



AGENDA AUDIT PANEL

Date: THURSDAY, 19 MARCH 2015 at 7.00 pm

**Committee Room 2
Civic Suite
Lewisham Town Hall
London SE6 4RU**

**Enquiries to: Olga Cole
Telephone: 0208 314 8577 (direct line)**

COUNCILLORS

Councillor Helen Klier (Chair)
Councillor Chris Barnham
Councillor Simon Hooks
Councillor Mark Ingleby
Councillor Jim Mallory
Councillor Jonathan Slater (Vice
Chair)

Independent Members

Paul Dale
Richard King
2 Vacancies

**This meeting is an open meeting and all items on the agenda may be
audio recorded and/or filmed**

Members are summoned to attend this meeting

**Barry Quirk
Chief Executive
Lewisham Town Hall
Catford
London SE6 4RU
Date: 10 March 2015**



INVESTOR IN PEOPLE

ORDER OF BUSINESS – PART 1 AGENDA

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Agenda Item 1

AUDIT PANEL		
Report Title	MINUTES	
Key Decision		Item No. 1
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 19 March 2015

Recommendation

It is recommended that the Minutes of the meeting of the Audit Panel, which was open to the press and public, held on 19 November 2014 be confirmed and signed.

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raised in previous years had not been addressed, and implementation had been scheduled for April 2015. He added that last year the Panel was assured that this issue would be addressed, and he found it unacceptable that it had not been done. The Head of Financial Services said that he understood why Mr King was concerned. He added that the Council carry out reconciliations on a range of different accounts processes. The Head of Financial Services said he was working very closely with his team to ensure a robust system was put in place to address this issue. He assured members that a proper process would be in place before April 2015.

3.3 Mr King said this was a historic problem that had not been addressed despite various assurances given in the past. He added that reconciliations was fundamental to effective financial processes. The Head of Corporate Resources said that this issue would be reviewed as part of the internal audit plan before April 2015. Councillor Mallory was told this was not related to terminating the internal audit contract.

3.5 Mike Robinson said this should have been part of the routine work, and was crucial to good financial practices. The Chair stated that the Head of Financial Services had now given the panel assurance that this work would be done before April 2015, and Panel members would expect the work to be done.

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RESOLVED that the Annual Audit Letter 2013/14 be noted.

4. BUDGET MONITORING FINANCIAL FORECASTS 2014/15

4.1 The Head of Financial Services introduced the report, and informed members the report had already been to the Public Accounts Select Committee and Mayor and Cabinet. He said that the Treasury mid-year review had been added as an appendix to the report for completion. The Head of Financial Services highlighted that the Council was projecting an overspend of £10.6m which was a significant amount. Panel members were told that the biggest spending was on Children Social Care and Adult Social Care. Panel Members were also told there was an on-going restructuring of the organisation which would have a significant impact on services.

4.2 The Head of Financial Services said a Corporate Expenditure Panel (CEP), had been established, which included the Chief Executive and the Executive Director for Resources and Regeneration. This was in place to act as another layer of scrutiny for proposed spending throughout the council. This was to ensure that budget holders were aware of the Council's position, and were doing their best to reduce spending.

4.3 Councillor Slater asked whether the Council could lobby central government for additional funding. The Head of Financial Services said that Lewisham and other local authorities have been lobbying central government since the savings drive started, this was on-going but, whether anything would come of it was yet to be seen. Councillor Slater also asked if the CEP only look at discretionary spending and not statutory spending, and was told they look at both. The Head of Financial Services said that officers would not change any policy, nor make any decision that would result in the Council being in breach of its statutory obligations.

Minute
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- 4.4 Councillor Slater said he hoped recruitment monitoring would start with consultants. The Head of Financial Services said that in the past reports on recruitment of consultants had been brought to the Audit Panel, the numbers have since been reduced, but sometimes a very good case would be made.
- 4.5 Councillor Barnham said that the presentation they had at the Public Accounts Select Committee meeting on the Financial Forecast was very good and useful. He said he was surprised that only 21% of the CYP Budget had been spent to date, and asked if this was normal compared to other boroughs. The Head of Corporate Resources said that this was normal given this report was to the end of September and spending would usually be most significant over the Summer holidays with invoices coming through in late September and October. Paul Dale said this was the same for all local authorities. Councillor Slater asked if the presentation could be sent to Audit Panel members who are not members of PASC.
- 4.6 Councillor Barnham said the Council seem to have a higher percentage in the Money Markets compared to the benchmark. The Head of Corporate Resources said the Council's priority is security, then liquidity, and then return. As a consequence it tends to invest in safer investments and avoids high risk and high returns. He added that officers were now looking at continuing with low risks investments but extending the investment term to take advantage of the better returns for longer (but no more than a year).
- 4.7 Paul Dale asked if allowance had been made for the £10m overspend within the £40m cuts to be made for 2015/16. It was noted that this money would have to be found in addition to the £40m. Paul Dale asked what other options were being considered if the savings can't be made, and was told the general funds reserves, may have to be used. 2015/16 would be a critical year for eliminating the overspend.
- 4.8 The Head of Financial Services said officers were looking at the underspend within Public Health to see how this money could be utilised in other areas that affect health. Councillor Mallory asked why CEP had not been put in place earlier given the amount of savings the council has to make. The Head of Financial Services said after it became apparent that projected spending was of a different order to normal, measures were immediately put in place to strengthen spending control. Given that the Council operates a process of delegated responsibility, the CEP was Considered a last resort. Councillor Mallory asked whether the CEP would continue to scrutinise spending proposals for at least another eighteen months, as he thought this would help with the savings drive. The Head of Financial Services said he does not think it would be abolished soon.
- 4.9 Mr Dale said that local authorities would need to come to terms with the fact that resources would continue to be reduced in future. Councillor Slater said that the council have to think smarter, therefore officers would need to think out of the box if the necessary services were to be delivered. The Head of Financial Services said that transformation was very important in the current climate. He said that this important message had been passed on from senior officers, and a lot of work was being done

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on income generation.

