

LONDON BOROUGH OF LEWISHAM

MINUTES of a meeting of the AUDIT PANEL, which was open to the press and public, held on TUESDAY 22 SEPTEMBER 2009 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU at 6.30 p.m.

Present

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

Independent Members

Mr Webb

Audit Commission

Sue Exton (District Auditor), Sophia Wong (Principal Auditor) and Tom Edgell (Audit Manager)

Officers

Janet Senior	-	Executive Director for Resources
Ray Gard	-	Audit and Risk Manager
Steve Mace	-	Finance Shared Services Manager
Chris Harris	-	Engagement Partner, RSM Bentley Jennison
Chris Harris	-	Director, RSM Bentley Jennison

Apologies for absence were received from Councillor Michel and Mr King.

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1 MINUTES (page

The Chair advised members that Mr Tucker, one of this Panel's Independent Members, had resigned from the Panel. He said that Mr Tucker had been a knowledgeable member of the Panel and asked that officers write to Mr Tucker on behalf of members of the Panel to thank him for his input over many years.

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RESOLVED that the Minutes of the meeting of the Panel held on 23 June 2009, which was open to the press and public, be confirmed and signed.

2 DECLARATIONS OF INTERESTS (page

There were no declarations.

3 DISTRICT AUDITOR'S ANNUAL GOVERNANCE REPORTS ON THE ACCOUNTS AND THE PENSION FUND 2008/9 Page and Appendices at pages

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- Lewisham Accounts
- 3.1 The District Auditor presented the report. She said that Audit Commission were happy with Lewisham's Accounts. Their work was now complete and she would be able to sign off the Accounts on 30 September 2009. She referred to the action required on page 25 of the report and she recommended that the issue in the Accounts regarding Lewisham Homes Pension Fund liabilities be resolved for next years Accounts.
- 3.2 Councillor Bennett asked whether the £2m understated in the accounts referred to staff transferred to Lewisham Homes or whether it was a liability for the future. The Executive Director of Resources said that it only referred to the transferred staff. The Finance Shared Services Manager said that this figure could change. He was not prepared to adjust Lewisham's revenue accounts because he considered that this was not the correct accounting treatment. The District Auditor said that the sum was not material and she recommended that officers resolve the matter with Lewisham Homes. The Finance Shared Services Manager said that it is disclosed as a contingent liability rather than a provision in the accounts. It was agreed that discussions on this issue should continue between Lewisham Council and Lewisham Homes, to ensure that the sum does not become material.
- 3.3 The Chair asked about Willow Way Office Complex. The Finance Shared Services Manager said that this concerned a parcel of land with 3 plots given different names. The error arose after a duplication with the original site. The District Auditor said that all other adjustments were presentational.
- 3.4 Councillor Bennett referred to recommendation 6 on page 31. He said that Lewisham Homes were noted as having supplied information late on a regular basis. He had met with a member of the Lewisham Homes Audit who considered that Lewisham Council did not give clear notice of their requirements. He asked whether Lewisham had a protocol with Lewisham Homes. The Executive Director for Resources said that regular meetings had been held with Lewisham Homes. Lewisham's expectations had been clear, however, their timetable was similar to accountants in Lewisham which meant that information was often late. The Audit and Risk Manager said that he also has protocol with Lewisham Homes, and attends monthly monitoring meetings.

RESOLVED that

(i) the report be noted;

Comment [R1]: Should this be audit committee?

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(ii) the adjustments be noted;

(iii) the issue in the accounts as set out in Appendix 3 be monitored and discussion with Lewisham Homes should continue until agreement is reached; and

(iv) the action plan set out in Appendix 6 of the report be monitored.

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Pension Fund

3.5 The District Auditor said that she had received and reviewed the pension fund annual report. She said that the working papers were of good quality. She expressed her thanks to the Executive Director for Resources and her team for their co-operation and confirmed that she would sign off the pension fund accounts on 30 September 2009.

3.6 The Finance Shared Services Manager said that the pension fund Annual Governance Report was the most positive for a number of years. The accounts were on time and of good quality. Any changes were immaterial to the Pension Fund accounts and he agreed with the District Auditor's recommendations.

