

**Amended**  
**LONDON BOROUGH OF LEWISHAM**

MINUTES of the meeting of the AUDIT PANEL, which was open to the press and public, held on THURSDAY, 12 MARCH 2009 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU at 7pm.

**Present**

Councillor Hall (Chair); Councillor Michel (Vice-Chair); Councillors Bennett, Ibitson, Peake and Till.

**Independent Members**

Mr King, Mr Tucker and Mr Webb.

**Audit Commission**

Janet Hunter Thomas Edgell and Sally-Anne Eldridge.

**Officers**

Janet Senior	-	Executive Director for Resources
Steve Mace	-	Finance Shared Services Manager
Richard Lambeth	-	Team lead Accounting
Ray Gard	-	Audit and Risk Manager
Mark Leahy	-	Director of Housing, Lewisham Homes
Chris Harris	-	Engagement Partner, RSM Bentley Jennison

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1      **MINUTES** (page

Councillor Michel referred to paragraph 6.5 in the Minutes. She had asked how much extra officer time was needed to resolve technical issues arising out of the introduction of the new accounting regulations. With this amendment it was:-

RESOLVED    that the Minutes of the meeting of the Audit Panel, held on 3 December 2008, be confirmed and signed.

The Finance Shared Services Manager noted this amendment and referring to the introduction of the IFRS Accounting Standard he said that changes would again be required for the closing of the 2010/11 accounts and he would respond, in detail, to the government consultation paper and submit it to the next meeting of this committee.

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2      DECLARATIONS OF INTEREST (page

The Chair declared an interest in Item 4 because he is a tenant of Lewisham Homes in the Chrysalis area.

Mr King declared an interest in Item 6 because he has been involved in writing some of CIPFA accounting standards.

3      EXTERNAL AUDITORS' ANNUAL AUDIT AND INSPECTION LETTER (page

3.1      Janet Hunter presented the report. She said that she was the newly appointed Comprehensive Area Assessment (CAA) lead and was the relationship manager for the Council. She said that CAA brings together several assessments, details of which could be found on the website.

3.2      The Chair asked how mainstreaming of health inequalities across the local strategic partnership so that it is no longer the responsibility of a specific partnership board would be kept under review. Ms Hunter said that there was provision for it to be reviewed after a year. However, there was concern that health improvement would become less of a priority.

3.3      Mr Tucker asked how the Council could reduce the gaps in national expectation for health inequalities and decent homes standards and those in Lewisham. Ms Hunter said that the Council and the PCT were doing as much as it could. A lot of work was being undertaken through a community development approach. For example, there had been a lot of work with young people, particularly teenage pregnancy.

3.4      Councillor Bennett referred to paragraph 43 and asked how the impact of councillor scrutiny on the health economy could be clarified. Ms Hunter said that it was important to have formal processes for responding to health reviews.

3.5      Councillor Bennett asked about the Audit Commission's assessment, how the Council had a four star rating and what this meant for Lewisham tax payers. Ms Hunter said that the CPA's scorecard has a matrix approach. 42% of Councils had achieved a 4 star rating. Outcomes were more important than processes under the CAA.

3.6      Mr King said that when the Audit and Inspection Letter was published it was a document about all public services not just those in Lewisham. Ms Hunter said that it was focussed on Lewisham. The CAA will produce a report for the public next year and their aim was to make it more accessible to members

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of the public.

- 3.7 Councillor Michel asked whether the rate of direct payment referred to in paragraph 18, was still treated as an activity rather than an outcome. Ms Hunter said it was an outcome because it was a national indicator and gives comparative figures.

RESOLVED that

(i) the Resources Directorate be congratulated for their 4 out of 4 score rating;

(ii) with regard to health inequalities, members be advised about how this issue will be addressed and when a review will take place; ED Res

(iii) with regard to the comments about the recession, there has been a lot of attention about this in the Council; it will have implications for this Panel, officers and members and needs to be discussed in the future; and ED Res

4 ANTI-FRAUD AND CORRUPTION TEAM UPDATE REPORT  
(page

- 4.1 The Audit and Risk Manager said that at the previous meeting members had expressed their concern about housing fraud. As a result Mark Leahy the Director of Housing from Lewisham Homes, had been invited to the meeting to address this issue.

- 4.2 Mr Leahy said that officers had undertaken a project on sub-letting on the Pepys Estate. 50 properties were identified as being sublet. 23 notices were served for sub-letting. A large amount of work was still required because so many properties on the estate are being sub-let.

- 4.3 Councillor Ibitson referred to paragraph 5.2 in the report and asked whether the reduction in the number of Housing Investigations posts would have an effect on the quality of the service. Mr Leahy said that their Housing Tenancy Officers would receive full investigative training. The quality of work is regularly audited and he could bring any further information to the panel if required.

- 4.4 Councillor Michel asked about the quality of the investigations and whether there was any comparative data. Mr Leahy said that the Audit Commission review the service to ensure that it maintains a high standard. There is benchmark information

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available comparable with other ALMO's. Officers have identified a high number of sub-letting issues, but prosecution of these illegal tenancies will help to ease the pressure on housing allocations.

