

# **MINUTES OF THE AUDIT PANEL**

**Tuesday, 8 December 2015 at 7.00 pm**

**PRESENT:** Councillors Helen Klier, Bill Brown, Mark Ingleby, Jim Mallory, Jonathan Slater, Eva Stamirowski and Richard King

**ALSO PRESENT:** Jamie Bewick, Manager Public Sector Assurance, Grant Thornton

Apologies for absence were received from Paul Dale

## **22. Minutes**

### Appointment of Independent Panel Members

Officers informed the Panel that they were still trying to fill the vacancies and this was proving difficult. The next step would be to advertise in a national newspaper.

### **Action >>> Head of Financial Services and Head of Corporate Resources**

### Commissioning and Procurement Board

The Head of Corporate Resources told Panel members that he would circulate the handbook as promised, very soon.

### **Action >>> Head of Financial Services and Head of Corporate Resources**

**RESOLVED** that the minutes of the meeting held on 17 September 2015, which was open to the Press and Public, be confirmed and signed as a true record of the proceedings.

## **23. Declarations of Interests**

None received.

## **24. Sedgehill School Deficit Update**

The Head of Resources, Children and Young People introduced the report.

Councillor Mallory said it would be useful to have a covering report for every item, as this would clearly state the recommendations to be considered for the report. Councillor Mallory asked whether officers were confident that the outstanding recommendations for the school would be completed as stated, in January 2016, and was told officers were confident they would get done.

In response to Councillor Ingleby's question about changes in Senior Management staff, the Panel was informed that a Chief Executive had been appointed for

Sedgehill School, and in time staff changes would be done to support the new structure.

Richard King stated that information without a covering report was not helpful, and another item within the agenda did not have a covering report. The Chair requested that in future report authors should ensure all items on the agenda have a cover report.

#### **Action >>> Head of Corporate Resources, Head of Financial Resources**

Panel members asked whether any lessons had been learnt from this experience. The Head of Resources, CYP said in future officers would look at schools' payrolls. Officers were also monitoring schools closely for trigger points, especially those that do not use the Council's payroll system. The Executive Director for Resources and Regeneration added that officers would also pay closer attention to the schools' returns.

The Chair asked whether the Council could have done more to prevent this, and was told by the Head of Resources, CYP that apart from checking the payrolls, officers could not have done more. He added that going forward officers would get financial data of the schools, and examine any changes in key personnel as this could be the trigger.

The Chair said it had come to light that Deptford Green school was also in deficit, and had been for over 18 months. The Head of Resources, CYP said he would be meeting with the School Bursar on Friday to discuss and set out reasonable steps that the school would need to follow through, adding that when the Headship of a school changes, this could pose a risk.

Councillor Mallory asked whether officers have access to Deptford Green's Payroll, and was told they did. It was also noted that the addition of a post sixteen provision to Deptford Green school would also add to their budget challenges as funding for post sixteen provision has gone down. In answer to the Chair's query, officers told the Panel that Deptford Green's Schools' deficit report would be going to Mayor and Cabinet in the New Year.

RESOLVED that the report be noted.

#### **25. Annual Audit Letter 2014/15**

Jamie Bewick, Manager Public Sector Assurance, Grant Thornton introduced the report. He highlighted that since the last meeting Lewisham's Accounts had been given an unqualified Value for Money conclusion, and the Audit Letter had been signed off.

Panel members asked whether they should be concerned that Lewisham's total level of reserves remains low in comparison to other councils, and was told that other Councils had added more funds to their reserves than Lewisham. Councillor Mallory asked for Jamie Bewick's advice on the matter. He advised that in the short term reserves could be utilised as Council's see fit but this would not be

sustainable in the longer term. Mr King said the adequacy of reserves was more important than comparison of reserves.

RESOLVED that the report be noted.

## **26. Budget Monitoring Financial Forecasts 2015-2016**

The Head of Financial Services introduced the report. He highlighted that this report had been to Mayor and Cabinet, and other Committees.

Councillor Stamirowski asked whether officers were confident the Council would achieve its aim. The Head of Financial Services said following the Corporate Spending Review last week, officers had spent time working out what the implications could be. The Executive Director for Resources said the provisional settlement to be announced the following week would tell local authorities what their funding would be for next year, but for now officers would stay with their current plans.

Councillor Slater commented that officers should look at ways to generate income as the spending review would be on-going for the foreseeable future. The Executive Director for Resources & Regeneration said an income generation officer had been appointed to lead on this, and there were some options being considered.

Panel Members requested an update on the Better Care Fund, and the Public Health Budget.

### **Action >> Head of Financial Services**

The Chair said it had been 5 years since the launch of personal budget for Adult Social Care, and asked why the Council had not been able to bring the budget under control. Officers said the services were changing. The Chair asked whether savings would be made, and was told it would depend on the package used, and administration cost. It was noted that the full details were not yet known.

RESOLVED that the report be noted

## **27. Grant Thornton Audit Panel Update**

Jamie Bewick introduced the report, which highlighted progress in delivering the External Auditor's responsibilities. It included a summary of emerging national issues, developments that would be relevant to the council, and questions that Panel Members might want to consider. Panel Members were informed that the final report would be brought back to their next meeting.

Jamie Bewick said he would provide access to the reports as requested by Panel Members.

### **Action >>>> Jamie Bewick, Grant Thornton**

RESOLVED that the report be noted.

**28. Internal Audit Update**

The Head of Corporate Resources introduced the report. He stated that work was underway on the 2015/16 audit plan. He said some of the audit recommendations to managers have not been agreed and the Executive Director for Resources and Regeneration, and the Internal Control Board would review these recommendations. Panel Members were also informed that the independent internal audit review would conclude in January 2016.

Panel Members questioned the number of overdue recommendations, and were told that some of them were related to the IT services, and as this contract was currently in transition it would not be effective if a representative were to be summoned to the meeting. Members were told that the IT Strategy was now in place.

The Chair asked officers about progress on the internal audit developments, and was told that officers were looking at different options carefully to ensure that the section gets the necessary professional support to enable efficient delivery of the service. The Chair said this seemed to be taking too long, and asked whether officers think the quality was improving. The Executive Director for Resources and Regeneration said officers think the quality of service had improved, and management were doing what they ought to do. Richard King said judging from the service provision available when he started as Panel member, he was convinced the quality of service was improving.

RESOLVED that the report be noted.

**29. Anti-Fraud & Corruption Update**

The Head of Corporate Resources introduced the report. He highlighted that Housing investigations continue to be important because of its impact on temporary accommodation. He also informed Panel Members that officers had been successful in securing a one off funding for counter fraud projects, and this had made provision to address some training needs.

Councillor Slater asked why the number of employee frauds had gone up, and was told that this could be as a result of effective preventive measures in the past when there had been adequate resources. Councillor Ingleby said the piece of work done for the 2 cases linked to No Recourse to Public funds was very helpful.

RESOLVED that the report be noted.

Meeting ended: 8.40

Chair.....