

AUDIT PANEL		
Report Title	MINUTES	
Key Decision		Item No. 1
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 23 November 2011

Recommendation

It is recommended that the Panel agrees the Minutes of the meeting, which was open to the press and public, held on 20 September 2011.

LONDON BOROUGH OF LEWISHAM

Minutes

MINUTES of a meeting of the AUDIT PANEL, which was open to the press and public, held on TUESDAY 20 SEPTEMBER 2011 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU at 6.15p.m.

Present

Councillor Harris (Chair) Councillor Peake (Vice Chair) Councillors Clutten, and Mallory

Also Present, Councillor Maslin

Apologies were received from Councillors Clarke and Till

Independent Members

David Webb
Richard King

Audit Commission

Sue Exton - District Auditor

Geoffrey Banister - Audit Manager

RSM Tenon Ltd

Chris Harris - Director of Internal Audit

Officers

Janet Senior - Executive Director for Resources
Conrad Hall - Head of Business Management and Service Support
David Austin - Interim Head of Audit & Risk
Richard Lambeth - Group Manager - Accounting

Observer

Mike Robinson

Minute No.	Action
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1.	MINUTES (page
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RESOLVED	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.
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2.	DECLARATIONS OF INTERESTS (page
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- 2.1 The Chair declared a personal non prejudicial interest as a member of the Board of Lewisham Park Housing Association.
3. EXTERNAL AUDITOR'S REPORT ON THE 2010/11 ACCOUNTS
- 3.1 Sue Exton, District Auditor, Audit Commission introduced the report. She highlighted that an update of the Annual Governance report had been tabled. She added that work was ongoing on the financial statements and the highlighted amendments had been agreed with officers. Sue Exton informed members that she was currently working on the property plant and equipment report, which she received in September, to support the financial statements. She said she was in discussion with the Executive Director for Resources about the timetable for completion.
- 3.2 Sue Exton said that the report included a list of amendments agreed up to 12 September and the supplementary summary report circulated at the meeting included further adjustments agreed since the report was prepared. Work was ongoing on property plant and equipment, PFI schemes, the cash flow statement financial instrument and investments. The Chair asked Sue Exton if the issues she had highlighted would make any material difference to the accounts and was told that there were some, but the audit team were focusing their attention to these. She added that there was a risk that the 30th September deadline might not be met.
- 3.3 The Chair asked what the consequences of not meeting the deadline were, and how many other Councils were likely not to meet the deadline. Sue Exton advised that the Audit Commission would publish a list of those bodies who did not meet the deadline. The Executive Director for Resources said that they were working towards meeting the 30th September deadline, but the Audit Commission might not be able to audit the figures that had been provided by the Council because of the timeframe. Sue Exton added that to ensure everything was in place, they would need to have received the final statement by this time. The Executive Director for Resources informed members that there were a number of things outstanding, but most of them were straightforward and could be resolved quite easily. She added that issues might arise on gains and losses on assets as this was a complex issue, but both teams would try their best to resolve this or reach a compromise.
- 3.4 Sue Exton said that she was pleased to report that both teams had made very good progress on the audit provision to the pension funds and all issues had been resolved. She added that

Lewisham has yet to use a separate Bank Account for the Pension Funds. The Executive Director for Resources said this had been done. Sue Exton added that the Pension Fund should remain separate from the Council's Accounts and the Council should ensure that transfers were made in keeping with regulations. The Chair asked when the final sign off would take place and was told that it would be in a week's time. It was noted that the final report would be agreed by the Executive Director for Resources and the Chair of the Audit Panel, and this would be circulated to members of the Audit Panel for information. The Executive Director for Resources said that it had been a difficult time. Changes to the reporting systems and significant re-organisation within the finance team had all added to the complexity of the audit.

- RESOLVED
- i. that the Annual Governance Report, and the covering officer's report be noted.
 - ii. that the Chair of the Audit Panel and the Executive Director for Resources agree the final report; this report to be circulated to other members of the Audit Panel.
- ED
Resources

4. INTERNAL AUDIT UPDATE REPORT

- 4.1 The Interim Head of Audit & Risk introduced the report. He informed members that there was one outstanding report from last year to be completed. The delay was because of additional testing being requested. Members noted that the 2011/12 audit plan was in progress. The Chair asked whether Lewisham Park Housing had been given time to provide the necessary information. The Interim Head of Audit & Risk said that default notices had been issued in line with the conditions of the contract, and the contract could be terminated if issues were not addressed. The Executive Director for Resources said that the Council would continue to work with the Housing Association to support them to achieve compliance.
- ED
Resources
- 4.2 The Chair said he had noticed that the ICT Infrastructure was still high risk, as in the previous year. The Interim Head of Audit & Risk said that the risk was being closely monitored, and it was expected to come down once the telephone system was assessed as stable. The Chair asked why Employee Relations and Litigation were red. The Interim Head of Audit & Risk said that this was because of the uncertainties created by re-structuring and organisational changes within the Council, and recognising the wider pressures in respect of public sector employment terms and conditions, and pensions currently being

negotiated.

RESOLVED that the report be noted.

5. ANTI FRAUD & CORRUPTION TEAM UPDATE

5.1 The Interim Head of Audit & Risk informed members that the levels of cases were rising and to cover the additional caseload the team's risk assessment arrangements were improving. The Chair asked what Lewisham's performance was in uncovering fraud in comparison with other London Boroughs. The Interim Head of Audit & Risk said that Lewisham was third of 27 in terms of the number of benefit sanctions per officer for 2010/11. They expected this to be slightly lower because the Council has reduced the service and was considering fewer cases but targeting the bigger issues.

5.2 The Chair asked if officers were still working with local papers to raise awareness of these cases. It was noted that officers were working closely with the local media. At the request of the Chair, the Interim Head of Audit & Risk confirmed he would forward the June Audit Panel Counter Fraud discussion paper to Councillor Maslin for information. The Chair said he was aware of 3 subletting cases. The Interim Head of Audit & Risk said he did not know the details of the cases but confirmed more cases than this were under investigation in Lewisham. The Chair then asked what steps the Council would take against perpetrators. It was noted that if the investigation provided sufficient evidence to assert sub-letting then the Council, (or their managing agent, often Lewisham Homes) would sought recovery of the tenancy. Members were reminded that because subletting was a civil offence and not a criminal offence prosecution via the courts was not an option.

Interim
Head of
Audit &
Risk

RESOLVED that the report be noted.

The meeting ended at 7.15p.m.

Chair