- 4.5 Mr Leahy said that occupancies on the Pepys Estate are checked on a 3-5 year cycle. Out of 500 properties there is only a 37% ratio of getting into the properties. This caused officers concern because attempts had been made at all hours and over the weekend to gain access. Councillor Peake asked how many he considered were being sub-let. Mr Leahy said that it varies across the estates. Crossfields dwellings, for example, were highly likely to be sub-let because it is close to Goldsmiths College where students need accommodation.
- 4.6 Councillor Till asked what action the Council can take if sub-letting is uncovered. Mr Leahy said that the tenant would lose the tenancy, they would be prosecuted and be the subject of a criminal investigation. Officers have a good working relationship with the police on this issue.
- 4.7 Councillor Bennett said that Lewisham were responsible for the Internal Audit on Lewisham Homes and should, therefore, receive monitoring statistics in a timely manner. The Executive Director for Resources said that officers intended to ask for the information much further in advance in future. She said that there had been issues about getting the information across in the correct format.
- 4.8 Councillor Bennett said that audit standards need to be maintained. He asked for comparative figures between two full-time officers with six part-time workers.
- 4.9 Mr Tucker said that he had never read about these issues in local newspapers and suggested that it should be advertised more widely. The Executive Director for Resources said that there had been difficulties in getting an article in Lewisham Life in the past since other articles were considered more interesting. The Chair said that the issue needed to be reported sensitively but should not be ignored. It was agreed that the matter be referred to the Head of Communications.
- 4.10 The Chair thanked Mr Leahy for attending the meeting.

RESOLVED that

(I) the report be noted; and

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(ii) the Head of Communications be approached to discuss the appropriate channels of publicity of the issue of fraud.

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5 INTERNAL AUDIT UPDATE REPORT (page

5.1 Audit and Risk Manager presented the report.

5.2 Mr King said that at the last meeting of the Panel, members had agreed that insentivising ideas for better practice with regard to internal audit would be submitted to this meeting. He had not seen any evidence of this in the report. The Audit and Risk Manager said that processes were being strengthened. He would be contacting directors to develop controls and when a workable scheme has been agreed a report would be submitted to this Panel.

5.3 Mr King referred to the average level of client satisfaction with the audit which was 3.5 out of 5 for 2009/10 which he considered to be low. The Audit and Risk Manager said that this was a starting point and officers expected figures to increase year on year.

5.4 Mr King asked whether the Audit Commission paid for additional testing of payroll. The Audit and Risk Manager said that no additional money was paid. The extra testing was part of key controls. Officers would be retesting soon for higher levels of assurance so the extra testing was required by Lewisham as well as the Audit Commission.

5.5 In Appendix 2 of the report, 5 recommendations were still outstanding. The Audit and Risk Manager said that restructuring and new IT had made it difficult to obtain the information required. Some of the recommendations should have been implemented but the situation was being monitored.

5.6 Mr Webb asked what could be done to ensure that recommendations are carried out within the agreed timescale. The Audit and Risk Manager said that one of the options being considered was to summon Executive Directors to meetings of the Panel to explain why targets had not been met.

RESOLVED that

(I) the number and percentage of fundamental and significant audit recommendations be accepted and implemented by an agreed date;

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(ii) the request for incentivising ideas as set out in paragraph 3.2 of the previous minutes, be requested again; and

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(iii) officers be asked to consider producing a regular report outlining recommendations that are outstanding. This would be for priorities 1 and 2 if they were delayed for more than one month of the agreed date.

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### 6 DRAFT INTERNAL AUDIT PLAN FOR 2009/10 (Page and appendix

6.1 The Audit and Risk Manager said that after the agenda had been dispatched officers had made some changes to the plan as follows:-

- the Income and Savings target would not be carried out because it had been agreed that as long as the savings were achieved the method was not important
- Fly tipping – the number of client days had increased to 10 days. Charges for lumber collection had been introduced, officers wanted to investigate whether there had been an increase in fly tipping which would render charges counter productive
- Homelessness - the number of client days had increased to 15 days; more work was needed in this area.
- School Audit – This had increased to 181 client days
- Crunch Time – this audit would not be carried out because it was considered that it would be a duplication of work already carried out in the Council

6.2 Councillor Till asked whether 10 client days was enough for safeguarding Children/Child Protection. The Audit and Risk Manager said that officers considered that 10 days was sufficient because other reviews in this area were being undertaken, and Internal Audit will request an assurance that this work has been done. However, the situation would be reviewed and if necessary the number of client days will be increased.

RESOLVED that the draft audit plan as amended be agreed.

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### ANY OTHER BUSINESS

Councillor Michel said that there were no meetings of the Panel programmed after September 2009. It was agreed that extra dates be added to the programme of meetings for the remainder of the 2009/10 municipal year.

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Councillor Michel asked for member training on the accounts to be arranged for members one evening as soon as possible after the annual meeting.

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The meeting ended at 8.55

Chair