- 4.10 The Chair asked whether the Head of Financial Services had looked through the budget to see if they were appropriate for the individual departments. The Head of Financial Services said that he had discussed it with the departmental officers but had not gone through everything. He added that the information had been shared with the appropriate Cabinet Members as part of the activity of the Futures Board. He said although this had not been done as a single exercise, it had been done departmentally.

RESOLVED that

- i. the financial forecasts for the year ended March 2015, and action being taken by the Executive Directors to manage the forecasted year-end overspend be noted.
- ii. the recommendations contained in the mid-year treasury strategy, attached as an appendix to the report be noted.

5. INTERNAL AUDIT UPDATE

- 5.1 The Head of Corporate Resources introduced the report. He said the audit work was underway to be completed by June 2015. He said that he was pleased to report managers were now giving the audit recommendations attention and to date over 90% of the recommendations had already being completed or were in the process of being completed. The Head of Corporate Resources said that the Council has contracted the London Borough of Greenwich to deliver the schools audit plan, and was in the process of finalising the contracting of the main non-schools internal audit work through the London Boroughs of Croydon and Islington frameworks with Mazaars and PwC respectively. The Panel was informed that the new Head of Information Technology was present at the meeting to update members on developments.
- 5.2 The Head of Information Technology told members that he was appointed approximately 2 months ago and was aware that some of the issues raised in the past were connected to remote access and Wi-Fi connections. The Chair said that Council members also had issues around security and direct access from their workplace.
- 5.3 The Chair asked if these problems were because of lack of adequate resources. The Panel was informed that there had been 25% staff reduction, and savings had been made on big contracts. The Head of IT said some of the savings had been invested in building capability within the workforce. He said that in the past the authority had been reliant on Capita to provide the necessary services, but the Council now felt it would need to manage some of its projects. Mr Robinson asked why there was a delay in addressing the audit recommendations for IT. The Head of IT said that officers were taking steps to get into grips with the projects and program that would enable them to deliver the recommendations. He added that the IT strategy can't be drawn up until adequate capability was in place.

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- 5.4 The Head of IT said that it was important that the Council put in place a business continuity and disaster recovery plan. The ICT Client and Policy Manager said that the timetable for addressing the recommendations was put back in order to be PSN compliant, which included a continuity and disaster recovery plan. Mr Robinson asked whether there was an IT Strategy in place, and was told there was not. Mr Robinson said if there was not one in place then the projects that have been prioritised might not fit in with a new IT Strategy which could be a waste of time and resources. The Head of IT said there were some urgent things that needed to be done, before the IT Strategy was completed, e.g. the continuity and disaster recovery plan, and the Head of Strategy would be leading on the IT Strategy work.
- 5.5 Councillor Slater said that as the IT Strategy was not in place it would be worthwhile to see if outsourcing the IT Contract would deliver value for money. The Head of IT stated that everything was been looked at to get best value for money.

RESOLVED that the report be noted.

6. ANTI-FRAUD AND CORRUPTION UPDATE

- 6.1 The Head of Corporate Resources introduced the report. He said that Housing work was going well as his team was working closely with local housing partners and had recovered a good number of properties from fraudulent tenants. He added that Bed and Breakfast and temporary accommodation are a risk area for the Council. The Head of Corporate Resources said that the two officers in the Benefit Investigation section were to be transferred to the Department for Works and Pension in April 2015, therefore they were now looking at short-term cases that would not lead to prosecution, and be completed before the move.
- 6.2 The Head of Corporate Resources said that procurement fraud is the second largest risk area nationally and, working with the Home Office through the lens of its connection to organised crime, Lewisham has put itself forward to do a pilot on procurement fraud. It was not certain whether the Council would get funding, but it would be good to be one of the first Councils to do this work in respect of housing applications. Councillor Barnham said he was shocked to note that 67 out of 289 applications were fraudulent, he asked if this figure was normal. The Head of Corporate Resources said the counter fraud team has a risk based programme of work. Councillor Mallory said it might be beneficial if the forms included a warning that fraudsters would be expected to pay back any money they had claimed fraudulently. The Head of Corporate Resources said that this could come with its own difficulties, but officers were always looking at ways to deter fraudsters.

RESOLVED that the report be noted.

Meeting ended 8:50pm

Chair

Agenda Item 2

AUDIT PANEL		
Report Title	DECLARATIONS OF INTEREST	
Key Decision		Item No. 2
Ward		
Contributors	Chief Executive	
Class	Part 1	Date: 19 March 2015

Members are asked to declare any personal interest they have in any item on the agenda.

1 Personal interests

There are three types of personal interest referred to in the Council's Member Code of Conduct :-

- (1) Disclosable pecuniary interests
- (2) Other registerable interests
- (3) Non-registerable interests

2 Disclosable pecuniary interests are defined by regulation as:-

- (a) Employment, trade, profession or vocation of a relevant person* for profit or gain
- (b) Sponsorship –payment or provision of any other financial benefit (other than by the Council) within the 12 months prior to giving notice for inclusion in the register in respect of expenses incurred by you in carrying out duties as a member or towards your election expenses (including payment or financial benefit from a Trade Union).
- (c) Undischarged contracts between a relevant person* (or a firm in which they are a partner or a body corporate in which they are a director, or in the securities of which they have a beneficial interest) and the Council for goods, services or works.
- (d) Beneficial interests in land in the borough.
- (e) Licence to occupy land in the borough for one month or more.
- (f) Corporate tenancies – any tenancy, where to the member's knowledge, the Council is landlord and the tenant is a firm in which the relevant person* is a

partner, a body corporate in which they are a director, or in the securities of which they have a beneficial interest.

