

LONDON BOROUGH OF LEWISHAM

MINUTES of a meeting of the AUDIT PANEL, which was open to the press and public, held on WEDNESDAY 27 MAY 2009 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU at 7 p.m.

Present

Councillors Bennett, Hall, Ibitson, Michel, Peake and Till.

Independent Members

Mr King, Mr Tucker and Mr Webb

Audit Commission

Sue Exton (District Auditor), Geoffrey Banister (Audit Manager), and Tom Edgell (Support Audit Manager)

Officers

David Gallie	-	Head of Corporate Resources
Ray Gard	-	Audit and Risk Manager
Steve Mace	-	Finance Shared Services Manager
Chris Harris	-	Engagement Partner, RSM Bentley Jennison

Minute No.

Action

1 ELECTION OF CHAIR AND VICE CHAIR (Page

RESOLVED that Councillor Hall be elected Chair and
Councillor Michel be elected Vice-Chair of the
Audit Panel for the municipal year 2009/10.

2 MINUTES AND MATTERS ARISING (page

Mr King referred to the second resolution of item 4. He asked whether appropriate channels of publicity of the issue of fraud had been discussed with the Head of Communications.

The Audit and Risk Manager circulated copies of a press release of two successful prosecutions. He had met the Head of Communication and agreed

- a draft article for Lewisham Life on anti fraud in the September issue; inclusion will depend on the number of other issues to be submitted
- a statement about fraud and contact numbers for inclusion in the electronic message board
- an awareness campaign for staff, including managers update, raising the profile on the intranet site and the

works, and

- to consider publicising the work on the mis-use of blue badges in the publication 'Grapevine'.

RESOLVED that the Minutes of the meeting of the Panel held on 12 March 2009, which was open to the press and public, be confirmed and signed.

3 DECLARATIONS OF INTERESTS (page

Councillor Bennett declared an interest because he works for an employment benefit consultant who advises on occupational pensions schemes.

4 INTERNAL AUDIT UPDATE REPORT

- 4.1 The Audit and Risk Manager presented the report. He said that 28 reports were in draft form, 10 finalised, 10 were schools. All reports would be finalised by the end of the week. Next year 10 days would be given for finalising reports.
- 4.2 Councillor Till expressed his concern about controlling income for bereavement services. The Audit and Risk Manager said that they have been given recommendations to enhance the service and officers would review the situation in the near future.
- 4.3 Councillor Peake asked why the sustainable resources audit had been added to the audit plan. The Audit and Risk Manager replied that this was an error and this was not an addition as it was included in the plan members agreed.
- 4.4 The Chair said that Customer Services had received less Audit than Resources. The Audit and Risk Manager said that the audit plan was based on a risk based approach and varies from year to year. Officers try to get a balance across directorates picking up key risks. Customer services understand and manage risk well. Resources also includes many of the Corporate services.
- 4.5 Mr Webb asked whether there was flexibility in the plan. The Audit and Risk Manager said that there was flexibility, the plan is reviewed regularly throughout the year. If something is identified it can be included in the plan.

RESOLVED that the report be noted.

<u>Minute No.</u>		<u>Action</u>
5.	<u>INTERNAL AUDIT REPORT ON WAYS TO IMPROVE CONTROL</u>	
5.1	The Audit and Risk Manager presented the report.	
	RESOLVED that	
	(i) the report be noted;	
	(ii) officers look at examples of other best practices in other organisations where there have been genuine improvements not just using targets;	ED Res
	(iii) a report be submitted to this Panel in December.	ED Res
6.	<u>ANTI FRAUD AND CORRUPTION TEAM UPDATE REPORT</u>	
6.1	The Audit and Risk Manager presented the report. He advised members of an amendment in the table of paragraph 3.2. He said that 509 should be 561.	
6.2	Councillor Michel asked about the communication between Lewisham Homes and this Council. She asked whether Lewisham is advised about the recovery of properties that are sub let. The Head of Corporate Resources said that sanctions could be imposed if information is not received from Lewisham Homes. He said that he would soon be meeting with the Director of Resources for Lewisham Homes and he was confident that he would be able to get the information. The Audit and Risk Manager said that Lewisham Homes had approached his team for training on document identification and verification, and also on investigating the output from the National Fraud Initiative.	
6.3	Councillor Ibitson wished to place on record that the Detective Constable seconded to A-FACT had been instrumental to the success of major fraud cases. She congratulated the team on their successful prosecutions and the publicity of the cases. The Audit and Risk Manager said that the Detective Constable had not only provided A-FACT with better intelligence on suspected fraudsters, but he has brought a wealth of police investigation experience to the team and, where necessary, provided them the power to arrest fraudsters without having to call in police back up.	
	RESOLVED that the report be noted.	

Minute No.

Action

7. AUDIT FEES 2009/10

- 7.1 The District Auditor said that fee for the pension fund audit was £38,000. In 2007/8 the pension fund audit had been set out as a separate item in an effort to improve governance and follow audit guidance. This had been enforced across London. She said that the fee level for 2008/09 will be reviewed following the completion of the 2008/09 audit. This may result in a change in the planned fees for 2008/09 and 2009/10. The audit report for 2008/09 will be available in September 09.
- 7.2 Councillor Bennett said that rather than separating out the audit fee for the pension fund he considered that it was a new fee. The District Auditor said that this was a valid point. The fixed cost element does increase. The fee had been set by the commission and is been treated as a separate engagement.
- 7.3 Councillor Bennett referred to the standard increase in fees. He said that in the present economy, there should not be a standard increase of 1%. The District Auditor said that the Audit Commission was aware of the current financial pressures on local authorities and had absorbed increases above 1% and had, therefore, kept fees down.
- 7.4 Mr Tucker referred to the last paragraph on the risk area on page 15 of the report. He said that it should read 'Pension fund working papers were not provided at the start of the 2007/8 audit, which is **not** good practice' The District Auditor said that some working papers had to be requested and that had taken extra time and, therefore, cost.

RESOLVED that

(i) the report be noted: and

(ii) the response to the letter sent by the Executive Director for Resources requesting justification for the increase in the proposed fees since 2007/8 be submitted to this Panel after it has been considered by the Pensions Investment Committee.

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DATE OF NEXT MEETING

RESOLVED that the next meeting be held on 23 June 2009 at 6.30pm.

Minute No.

Action

The meeting ended at 8.35 p.m.

Chair