

MINUTES OF THE AUDIT PANEL

Wednesday, 23 November 2011 at 7.00 pm

PRESENT: Councillors Michael Harris, Philip Peake, Suzannah Clarke and Alan Till

Apologies for absence were received from Councillor Jenni Clutten and Councillor Jim Mallory

1. Minutes

RESOLVED that that the Minutes of the meeting of the Panel held on 22 June 2011, which was open to the press and public, be confirmed and signed, subject to amendments from Geoffrey Banister, Audit Manager.

2. Declarations of Interests

The Chair declared a personal non prejudicial interest as a member of the Board of Lewisham Park Housing Association.

3. Draft Annual Audit Letter

Sue Exton, District Auditor, Audit Commission introduced the report. She said that the arrangements agreed at the last Audit Panel for signing off the audit worked well, and they were able to complete the audit successfully by giving an unqualified opinion and VFM conclusion on 21 October 2011. She added that the Annual Audit letter included a number of items that had already been reported at the last meeting. Sue Exton informed members that on 12 December, both the Audit Commission and Finance Team would be meeting to discuss what both teams could do better to ensure that future deadlines were adhered to.

The Chair said that Mike Robinson, Independent Member of the Panel would like officers to tell the Panel what lessons they had learnt from this year's outcome, and what need to change. He had suggested that Panel members might want to request a report on what the process would be for the coming year. The Head of Business Management and Service Support said that both teams had already started reflecting on what had worked well and things that could have been done better. He added that officers would be happy to provide a report that would outline next year's process for the panel. The Chair said that he was pleased that the end result was satisfactory.

RESOLVED that:

- i. that the Annual Audit Letter be noted.
- ii. that a report outlining the process for next year's External Audit be brought to the next Audit Panel.

4. Review of Half Year Financial Position - 2011/12

The Head of Business Management and Service Support introduced the report. The Chair asked what the difference was between table 1 and 2 and was told that table 2 reflected the estimated achievement of savings Council had agreed for 2012, whilst table 1 showed the latest budget monitoring position for the year. The Chair also asked what the current situation was on parking and was told that the Council was approximately £1/2m short of its target. He said that was partly because people's behaviour may have changed in the current economic climate.

He added that although officers had anticipated the changes they had proved to be greater than anticipated. The Head of Business Management and Service Support stated that the overall trend was that parking figures were falling and this could be because people were giving up second cars, and/or being very careful where they park. Councillor Clarke said that officers should look at offering flexible parking arrangements, e.g., granting visitors 2 hours parking instead of half a day, which a lot of people viewed as wasting money.

The Chair asked why the Customer Services Directorate had a £325k variance. In response the Head of Business Management and Service Support said that some assumptions were made for the spare recyclable waste market when the new recyclable contract come into effect. He added that there would be substantial reduction in cost once the contract starts in December. It was noted that all the spare capacity on recyclables were not traded as expected. The Chair also asked officers whether the 10 days target for paying Small and Medium sized Enterprises was unrealistic, as this target had never been met. David Webb said that as he was aware that officers had informed the Panel at a previous meeting that this target had been set by the government, hence it could not be amended locally. He asked when the electronic system would be in place, and was informed that officers were currently working on adapting the system for Lewisham. They expect it to be working in the new year. It was noted that officers were being very careful to ensure they get it right.

Councillor Peake asked whether the collection rate of Council Tax had increased because the economic climate was such that more people were on benefits. The Head of Business Management and Service Support replied that this was not the case. He added that the increase was because of improvement in the systems used. He said the Council now have a strong collection point, and efficient and effective collection systems have been put in place. Also officers have a commitment to take robust action if necessary against those who default in their payments.

5. Internal Audit Update Report

The Interim Head of Audit & Risk introduced the report, and informed members that officers were progressing with the Audit Plan, with 40% of the plan underway, and 20% at draft report stage. He added that officers had hoped to have made more progress but this had not been possible. The Interim Head of Audit and Risk said they would continue to monitor the arrangements very closely. The Panel noted that there had been eight additional audits added to the plan since their last meeting.

The Panel was also informed that only two of the five contractor's targets had been met. Officers stressed that they were careful that quality was not being compromised. Members were assured that both internal and external staff were constantly monitoring developments on a weekly basis. Chris Harris added that if necessary additional resources would be provided within the agreed budgets to ensure the plan was delivered in full to draft report stage by the end of the financial year. The Chair asked the Internal Audit provider whether Council officers were providing them with quality material. Chris Harris informed members that the material provided was good but because of the organisational changes within the council this had on occasion slowed the process. He said that the internal auditors do not always keep to their timetable either, but both sides were committed to meet the deadline. The Interim Head of Audit and Risk said that officers would continue to track the recommendations to ensure compliance takes place. The Chair requested that officers inform members if anything significant happened that would affect the plan. The Chair asked what Direct Payment quoted on page 56, appendix 2 referred to and was told that this information would be sent to him as soon as possible.

Members were informed that the overdue recommendations listed in appendix 3 of the report were being closely monitored and Executive Directors had been sent reminders to chase action. The Chair requested that the Head of Information Management and Technology should be asked to prepare a written statement for the Panel's next meeting to give them an update on the overdue recommendation for the Data Protection Act and the Freedom of Information Act.

RESOLVED that the report be noted.

6. Anti Fraud and Corruption Report

The Interim Head of Audit & Risk informed members that the levels of referrals and identified allegations had risen slightly. It was noted that officers were aiming to improve the number of cases they undertake and close, by engaging with the Executive Directors to agree priorities. The Interim Head of Audit and Risk informed members that officers were keen to publicise the investigations and their benefits to the community.

The Interim Head of Audit & Risk stated that a Housing Investigator would be appointed shortly to tackle social housing fraud and this person would be working closely with the Council's commercial partners namely Pinnacle/Regenta and London & Quadrant. He added that a lot of meetings and training sessions had already been arranged and some had taken place. The Chair asked whether the cost of the seconded police officer would be equivalent to the benefit he brings to the Council. He added that an evaluation should be necessary if a business case were to be put forward for the continuation of this service. The Interim Head of Audit and Risk said he would monitor this for a possible future case.

RESOLVED that the report be noted.

7. Exclusion of the Press and Public

that under Section 100(A)(4) of the Local

Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3, 4 and 5 of Part 1 of Schedule 12(A) of the Act as amended by the Local Authorities (Executive Arrangements)(Access to Information) Amendments (England) Regulations 2006:-

The following is a summary of decisions at the closed meeting.

8. Update Report to the Cost and Use of Consultants and Senior Interim Managers at London Borough of Lewisham

RESOLVED that:

- i. the report be noted.
- ii. an update be brought to the Panel in a year's time.