- (g) Beneficial interest in securities of a body where:-
- (a) that body to the member's knowledge has a place of business or land in the borough; and
 - (b) either
 - (i) the total nominal value of the securities exceeds £25,000 or 1/100 of the total issued share capital of that body; or
 - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person* has a beneficial interest exceeds 1/100 of the total issued share capital of that class.

*A relevant person is the member, their spouse or civil partner, or a person with whom they live as spouse or civil partner.

(3) Other registerable interests

The Lewisham Member Code of Conduct requires members also to register the following interests:-

- (a) Membership or position of control or management in a body to which you were appointed or nominated by the Council
- (b) Any body exercising functions of a public nature or directed to charitable purposes , or whose principal purposes include the influence of public opinion or policy, including any political party
- (c) Any person from whom you have received a gift or hospitality with an estimated value of at least £25

(4) Non registerable interests

Occasions may arise when a matter under consideration would or would be likely to affect the wellbeing of a member, their family, friend or close associate more than it would affect the wellbeing of those in the local area generally, but which is not required to be registered in the Register of Members' Interests (for example a matter concerning the closure of a school at which a Member's child attends).

(5) Declaration and Impact of interest on member's participation

- (a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any

event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take no part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **Failure to declare such an interest which has not already been entered in the Register of Members' Interests, or participation where such an interest exists, is liable to prosecution and on conviction carries a fine of up to £5000**

- (b) Where a member has a registerable interest which falls short of a disclosable pecuniary interest they must still declare the nature of the interest to the meeting at the earliest opportunity and in any event before the matter is considered, but they may stay in the room, participate in consideration of the matter and vote on it unless paragraph (c) below applies.
- (c) Where a member has a registerable interest which falls short of a disclosable pecuniary interest, the member must consider whether a reasonable member of the public in possession of the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.
- (d) If a non-registerable interest arises which affects the wellbeing of a member, their, family, friend or close associate more than it would affect those in the local area generally, then the provisions relating to the declarations of interest and withdrawal apply as if it were a registerable interest.
- (e) Decisions relating to declarations of interests are for the member's personal judgement, though in cases of doubt they may wish to seek the advice of the Monitoring Officer.

(6) Sensitive information

There are special provisions relating to sensitive interests. These are interests the disclosure of which would be likely to expose the member to risk of violence or intimidation where the Monitoring Officer has agreed that such interest need not be registered. Members with such an interest are referred to the Code and advised to seek advice from the Monitoring Officer in advance.

(7) Exempt categories

There are exemptions to these provisions allowing members to participate in decisions notwithstanding interests that would otherwise prevent them doing so. These include:-

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

Agenda Item 3

AUDIT PANEL		
Report Title	Update on 2014/15 closing of accounts and external audit	
Key Decision	No	Item No. 3
Ward	All	
Contributors	Executive Director for Resources and Regeneration	
Class	Part 1	Date: 19 th March 2015

1. SUMMARY AND PURPOSE

- 1.1. This report provides an update to member of the Audit Panel on the preparations for the 2014/15 Closing of Accounts and statutory External Audit.

2. RECOMMENDATION

- 2.1. The Audit Panel is asked to note the contents of the report.

3. 2014/15 EXTERNAL AUDIT

- 3.1. Grant Thornton began as the Council's external auditors on 1st November 2012. The forthcoming external audit is therefore the third one to be carried out by them. Senior Council finance staff have met regularly with senior Grant Thornton staff since the conclusion of the 2013/14 external audit to ensure that the next external audit is successful.
- 3.2. In January/ February 2015, Grant Thornton undertook their Interim Audit and the feedback has been mostly positive in respect of internal systems of financial control.
- 3.3. As part of the interim audit it was found that monthly bank reconciliations had not been taking place during 2014/15, however detailed cash records have been maintained throughout. The monthly reconciliation procedure has now been revised and will be carried out in the future. It was also agreed with Grant Thornton that a full reconciliation would be completed to the end of February 2015.
- 3.4. Grant Thornton will begin their substantive work auditing the Council's annual accounts in July 2015.

4. 2014/15 STATEMENT OF ACCOUNTS

- 4.1. The Statement of Accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounts, as agreed by the DCLG. The pre-audited Statement of Accounts is required to be completed by the end of June 2015 and

submitted for audit. The audited Statement of Accounts is required to be completed and approved by full Council by the end of September 2015.

- 4.2. As in previous years, both of these Statements will be submitted to the Audit Panel before the required deadlines. It is planned that they will be submitted to the meeting of Audit Panel on 23 June 2015. The audited Statement will be submitted to the Audit Panel in September 2015.

5. 2014/15 CLOSING OF ACCOUNTS

- 5.1. The 2014/15 Closing of Accounts timetable, guidance notes and reporting deadlines have again been reviewed and updated. As last year was fairly successful, very few changes have been made to the timetable and reporting deadlines. The only significant changes relate to asset valuations and the deadline for completion of the outturn report.
 - 5.1.1. Due to the changes to the procedures for asset valuations, in that the in-year valuations are now completed to the end of January, it has been possible to bring forward the dates for completion of the updating of the asset register and the charging of capital charges by over a month. This is expected to positively impact on all other tasks related to asset valuation at year end.
 - 5.1.2. The Outturn report will be reviewed by Mayor & Cabinet at the meeting on 3 June 2015. This is three weeks earlier than last year and therefore has meant the dates for despatch and therefore completion of the report has had to be brought forward significantly.
- 5.2. The accounts will be closed using the new Oracle R12 financial system for the first time. Officers have undertaken a significant amount of work on this during the year, for example, year-end reports have already been written and tested. Also, the migration data between the former Oracle release 11i and Oracle R12 was tested by Grant Thornton during the interim audit. Therefore, the migration to Oracle R12 is not expected to cause any additional issues for the year-end closedown process.

