

LONDON BOROUGH OF LEWISHAM

Minutes of a meeting of the AUDIT PANEL, which was open to the press and public, held on THURSDAY, 20 DECEMBER 2007 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU at 7.30 p.m.

Present

Councillor Maslin (Chair) and Councillors Ibitson and Till

Independent Members

Mr King and Mr Webb.

Apologies for absence were received from Councillors Bennett, Michel and Edgerton.

Officers

| | | |
|-----------------|---|----------------------------------|
| Janet Senior | | Executive Director for Resources |
| Ray Gard | - | Audit and Risk Manager |
| David Gallie | - | Head of Corporate Resources |
| Steve Mace | - | Group Accounting Manager |
| Anthony Russell | | Trainee Accountant |

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| 1 | <u>MINUTES</u> (page The notes of the inquorate meeting held on September 20 2007 were received. |
| 2 | <u>DECLARATIONS OF INTERESTS</u> (page There were no declarations. |
| 3 | <u>2007/08 UPDATE ON THE STATEMENT OF ACCOUNTS AND OTHER ACCOUNTING ISSUES</u> |
| 3.1 | The report was presented by the Group Accounting Manager who circulated a copy of the final version of the Lewisham Audited Statement of Accounts for 2006/07. |
| 3.2 | Panel members were briefed by the Trainee Accountant on changes made to the 2007 Statement of Recommended Practice (SORP) and other accounting changes which would modify the 2007/08 Statement of Accounts. |
| 3.3 | He explained the Fixed Asset Restatement Account and the Capital Financing Account were to be replaced by a Revaluation Reserve and a Capital Adjustment Account. He advised the |

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opening balance of the Revaluation Reserve would be zero as all past revaluations of fixed assets would be included in the overall value of fixed assets and future revaluations would start from scratch.

- 3.4 The Council was also to be obliged to ensure Financial Instruments were in accordance with Financial Reporting Standards, resulting in a reclassification of two new reserves, an Available-for-sale Financial Instruments Reserve and a Financial Instruments Adjustment Account.
- 3.5 Other changes to the SORP included new requirements on the presentation of Local Area Agreement grants and additional disclosures about charitable trusts.
- 3.6 The Trainee Accountant concluded by explaining modifications to the Income and Expenditure Account to reflect SORP requirements and the impact of the emergence of Lewisham Homes and Phoenix Community Housing on the SORP. It was confirmed a mid-year review of the balance sheet had been undertaken and all large variances had been investigated.

RESOLVED that the report be noted.

4 ANTI-FRAUD AND CORRUPTION POLICY

- 4.1 The report was presented by the Audit and Risk Manager who advised the Council possessed already an effective anti-fraud and corruption policy which had been assessed against best practice elsewhere and agreed by the Internal Control Board.
- 4.2 The independent members pointed out the Policy and its supporting documents were not available on-line and the Executive Director for Resources said she would arrange for a review of the documentation to see if it could be made available on the Council's website. If that was not possible she would explore other options. The independent members thanked her for this undertaking and asked if it was made available on the website, could it also be linked to the Human Resources area so that current and prospective employees were aware of the Council's anti-fraud and corruption policies.
- 4.3 The Chair observed allegations about housing fraud frequently figured among members casework and he asked if a staffing complement of three was enough to do an effective job. Officers responded by indicating the effectiveness of the service was under constant review.

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| 4.4 | The Chair and Councillor Ibitson indicated the need for an effective communications policy to highlight the Council's work against fraud without being pompous or going too far and creating the impression of Lewisham being a borough with an unusually high level of dishonesty. | |
| 4.5 | The Executive Director for Resources stated she would discuss possible strategies, including a possible feature in Lewisham Life, with her communications Unit. | ED Res. |
| 4.6 | The Chair also said the presentations on fraud awareness which took place prior to the meeting, had been very illuminating and he regretted that only three members of the Council had been present to receive them. The Executive Director for Resources said she would see if an All Party Briefing date could be utilised in the new year to showcase the Council's work on fraud. | ED Res. |
| | RESOLVED that the revised Anti-Fraud and Corruption Policy be approved. | |
| 5. | <u>RISK MANAGEMENT UPDATE</u> | |
| 5.1 | The Audit and Risk Manager provided an update on progress on actions to address high priority issues identified in the Statement of Internal Control 2006/07 and advised on how business risks were being actively managed. Panel members were also provided with an assessment of risks reported in the Corporate Risk Register. | |
| | RESOLVED that the assessment of risk, adequacy of control and actions being taken to ensure corporate business risks are being actively managed be noted. | |
| 6. | <u>INTERNAL AUDIT PROGRESS REPORT</u> | |
| 6.1 | The Audit and Risk Manager provided the panel with an update on progress made against the 2007/08 Audit Plan, a summary of the findings, where Internal Audit have issued 'limited' or 'no' assurance options on the internal control mechanising that have been audited and a progress update on the implementation of previously agreed recommendations. | |
| 6.2 | Councillor Till asked to be updated about procedures for Monitoring Overtime as Travel claims. | |
| 6.3 | The Audit and Risk Manager described actions that still needed to be taken with Payroll Managers to strengthen controls. | |

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6.4 The Chair queried payments for unplanned audits and was advised none had been received.

6.5 David Webb asked if the external auditors issue of a qualified opinion could be rectified. The Executive Director for Resources said she expected the external auditors to return in March 2008 and that concerns over consistency needed to be addressed. The Chair asked for a formal report on progress with Internal Audit to be made at the next meeting.

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RESOLVED that the report be noted and a further update made at the next meeting.

The meeting ended at 8.43p.m.

Chair