

MINUTES OF THE AUDIT PANEL

Thursday, 14 September 2017 at 7.00 pm

PRESENT: Councillors Jonathan Slater (Chair), Mark Ingleby, Maja Hilton, and Susan Wise

ALSO PRESENT: Carole Murray, Ian Pleace and Stephen Warren

1. Election of Vice Chair

Councillor Helen Klier was elected as Vice-Chair for the Audit Panel for the municipal year 2017/18

2. Minutes

The minutes of the last meeting are to be amended as follows:

Under "Minutes 23", it is not clear what the copy of the publication on consultants refers to; it was suggested that it may be referring to the data of trend of contractors leaving authorities because of recent tax changes. Darren Wells had said he would look to see if this data existed, which it does not.

Action 2: this action is on item 6 of this agenda

Action 3: it was agreed to wait for the Grenfell enquiry and the Housing Select Committee before proceeding. The issue of income generation is to be addressed at the Public Accounts Committee meeting on the 22 September 2017.

3. Declarations of Interest

Darren Wells declared a non-pecuniary interest as he had signed the letter from the Council submitting the bid from Goldsmiths, one of the final bidders on the Ladywell Playtower.

Councillor Susan Wise declared a non-pecuniary interest in item 5 as a director of Lewisham Homes.

4. Final Accounts 2016/17- Grant Thornton

Darren Wells discussed the outcome of this report. Discussing the stages of the audit, he detailed that it is substantially complete- there was nothing significant thus far to be brought to the attention of the Panel. The quality of the statement of accounts was high, noticeably improved from previous years.

There was nothing emerging from the key risks reported to the Panel in the audit plan.

A further disclosure note on the restatement of the service expenditure has been included in the finalised statement.

The report also highlighted the findings on Value for Money. Grant Thornton were unable to give a conclusion on Value for Money at this point, because of the New Bermondsey planning decision.

During the course of the audit, there were also 3 objections raised in relation to the value for money of the accounts- 2 on LOBOLs (Lender Only Borrowing Options Loans) and one on a private finance initiative. These objections are also being raised at other authorities. Until the objections are considered, the audit cannot be formally certified and completed, but auditors are able to give the opinion on the statements, which will be done by the end of September 2017.

Darren Wells asked that the Panel note that there is a copy of the proposed opinion in the first Final Accounts report, which incorrectly states that the value for money conclusion can be issued.

Action>> Upon exit from One Oracle Cloud, and the new finance system going live in March 2018, exposure regarding the new systems business plan and the issues of controlling should go to the Audit Panel

Jamie Bewick gave an update on the Pension Fund. The Pension Fund Accounts have been in good quality. There were a few classification adjustments which were highlighted in the report. None of these effected the overall valuation of the Fund. As with the main accounts, the main audit is done in June and this was largely achieved, but because of issues on both sides, some of this work was continued in August. Some work will need to be done to make the process more resilient. An unqualified opinion on the Pension Fund is being proposed which is also further detailed in the report.

5. Final Accounts 2016/17- LBL Response to Grant Thornton's Findings

Paul Calnan introduced this report. The reparation to the statement of accounts went very well. The team was resourced well and LBL specifically wanted to address the issue Grant Thornton raised in its reviews. The letter of representation, tabled at the meeting, is for the Panel to note the basis on which Grant Thornton are asking officers to give representations before the Audit's opinion is issued. The letter of representation is asking management to represent that they believe that no further disclosures need to be made in the financial statements

6. A briefing on the 2016/17 Employment Profile

Adam Bowles gave an overview of the highlights of the findings in the report. The Council's workforce has reduced in the last year from 2300 to 2209. The ratio of female to male employees is 6:4. There is an 11% gender pay gap; females being paid more than males. The number of resignations within the borough have fallen slightly from 50% to 43%. Lewisham Council is almost half the size of employees as it was 10 years moving from 4000 employees originally. Part-time employees represent approximately 1/5 of the workforce- 1 in 4 females being part-time compared to 1 in 10 males. LBL is slightly above average for the number of employees under 25 and are recruiting well in that category.

2 out of 3 of the workforce are aged over 40- the average age of a Lewisham employee is 46 and the average length of service is 10 years. Only 45% of

employees declare their religious status and 45% do not declare their sexual orientation.

In terms of recruitment, there is an average of 14 applicants per post, which was 13 the previous year- only 1 in 20 do not declare their BAME status and 1 in 10 applicants do not declare their LGBT status.

In regards to the next steps of improving the employment profile for Lewisham, the attractiveness to recruit candidates will be looked into as well as the Cloud system to look at the EVP (Employee Value Proposition) to ensure recruitment is attractive and advertised well. Work will also be done to raise the profile of LGBT and ensure they are well supported and the new IT systems will be used to collect more data of protected characteristics to get a better understanding of the employee profile. Lewisham are now fully compliant of the IR35 regulations in relation to agency workers and an external audit will be taking place on this matter. Work is also being done to convert agency workers to permanent employees where possible.

The issue of apprentice recruitment is being addressed both in the Mayor's office and also via borough entry movement. This is a good way to reach the younger workforce although the age restrictions on apprenticeships. In terms of developmental activity for staff, Lewisham can look into making more roles developmental, including apprentices.

The Council has signed up to be disability confident employer and this will be explored further in employability and recruitment, and the nature of flexible working for those with disabilities. Under the employee assistance programme, telephone advice is now available and the Council has taken part in mental first aid training. Managers are being trained on identifying stress among employees and the occupational health managers are also training managers on how to manage stress in the workplace.

One of the challenges in gender equality is that because of the number of agency workers, particularly within the environment division, many of those will be female workers and male. As a consequence the number of male staff at the lower scale, will be fewer, so the average is therefore lower. The disparity between male and female pay within the borough is also a consequence of most heads of service/directorates are female, bringing the average pay higher than males.

7. Internal Audit Update

David Austin gave an update on the progress of the internal audit. Over the summer, there was a rise in the recommendations. Two recommendations that were not agreed by management were referred to the Internal Control Board. They delegated the decision to the relevant Executive Director to assess and ensure the risk control balance is being taken into consideration. Their decision will be reflected in the monitoring of recommendations in the usual way.

The internal control board is made up of the executive management team, chaired by an independent former Chief Executive. Its scope is to look at the annual government statement, to ensure the government arrangements are well monitored, risk management and the internal audit and counter fraud areas are running effectively.

The service will be working with the finance and HR teams implementing the new Oracle ERP system to assess proposed controls in the new processes.

The 9 audits from the 2016/17 audit plan that were outstanding are now finalised. The 2017/18 plan is now underway. The core financial audits will start in quarter three.

The meeting finished at 8.22 p.m