6. IMPLICATIONS

- 6.1. There are no financial, legal, crime and disorder, equalities or environmental implications directly arising from this report.

7. CONCLUSION

- 7.1. The report confirms that plans and procedures are in place to enable a timely and accurate audited Statement of Accounts to be produced at year end.

For further information on this report please contact:

Selwyn Thompson, Head of Financial Services on 020 8314 6932

Richard Lambeth, Group Finance Manager – Core Accounting on 020 8314 3797

Audit Panel Update

Year ended 31 March 2015

March 2015

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Darren Wells

Director

T +44 (0) 1293 554 130

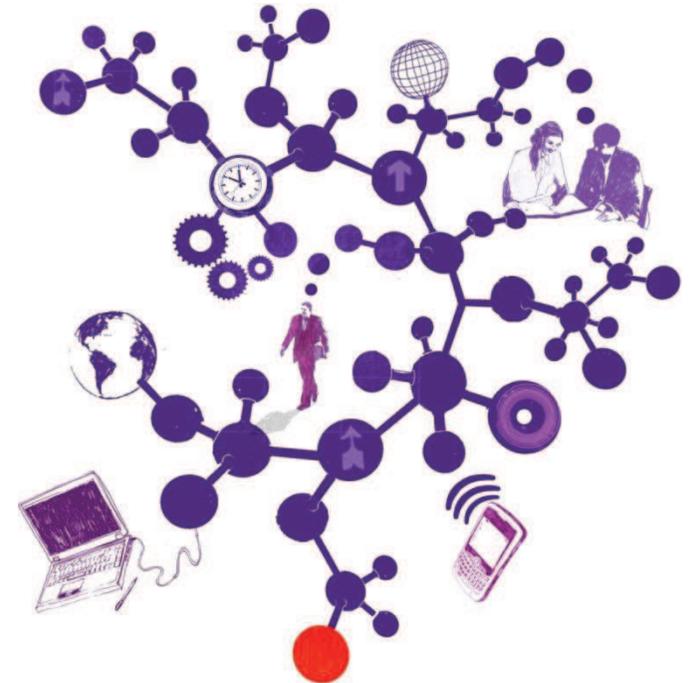
E darren.j.wells@uk.gt.com

Jamie Bewick

Senior Manager

T +44 (0) 1293 554 138

E jamie.n.bewick@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Audit Panel with a report on progress in delivering our responsibilities as your external auditors. The paper also includes information on some of emerging national issues that may be relevant to you.

Members of the Audit Panel can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- Raising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Darren Wells - Engagement Lead T 01293 554 130 darren.j.wells@uk.gt.com

Jamie Bewick - Senior Audit Manager T 01293 554 138 jamie.n.bewick@uk.gt.com

Progress at March 2015

Work	Planned date	Complete?	Comments
<p>2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on your 2014-15 financial statements.</p>	June 2015	N	<p>We plan to take this report to the Internal Control Board before presenting it to the June meeting of the Audit Panel.</p> <p>We also plan to present the pension fund audit plan to the same meeting.</p>
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	March 2015	Y	<p>As part of our interim accounts work we carried out a review of key controls in material financial systems, which included a review of monthly bank reconciliations, accounts payable reconciliations and payroll reconciliations.</p> <p>We found that monthly bank reconciliations have not been taking place during 2014/15. We have discussed this issue with management. They have informed us that detailed cash records have been maintained to enable a year end reconciliation to take place. They also informed us they will ensure the cash book reconciles to the general ledger as at 28/2/2015.</p> <p>There have also been no overall reconciliations of accounts payable during 2014/15.</p> <p>Payroll reconciliations have taken place in 2014/15. At the time of our review (February 2015) the most recent reconciliation was for November 2014.</p> <p>The scope of our work did not extend to other reconciliations.</p> <p>We will report in more detail on these issues in our audit plan.</p>

Progress at March 2015

Work	Planned date	Complete?	Comments
<p>2014-15 final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2014-15 financial statements • proposed opinion on your accounts • proposed Value for Money conclusion. 	July – August 2015	N	<p>Our final accounts visit is planned for July 2015.</p> <p>On 23rd March we plan to give a presentation to the wider finance team on our audit approach</p>
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2014/15 VfM conclusion comprises:</p> <ul style="list-style-type: none"> • Review of your arrangements to secure financial resilience • Review of your arrangements to secure economy, efficiency and effectiveness. 	June 2015	N	<p>We will focus particularly on your financial projections for 2015/16, your medium term financial projections and progress against your savings plans.</p>
<p>Other activity undertaken</p> <p>We have recently hosted technical accounting workshops on accounting issues in 2014/15 (with CIPFA) and on accounting for Private Finance Initiative (PFI) schemes. Finance staff from Lewisham attended these workshops.</p>	March 2015	Y	

All Aboard? - Local Government Governance Review 2015

Grant Thornton

Our fourth annual review of local government governance is available at <http://www.grant-thornton.co.uk/en/Publications/2015/Local-Government-Governance-review-2015-All-aboard1/>.

We note that the challenges faced by local authorities are intensifying as austerity and funding reductions combine with demographic pressures and technological changes to create a potential threat to the long-term sustainability to some organisations. Maintaining effective governance is becoming ever more complex and increasingly important.