RESOLVED that

(i) the improvements be noted; and

(ii) the accounts continue to be monitored;

4 APPROVAL AND PUBLICATION OF THE AUDITED STATEMENT OF ACCOUNTS AND SUMMARY OF ACCOUNTS 2008/9 (page

4.1 The Finance Shared Services Manager presented the report. He said that with regard to the main statement of accounts, the message was also positive. Working papers had improved, the cash flow statement will be addressed in the coming year. He thanked Audit Commission officers for their help. The Council meeting, where the accounts were to be agreed, was to be held on 24 September 2009. The District Auditor agreed to sign off the accounts on 25 September 2009.

4.2 The Audit and Risk Manager said that at the last meeting of this Panel, members had agreed that the wording on the annual governance statement action plan and the annual governance

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statement itself was inconsistent. This had been changed and he outlined these changes for members.

- 4.3 The Chair said that the Executive Director for Children and Young People had been concerned that school audits had been robust. The Audit and Risk Manager said that there were some issues to be addressed; he did not consider that the audits were over zealous. The Executive Director for Resources said that there were 1 or 2 audits in schools where communication had not been as good as expected. FMSiS must be reached and Internal Audit is the Council's check that cash, for example, is being managed correctly. Councillor Ibitson said that she had heard reports from school admin. staff that issues of cash being out by small sums being raised. The Audit and Risk Manager said he was not aware of this and that he was only concerned with the internal controls in schools for the key systems. The Chair asked whether officers had concerns regarding controls within any of Lewisham schools. The Executive Director for Resources said that officers were happy with schools' response to FMSiS but it was considered that internal controls had been over looked. It was agreed that a report on this issue be submitted to the next meeting of this Panel and the Executive Director for Children and Young People or the Head of Resources (Children & Young People) be invited to attend.

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RESOLVED that the report and the changes be noted.

5. INTERNAL AUDIT UPDATE REPORT

- 5.1 The Audit and Risk Manager presented the report. There had been amendments since the report was published.
- Table 1.1 the number of audits at draft report stage had reduced to 31
 - Table 3.3 the number of draft reports issued had reduced to 14, final reports issued increased to 6 and work in progress 25.
- 5.2 Councillor Bennett asked whether officers were concerned about any audits that were still in draft. The Audit and Risk Manager said that officers were concerned when managers do not respond. The Executive Director for Resources said that often there is a problem with communication; officers have completed the work but have not communicated it to Internal Audit. Chris Harris from RSM Bentley Jennison agreed to look at the draft audits; if there were any of particular concern he would advise the Audit and Risk Manager who would include the information in his report for the next meeting of this Panel.

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BJ/A&R
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5.3	The Audit and Risk Manager advised members of the Panel that Amersham Childhood Centre had received a Limited Assurance Level.	
5.4	Mr Webb referred to line 4 of paragraph 4. He asked why public liability insurance letters were being sent when an agreement was being terminated. The Audit and Risk Manager agreed to investigate the matter.	A&R Man
5.5	The Audit and Risk Manager asked members whether the report set out in landscape was helpful. Members said that the report was very clear although Councillor Peake had some concerns about the sentences being long and would prefer them to be in boxes.	
5.6	The Audit and Risk Manager referred to the client financial affairs audit that had received a limited assurance. He said that the amounts of money involved were relatively small but the risk was reputational. Most of the recommendations had been agreed. Mr Tucker asked how officers can check that the work had been carried out. The Audit and Risk Manager said that officers need to ensure that everything is documented, this had been an area of weakness. This had now been addressed and two officers work together, which does have resourcing implications. A digital camera is used for photographic evidence.	
	RESOLVED that	
	(i) the report be noted;	
	(ii) the areas of concern as highlighted above be investigated.	
6.	<u>ANTI FRAUD AND CORRUPTION TEAM UPDATE REPORT</u>	
6.1	The Audit and Risk Manager presented the report.	
6.2	Councillor Ibitson said that there were an increasing number of fraud reports. She asked whether resources were sufficient to cope with the extra work required. The Audit and Risk Manager said that resourcing in his team was always an issue, there is a limited budget but he intended to bring in temporary admin. support to free up experienced investigators.	
6.3	Councillor Ibitson asked how officers treat vexatious calls. The Audit and Risk Manager said that they would treat each call as an ordinary complaint. If there is no problem, officers do not go back to the complainant but it will be logged as a malicious call.	

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RESOLVED that
(i) the report be noted; and
(ii) the success of the publicity campaign supported by this Panel be noted.

The meeting ended at 8.25 p.m.

Chair

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