing was not just a London issue; engaging competent audit staff was a universal problem.

RESOLVED that the Internal Audit Strategy for 2007/8 be accepted. ED Res

4 PROVISIONAL INTERNAL AUDIT PLAN FOR 2007/8 (Page and Appendix at page)

- 4.1 Mr King asked why there were low priority audits which should have been medium term . The Audit and Risk Manager said that this was because they had not been considered for 5-6 years.
- 4.2 Councillor Bennett asked whether the headings referred to on page 6 of the report were standard. He was advised that they were not standard but were similar to other authorities. High to medium areas would be audited within a 3 year cycle, high risk would be audited most years.
- 4.3 Mr Webb asked whether there would be an overlap of Capital programme on page 6 and project management on page 13. He was advised that the two may be combined in the future.

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4.4	Mr Webb asked whether the rise in the audit and inspection fee was due to the fact that Lewisham is 'at risk'. Mr Johnstone, said that it was more of an indication of the fact that Lewisham were having a corporate assessment. The fees would eventually come down. There had been robust discussion about fees.	
4.5	Members were advised that a review of the audits would be reported quarterly to this meeting. It was on budget at the moment.	
	RESOLVED that	
	(i) the Internal Audit Plan for 2007/8 be agreed; and	ED Res
	(ii) the Audit Commissions Inspection and Audit plan for 2007/8 be noted.	
5	<u>ANNUAL REPORT ON INTERNAL AUDIT FOR 2006/7 (Page)</u>	
5.1	Councillor Michel asked whether the IT Disaster Recovery was part of the original contract, whether it was an additional cost and if so whether it was a foreseeable cost. She was advised that it was an extra cost. It was considered that buying space in the city was the best option. The Head of Corporate Resources did not know why it was not in the original contract but would consult the Head of IT and advise members accordingly.	Head of Corp Res
5.2	Mr Webb asked whether this Panel would receive progress reports of actions plans. The Audit and Risk Manager said that officers would only report back if plans were not implemented. He said that a review process was in place, however, officers could report back as a generality within appropriate timescales.	
5.3	Councillor Bennett asked about the projects carried over from 2006/7. He was advised that it is standard to carry forward projects. Officers had allowed for them in 2007/8 and will be monitored in a 6 monthly report.	
5.4	85% of business units had contingency plans. The Audit and Risk Manager said that officers were still checking whether they met the quality criteria. He agreed to advise members when the information was available.	Audit & R M
5.5	Councillor Maslin said that rent collection should be monitored by this Panel on a regular basis.	ED Res
	RESOLVED that	
	(i) the report be noted. and	

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(ii) the action outlined above be undertaken by appropriate officers. E.D.Res

6 REVIEW OF INTERNAL AUDIT (Page

6.1 Sally-Anne Eldridge introduced the report.

6.2 There was further discussion about the need to fill the Audit Group Manager post which is a key role and the cultural changes that need to take place with the team as soon as possible.

6.3 The Audit and Risk Manager said that he intended to spend 30% of his time on fraud responsibilities, 30% on internal audit making 60% on overall audit. Health and Safety and Insurance were largely self managing. Members agreed that his priority should be to improve internal audit.

RESOLVED that the report be noted.

7 ANY OTHER BUSINESS

Date of Future Meetings

Councillor Bennett asked whether any other meetings for this Panel had been arranged after September. He was advised that there were no further meetings arranged after September.

RESOLVED that a programme of meetings be arranged for the remainder of the municipal year and sent to members of this Panel for approval. Cttee Officer

The meeting ended at 8.10 p.m.

Chair