Against this background we have focused this year's review on three key areas:

Governance of the organisation – the main area of concern highlighted in this year's governance survey is the level of dissatisfaction with the scrutiny process.

Governance in working with others – there is an urgent need for scrutiny to exercise good governance over the complex array of partnerships in which local authorities are now involved. Boundary issues notwithstanding, by 'shining a light' on contracted-out activities and joint operations or ventures, scrutiny committees can bring a new level of transparency and accountability to these areas

Governance of stakeholder relations – despite the work that a number of local authorities are doing with the public on 'co-production', almost a third of respondents to our survey did not think their organisation actively involves service users in designing the future scope and delivery of its services.

We conclude that local authorities need to ensure that their core objectives and values are fulfilled through many other agencies. This implies a greater role for scrutiny and a need to make sure local public sector bodies' arrangements are as transparent as possible for stakeholders.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Stronger futures: development of the LGPS

Grant Thornton

Our second review on governance in LGPS funds in England and Wales is based on comprehensive research with pension fund senior officers, supported by insights from pension fund auditors and is available at <http://www.grant-thornton.co.uk/Publications/2015/Stronger-futures-development-of-the-LGPS/>

With the local government pensions scheme (LGPS) continuing to face significant change and challenge, there is a clear commitment to ensuring its survival and the provision of affordable pension benefits for the future. Following the implementation of a career average pension scheme in 2014, administering authorities are preparing for significant changes in governance arrangements effective from April 2015.

Some of the key messages from the report are:

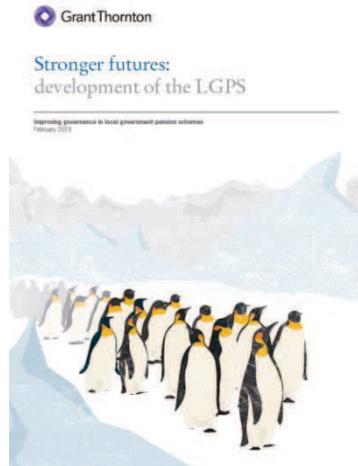
there are increasing strong examples of innovation and increased collaborative working across the LGPS to achieve reduced costs and improved use of specialist skills and knowledge;

implementation of the career average scheme from April 2014 went well and demonstrated good project management and effective communication with members and employers; and

there have been several other positive trends across the LGPS since our 2013 review particularly around the widening scope of reporting to Pension Committees including performance reporting, risk management and internal audit reviews.

However, we saw a wide variation in practice, including a concentration of risk reporting on investment risk, over half of funds have not implemented the CIPFA knowledge and skills framework as part of their member training, 45 per cent of Pension Committees do not receive internal audit reports and 15 per cent do not have specific internal audit coverage, and nearly half of funds have no information around the value of their liabilities in between the triennial valuations.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Accounting for schools – Code update and LAAP Bulletin 101

Accounting and audit issues

Accounting for schools

In December 2014, CIPFA issued an Update to Appendix E of the 2014/15 Code which states "The recognition of non-current assets used by schools shall be determined in accordance with the relevant standards adopted by Chapter Four Non-Current Assets of this Code as appropriate to the arrangements for the assets. These assets shall be recognised in a local authority's balance sheet if they meet either the appropriate recognition criteria (see Chapter Four) for the local authority or for a school within the local authority area".

Due to the varied and sometimes complex arrangements for use of school land and buildings, the accounting treatment for these non-current assets will require the chief finance officer to make significant judgements in the preparation of the statement of accounts. These judgements should be based on the circumstances for individual schools and will involve consideration of the rights of the school as an entity and any rights held by the local authority. Judgements should be robust and well documented as auditors will be required to consider whether these are reasonable and supported by appropriate evidence. Local authorities should discuss and agree these judgements with Those Charged With Governance.

The work required to identify and consider the arrangements over the use of schools may be significant and progress to date has been variable. Local authorities need to consider the resources required to identify and review arrangements and to undertake any necessary valuations. Good project management arrangements also need to be in place to ensure the requirements of the Code are met.

Treating a school as an entity means that local authorities are satisfied that, for each school, they have captured all the financial information relating to the school as an entity. This means all income and expenditure (including voluntary donations and related expenditure), cash flows and all assets and liabilities.

As part of their accounts preparations local authorities should ensure transactions between the local authority and schools are eliminated, all required disclosures are made and any appropriate governance matters are disclosed in the Annual Governance Statement.

A more detailed summary of the issues arising from the Code Update and LAAP Bulletin 101 is available on request.



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Certification report 2013/14 for the London Borough of Lewisham

Year ended 31 March 2014

January 2015

Page 24

Darren Wells

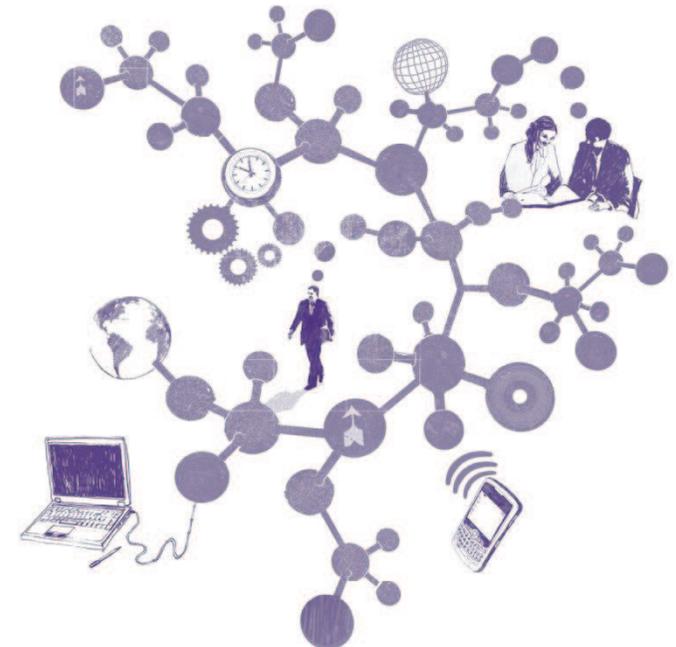
Director
T 01293 554 120
E darren.j.wells@uk.gt.com

