

MINUTES OF THE AUDIT PANEL

Wednesday, 8 June 2016 at 7.00 pm

PRESENT: Councillors Jonathan Slater (Chair), Helen Klier (Vice-Chair), Chris Barnham, Bill Brown and Mark Ingleby

ALSO PRESENT: Chair welcomed Ian Pleace and Steven Warren as observers to the meeting.

Apologies for absence were received from Paul Dale

1. Election of Chair and Vice Chair

RESOLVED

- i. that Councillor Slater be appointed Chair of the Audit Panel for the Municipal Year 2016/17.
- ii. that Councillor Klier be appointed Vice Chair of the Audit Panel for the Municipal Year 2016/17.

2. Minutes

RESOLVED that the minutes of the meeting held on 8 December 2015, which was open to the Press and Public, be confirmed as a correct record.

3. Declarations of Interests

None received.

4. Audit Plan 2015-16

The report was introduced by Darren Wells, Director, Grant Thornton. He informed the Panel that there was likely to be 2 significant risks based on information from their early audit. He also stated that there would be a slight change this year on how Grant Thornton arrived at their Value for Money conclusion. They would undertake a risk assessment and identify the significant risks, then they would do the work to offset those risks. He said they had not yet carried out the risks assessments, this would be done and the findings reported to the next Audit Panel meeting.

RESOLVED that the report be noted.

5. Pension Fund Audit Plan 2015-16

Jamie Bewick, Manager Public Sector Assurance, Grant Thornton introduced the report. He highlighted possible risks as a result of the valuation being incorrectly stated. Jamie Bewick added that some audit work might be necessary to assess the risk.

RESOLVED that the report be noted.

6. Pre-Audit Statement of Accounts 2015-16 -

The Head of Financial Services introduced the report, and the Acting Group Finance Manager – Core Accounting highlighted the main points in the report. Panel Members were told that the Statement of Accounts would be going to the Pensions Investment Committee the next day. It was noted that there was a slight decline in reserves.

The Head of Corporate Resources introduced the draft Pensions Fund Accounts and informed Panel Members that there had been little change and the accounts were down £6.7m approximately.

Councillor Ingleby received confirmation that the information on page 278 of the report on Financial Risk Management of the Pension Fund Accounts referred to last year's performance. The Chair said the Council's Governance priority on page 256 of the report was comforting to see, and asked Members to note this, as they need to ensure the Council was looking at the budget and responding to both internal and external activities.

It was noted that the Monitoring Officer holds quarterly meetings with senior officers to ensure the Council's Governance Framework was robust. The Council's performance was also reviewed against constant savings and changes taking place within the Council's structure.

RESOLVED that the report be noted.

7. Annual Assurance Report

The Head of Corporate Resources introduced the report.

Concerns were raised about the performance of Contract Management. The Head of Corporate Resources said there were two aspects to this service; Procuring and Contract Management. He said the section that deals with monitoring the procurement practice had been restructured and as a result some staff members had left. Recruiting to the current posts had proved difficult. It was noted that officers needed to ensure sufficient attention was given to this service.

The Chair said the responsible officer should be invited to the next meeting to explain to members why things were going wrong. The Chair asked who the responsible officer was, and was told the Head of Corporate Resources was responsible for this area.

The Head of Corporate Resources assured Panel Members that he would look through the past two years to find out which practices worked well and those that did not. He would then meet with the Managers for discussions to ensure practices

improve. The Chair said he was happy with this suggestion and asked the Head of Corporate Resources to see if there were any obvious patterns, and said he hoped officers had learnt from past mistakes.

Action >>>>> Head of Corporate Resources

The Head of Corporate Resources said he would provide a briefing for Councillor Brown on the Council's System of internal control.

Action >>>>> Head of Corporate Resources

Councillor Ingleby asked how officers intended to address the issue with Marzars company and was told that London Borough of Croydon would be dealing with this as Marzars was their contractor. The Head of Corporate Resources said Lewisham would continue their arrangements with Croydon to the next financial year to secure continuity but the Council's contract with Greenwich had come to an end and three people had been recruited to do the work internally.

Concerns were raised over the no assurance for Accounts Payable (core Financial Audit), and officers told they need to look at what caused the problems and how they would address them. The Head of Corporate Resources said he would investigate this further and report back to the Panel. The Executive Director Resources & Regeneration said a meeting with responsible managers would be organised as soon as possible and Action Plans put in place.

Action >>>>> ED Res & Regen

RESOLVED that the Annual Assurance report for 2015/16 be noted.

8. Internal Audit Update

The Head of Corporate Resources introduced the report. He highlighted that the independent external PSIAS assessment took place in February 2016 and there were 2 advisory recommendations made by the assessors to improve standards;

- i. the Panel could meet with the Internal Audit Contract Manager to find out if she has any concerns as to the independence of the present audit arrangements, and
- ii. the Audit Panel should consider whether they would like to complete an effectiveness assessment that included an assessment of effectiveness of the internal audit service and Head of Internal Audit.

The Chair said he would be happy to meet with the Internal Audit Manager sometime in September, and Audit Panel Members would decide whether they would like to complete the assessment as a group.

The Head of Corporate Resources told the Chair that he could meet with the Internal Audit Manager and other staff in the section when he wished to.

Following a question from Councillor Ingleby the Head of Corporate Resources said Audit Panel would only be consulted if there was significant work that needed to be done that would involve a lot of resources. The Executive Director for Resources and Regeneration said an example would be Contract Management work. The Head of Corporate Resources said this would be very rare.

RESOLVED that:

- i. the report be noted.
- ii. the proposed internal audit plan for 2016/17 be approved.
- iii. the Internal Audit Charter for 2016/17 be approved; and
- iv. the two recommendations from PSIAS relating to members be agreed.

9. Anti Fraud and Corruption Team (AFACT) Update

The Head of Corporate Resources introduced the report.

The Chair said he was aware of a lot of cases where people were trying to get properties under the Right to Buy Scheme using other people's names. He asked whether officers had noticed an increase of fraudulent activities in this area. It was noted that there had been an increase in the following cases; Right to Buy, sub tenancies, and inheritance tenancies. Officers have to ensure the processes were watertight to limit the risks.

RESOLVED that the report be noted.

Meeting ended:8.00pm

Chair.....