

LONDON BOROUGH OF LEWISHAM

MINUTES of a meeting of the AUDIT PANEL, which was open to the press and public, held on TUESDAY 23 JUNE 2009 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU at 6.30 p.m.

Present

Councillors Hall (Chair) Councillors Bennett, Ibitson and Peake.

Independent Members

Mr King, Mr Tucker and Mr Webb

Audit Commission

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

Officers

Janet Senior	-	Executive Director for Resources
Ray Gard	-	Audit and Risk Manager
Steve Mace	-	Finance Shared Services Manager
Richard Lambeth	-	Team Leader - Accounting
Chris Harris	-	Engagement Partner, RSM Bentley Jennison
Luke Webster	-	Accountant
Nigel Mascarenhas	-	Capital and Treasury Group Manager

Apologies for absence were received from Councillors Michel and Till.

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1 MINUTES (page

RESOLVED that the Minutes of the meeting of the Panel held on 27 May 2009, which was open to the press and public, be confirmed and signed.

2 DECLARATIONS OF INTERESTS (page

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

3 PRE - AUDIT STATEMENT OF ACCOUNTS 2008/9

- 3.1 The Finance Shared Services Manager presented the report with the aid of powerpoint. He said that the accounts had been updated to include the group accounts from Lewisham Homes. In addition he circulated an addendum which outlined the accounting entries for the Grove Park LSVT.

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- 3.2 Members made comments on the accounts the main points were as follows:

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Statement of Accounts

- Officers Emoluments – Councillor Bennett said that the number of officers had risen despite losing staff from Phoenix, audit, and building works. The main reason for the increase was due to those officers who were previously marginally under the threshold who are now included due to the pay award and increments. Full details of the analysis are available on request.
- General Grants – it was noted that on slide 9 the specific grants figure of £27.740m should be £20.5m. Members were advised that the increase in grants of 4.4% was 2.5% for inflation and 1.9% real increase.
- General Fund – the Chair asked whether there was enough money in the General Fund Balances. The Executive Director for Resources said that the balances are assessed in terms of the risks they may face. Examples of risk to be assessed include BSF, property issues, and ICT. Ms Exton said that this is the reserve for the council's day to day business and was considered appropriate. Mr King said that the experience over a number of years was also taken into account when agreeing the General Fund Balance.
- Councillor Bennett said that the value of investment and surplus properties had increased and yet the value of property had gone down in the current property market. The increase in investment and surplus properties was in relation to volume increases rather than value changes.
- Collection Tax Collection rates – this was down to 93.1% it included long term arrangements for recovery. Officers agreed to provide comparison figures with other neighbouring local authorities (supplied 24/06/09). Councillor Bennett asked whether officers expected to recover debt over 5 years old. The Executive Director for Resources agreed to advise members accordingly.
- Councillor Peake asked for further information about the depreciation and Impairment of Fixed Assets. He would not agree the statement of Accounts until the information was provided. Officers agreed to provide members with the information the following day (supplied 24/06/09).

Annual Governance Statement

Presented by the Audit and Risk Manager

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3.3 The Chair asked whether there were any issues that were still being reviewed from the previous Annual Governance Statement. The Audit and Risk Manager said that:-

- Improving the quality of internal audit reporting and compliance with the CIPFA code of practice.
- Health and safety was still being monitored to ensure that the Council's were compatible with BS OHSAS 18001; progress is being made.
- ICT business continuity arrangements was back on the schedule because officers considered that there could be improvements.

3.4 Mr King said that only limited assurance for ICT business continuity was recommended by Audit. He said that this was an important service for this Council and should be improved as a matter of urgency. He also said that the wording on the action plan and the annual statement was inconsistent; the Audit and Risk Manager agreed to look at the wording.

3.5 Councillor Bennett said that in the action plan the AGS criteria did not refer to anything in the statement. The Executive Director for Resources said that she would look at the way the information was presented because the criteria referred to an internal working schedule. It was agreed that the document should be more accessible to members of the public.

RESOLVED that

Council be recommended to approve the pre-audit statement of accounts 2008/9 and that following approval by Council on 24 June 2009 the Accounts be passed to the Council's external auditors, the Audit Commission, for audit.

4. HEAD OF AUDIT AND RISK'S ANNUAL REPORT 2008/9

4.1 The Audit and Risk Manager presented the report. He said that the way officers improve controls is by making sure there are robust systems in place. RSM Bentley Jennison review those controls and make sure they are adhered to. The schools assurance report has been separated out for the first time this year and this has now been possible because of the robust systems that are now in place. Financial advice is offered but cannot be enforced; however, schools usually co-operate because it is in their interests to improve. Officers had concerns about risk management and internal control in schools and they need enhancing.

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- 4.2 Mr King referred to paragraph 9.3 in the report. He said that since January CIPFA had issued guidance on a review.
- 4.3 Mr King was concerned that ICT Business Continuity had only achieved limited assurance. He said that if the system failed it would have major impact on the whole Council. He asked how limited assurance was balanced with substantial. Mr Harris said that officers try to be informative, there are a lot of areas that still need to be improved. Schools were separated out because otherwise the assurance overall would have been pulled down to limited. Adequate is a fair view but is subjective based on officers' experience. It shows that Lewisham is going in the right direction but there are still a number of issues to be addressed.
- 4.4 The Executive Director for Resources said that it was imperative that business continuity plans were well documented, set out and tested. Some had been tested, for example, where a power failure rendered Catford without lighting, the business had worked well. However, more testing and documentation of business community plans was required.
- 4.5 The Chair thanked the Audit and Risk Manager for his informative report.

RESOLVED that the report be noted.

The meeting ended at 8.45 p.m.

Chair