Jamie Bewick

Senior Manager
T 01293 554 138
E jamie.n.bewick@uk.gt.com

Stephen Richards

Executive
T 020 7728 3340
E stephen.j.richards@uk.gt.com



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Section 1: Summary of findings

01. Summary of findings

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Summary of findings

Introduction

We are required by the Audit Commission to certify certain claims and returns submitted by the London Borough of Lewisham ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified two claims and returns on behalf of the Audit Commission for the financial year 2013/14 relating to expenditure of £235.7 million. These were:

- Housing benefits
- Housing capital receipts pooling

We have also certified the Teachers Pension return which also required certification but was not part of the Audit Commission's regime.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

For the Teachers pension return the scope of the work was agreed between Grant Thornton, the Council and Teachers Pensions and was set out in the letter of engagement.

Key messages

A summary of all claims and returns subject to certification is provided at Appendix A . The key messages from our certification work are summarised in the table below.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	Claims and returns were submitted and certified in line with the Government Department deadlines.	Green ●
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The number and frequency of errors in the Housing benefits claim was higher than in the previous year. There were a number of amendments to the Teachers Pension return. None of the errors identified had a material effect on the amounts of the claims or returns.	Amber ●
Supporting working papers	The Teachers Pension return did not have a proper audit trail and did not agree to supporting records. Other claims were supported by good working papers. The Council does not retain evidence for housing benefit claims over six years old.	Amber ●

Housing and council tax benefits claim

We certified the housing and council tax benefits claim on 27th November 2014, in compliance with the Department of Work and Pensions deadline.

As in previous years the claim was qualified. We noted that both the types of errors and the frequency of errors had increased since the previous year. The main categories of error were:

- incorrect classification of cases.
- incorrect calculation of earnings; and
- incorrect calculation of eligible rent.

In accordance with the Department of Work and Pensions approach, the higher incidence of errors required us to carry out more samples of extended testing (nine samples in 2014 compared with three in 2013). The Department requires extended testing as a basis to quantify and extrapolate errors on a consistent basis.

It is worth noting however that none of the errors we reported were material in the context of the claim.

We subsequently met with senior finance and benefits staff to explore the reasons for increasing error rates. Key reasons include increased numbers and complexity of benefit claimants and staffing and resource pressures at the Council. These issues are not unique to Lewisham:

We agreed to revisit these discussions before starting our work on the 2014/15 benefits claim.

A further issue we reported in our qualification letter is that the Council has a policy of disposing of records after six years. As part of our random sampling we identified and reported six cases where there had been no change of circumstances in over six years. As a consequence, the Council was not able to demonstrate that benefit was correctly calculated and paid for the cases in question. We also reported this fact in 2012 and 2013. The Department of Work and Pensions has since written to the Council for further explanation, and this has been the subject of additional correspondence.

Housing capital receipts pooling

We certified the housing capital receipts pooling return. The return was prepared to a good quality standard and was supported by good working papers. We identified one minor error in the return, but this did not affect the amount payable into the pool.

Returns outside the Audit Commission regime – Teachers Pension

The Teachers pension return is no longer part of the Audit Commission regime, but still requires an auditor's certificate. We agreed with officers that we would carry out the certification in 2014 as we had certified this return in previous years.

The return has been qualified in previous years and was also problematic in 2014. We recommended last year that the Council should retain payroll records to support the teachers pension return. This year the Council did retain payroll records but did not provide an audit trail to reconcile the return to the payroll information. This trail had to be recreated by the audit team. The return did not agree to the underlying payroll records. Consequently the Council had to make numerous adjustments to the draft return. We issued an unqualified certificate on the revised return.

In our view the responsibilities and arrangements for producing the teachers pension return are not clearly defined, leading to on-going issues in the production of the return. Addressing these issues would reduce the time taken and the cost of certifying the return.

Certification fees

The indicative certification fee set by the Audit Commission for 2013/14 for the Council is based on final 2011/12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) have been removed. The fees for certification of housing benefit subsidy claims were reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. This is set out in more detail in Appendix C.

The indicative certification fee for the Council for 2013/14 was £26,443. We have proposed a fee increase of £9,819. This is because the number and types of benefits errors we identified were significantly higher than in the reference year 2011/12 and required significantly more audit time than originally envisaged.

It is worth pointing out however that certification fees are still less than the comparative figures for 2012/13 and are continuing a downward trend. We have discussed with management how further efficiencies could be built into the certification process in future.

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B. We note that these were also recommendations in 2012/13.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional auditor fees.

Acknowledgements

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
January 2015

Appendices

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Appendix A: Details of claims and returns certified on behalf of the Audit Commission in 2013/14

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefit subsidy claim	£233,820,773	Yes	0	Yes	Amendments did not affect the overall amount of subsidy payable
Capital receipts return	£ 1,884,988	Yes	0	No	There was one amendment which did not impact on the amount payable to the pool

Appendix B: Action plan

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Formalise procedures for the Teachers Pension return, so that arrangements and responsibilities for 2014/15 are clear.	Medium	A series of meetings with the key stakeholders has started, which seek to strengthen existing procedures and ensure that lines of responsibility for specific areas of this activity are clear	April 2015, Selwyn Thompson
2	Ensure the Teachers pension return is reconciled to the underlying monthly payroll summaries.	Medium	A process of review and monthly sign off of reconciliations will be introduced, including monthly payroll adjustments	April 2015, Robert Campbell
3	Review the errors in the 2013/14 Housing benefit records, and target quality assurance processes at minimising similar errors occurring in future	Medium	Review to take place in time to inform the next audit	June 2015, Mick Lear
4	Review the Council’s policy of disposing of all information on the document imaging system which date back to more than six years.	Medium	Review to take place in time to inform the next audit	June 2015, Mick Lear

Appendix C: Fees for claims and returns certified on behalf of the Audit Commission

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance year on year (£)	Explanation for significant variances
Housing benefits subsidy claim	39,978	24,273	34,092	(5,886)	Subject to confirmation by the Audit Commission
Capital receipts return	2,600	2,170	2,170	(430)	
Total	42,578	26,443	36,262	(6,316)	



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AUDIT PANEL		
Report Title	Internal Audit update report	
Key Decision	No	Item No. 5
Ward	ALL	
Contributors	Head of Corporate Resources	
Class	Part 1	Date:19 March 2015

1. Purpose of the report

- 1.1. This report presents members of the Audit Panel with:
- Progress of internal audit work against the audit plan,
 - Progress of the implementation of internal audit recommendations,
 - The revised and update Internal Audit Charter, and
 - A list of external assessors for the Public Sector Internal Audit Standards (PSIAS).

2. Recommendations

- 2.1. It is recommended that the Audit Panel:
- 2.1.1. Note the content of this report and presentation by Officers.
 - 2.1.2. Approve the Internal Audit Charter for 2015/16 at Appendix 5.
 - 2.1.3. Approve the proposal to engage the NHS London Audit Consortium to undertake a PSIAS compliant independent external assessment in 2015/16.

3. Background

- 3.1. The Council's Internal Audit Service is currently changing following the ending of the internal audit contract in June 2014. Arrangements are in place with external providers to complete the 2014/15 audit plan. They are that the core financial audits are conducted by Mazars Ltd, via the London Borough of Croydon; the school audits by the Royal Borough of Greenwich, and the IT audits by Pertinax Consulting Ltd.
- 3.2. At the time of writing this report, the in-house team consists of the Head of Corporate Resources, Internal Audit Contract Manager and an Internal Audit - CIPFA Trainee.

4. Executive Summary

Section 5 - Internal audit progress update for 2014/15 – The school audits are near completion. The core financial and IT audits are under way with draft reports due in March / April. Three pieces of audit work were dropped or deferred from the plan, and one piece added.

Section 6 - Limited, No Assurance and Consultancy reviews – No negative assurance or consultancy reports were finalised since the last meeting. Corporate Asset Services are attending the Audit Panel to follow up on progress since the consultancy review of this area in 2013/14.

Section 7 - High and Medium recommendations not agreed – Management have agreed all High and Medium recommendations made since the last meeting.

Section 8 - Progress on the implementation of recommendations. The six follow-up reviews show that the significant majority - 93% - of recommendations implemented. While there is a reduction of open recommendations due, the percentage of overdue recommendations to those open has increased. This is a negative trend and will be watched closely.

Section 9 - Internal Audit Charter – the Internal Audit Charter has been updated from last year and takes into account the comments and suggestions from the Audit Panel.

Section 10 - PSIAS – The Council’s Internal Audit Service is due an independent external assessment in 2015/16. A list of quotes is provided with a proposal from officers for the Panel to consider.

Section 11 - Restructure of the internal audit service – As previously reported arrangements are in place for 2014/15 and the transition to build an in-house service with access to external support on an as needed basis continues.

Section 12 – Any Other Business – Officers have met with the external auditors and the internal audit planning for 2015/16 is underway with the plan to be reported to the Audit Panel in June.

5. Internal audit progress update

2014/15

- 5.1. The non-school core financial are now underway. For the core financial work all reviews are at one of the following stages: pre-audit meetings are booked, fieldwork is in progress and draft reports pending. Of the core 17 audits:
- Three have had the fieldwork completed
 - Five have fieldwork in progress
 - One ToR issued, and
 - The remaining eight due to start in for details of each audit.
- 5.2. There are two IT audits at draft and one in the process of starting.
- 5.3. The schools’ plan is nearly complete, with five reports at draft and three at fieldwork stage.
- 5.4. The table below shows the status of the internal audit plan at the end of February.

Lead Dir.	Original Plan	Addtnl. Audits	Dropped Audits	Current Plan	Final Rpts	Reports at Draft	ToR Issued	Not Started
RRE	13	-	2*	11	-	1	3	7
CUS	10	3*	-	13	1	1	4	7
COM	9	-	2	7	-	-	-	7
CYP	6	3	-	10	5	-	-	5

Lead Dir.	Original Plan	Addtnl. Audits	Dropped Audits	Current Plan	Final Rpts	Reports at Draft	ToR Issued	Not Started
Sub	38	4	(2)	41	6	2	7	26
SCH	32	1	(2)	31	23	5	3	0
Total	70	5	(4)	72	29	6	11	26

*includes audits with change of directorate

5.5. There was one piece of audit work added since the last meeting:

- Troubled Families Claim 8 (Feb 15).

5.6. There were three pieces of work dropped from the plan. They were:

- Pathway – Training (COM). The training was due in Q1/2 but due to the unexpected changes to the internal audit service at the time the training did not take place. As a result the main audit could not take place.
- Pathway – Framework Assessment (COM), and
- Chelswood Nursery (SCH) – this was due by the end of February 15. The school was one finance officer down due to maternity leave and found out that another was due to have an operation during February / March requiring the audit to be cancelled. This audit will now be re-scheduled for 2015/16.

5.7. The core financial, IT and school audits are all on track to be completed by June 15. In addition, Mazars have verbally confirmed that they have the resources to complete the non-core audits in April and May.

5.8. Since 31/10/14, 13 final reports were issued. The table below lists these audits with their assurance opinion, when they were issued, and number of recommendations made.

Dir.	Audit	Date of Final	Audit Opinion	Recs. Made		
				H	M	L
CUS	Rogue Landlord Grant	08/12/14	Grant Claim	N/A		
CYP	Troubled Families Programme Claim 8 (Feb 15)	17/02/15	Grant Claim	N/A		
CYP	Troubled Families Programme Annual Review 14/15	05/12/14	Substantial	-	2	7
SCH	St James Hatcham CE Primary 2014/15	26/02/15	Satisfactory	1	8	3
SCH	Coopers Lane Primary 2014/15	26/02/15	Substantial	-	3	2
SCH	St Winifred's Infant School 2014/15	24/02/15	Satisfactory	-	6	5
SCH	Kelvin Grove Primary – 2014/15	24/02/15	Substantial	-	3	2

Dir.	Audit	Date of Final	Audit Opinion	Recs. Made		
SCH	St William of York RC Primary 2014-15	20/01/15	Substantial	-	2	7
SCH	Grinling Gibbons Primary 2014-15	31/12/14	Substantial	-	2	3
SCH	St Margarets Lee CE Primary 2014-15	19/12/14	Satisfactory	1	3	5
SCH	Brent Knoll - Special - 2014-15	19/12/14	Substantial	-	2	3
SCH	Brindishe Lee Primary 2014-15	08/12/14	Satisfactory	1	8	10
SCH	Ashmead Primary 2014-15	24/11/14	Substantial	-	1	-

6. Limited , No Assurance and Consultancy reports

6.1. There were no 'Limited', 'No Assurance' or 'Consultancy' reports issued since the last meeting.

7. High or Medium recommendations not agreed

7.1. Management have agreed all 'Medium' and 'High' recommendations made in the reports issued since the last meeting.

8. Progress on the implementation of recommendations.

Follow-ups

8.1. All Non-school reviews with High or Medium recommendations are followed-up by internal audit within nine months of the final report. School audits with a negative assurance opinion (i.e. 'Limited' or 'No assurance') also receive a follow-up review.

8.2. There were six follow-up reviews completed since the last Audit Panel meeting (all non-schools). The summary status of the recommendations followed up is shown in the table below:

Implemented	In Progress	Superseded	Not Implemented	Total Recs
14	0	1	0	15
93%	0%	7%	0%	100%

8.3. Those recommendations found to be 'in progress' or 'not implemented' are held open or reopened. Management will continue to update the progress of implementation and internal audit report on this progress.

Superseded

8.4. Management did not supersede any recommendations during this period. Since the last Audit Panel, internal audit superseded two recommendations. They are:

- Troubled Families Programme 14/15 – superseded as recommendation in relation to access to data was made in the 13/14 audit. Internal Audit superseded the 14/15 recommendation to avoid duplication and to keep all progress updates in one place with the original date the recommendation was raised.
- Highway Maintenance Reactive Maintenance – management originally closed down the recommendation about the contract and provided evidence of its implementation on the SharePoint site. During the follow-up review, internal audit found that a new contract is in place and the original recommendation was no longer applicable. As such, Internal audit recorded this recommendation as superseded.

Implementation of recommendations

- 8.5. Management are responsible for updating the process of their Medium and High recommendations on a SharePoint site called “Recommendations”. Internal audit maintain this site on behalf of management. The Internal Control Board (ICB) and the Audit Panel receive updates on the status of the recommendations from internal audit.
- 8.6. The table below shows the status of managements’ recommendations as at 28/02/15.

Lead Dir.	Previous No. of O/Due Recs.	Current No. of O/due Recs at 28/02/15	Current No. of Recs with 2+ changes	Previous No. of Open Recs at 31/10/14	No of Recs Re-opened since 31/10/14	New Recs since 31/10/14	Closed Recs since 31/10/14	Current Open Recs at 28/02/15
RRE	6	1	-	12	-	-	(5)	7
CUS	-	4	2	16	-	-	(4)	12
COM	1	-	-	5	1	-	(4)	2
CYP	-	1	2	8	1	2	(4)	7
Total N/S	7	6	4	41	2	2	(17)	28
SCH	11	47	1	50	-	44	(21)	73
Total All	18	53	5	91	4	46	(33)	101

- 8.7. The percentage of all overdue to open recommendations is 52%. This is an increase from the 39% reported at the last meeting.
- 8.8. The non-school percentage of overdue to open recommendations is 21%, which is slightly up from the 17% from the last report. Although the percentage of overdue has increased this quarter, the actual number of open recommendations for non-school recommendations has reduced from 41% to 21% over the last year.
- 8.9. The school percentage of overdue to open recommendations is 64%, which has increased from the 22% reported at the last meeting. This may be in part a timing issue in respect of when the reminders were sent out.
- 8.10. Internal audit will continue to monitor the timely implementation of recommendations, both non-school and school.

- 8.11. Details of those recommendations that are either overdue, have two or more implementation date changes, or have been re-opened after the follow-up review are presented in Appendix 3.
- 8.12. A summary of recent internal audits in the Corporate Asset Services area is provided at Appendix 5. Given the position on the recommendations from a number of reviews in the Corporate Asset Services area, the Audit Panel asked that officers attend the March meeting and update on how these recommendations were addressed and other work to improve control in this area.

9. Internal Audit Charter

- 9.1. The previous Internal Audit Charter was presented to members in March 2014. Members requested that internal audit revise the Charter to include:
- Reference to officers attending the Audit Panel where concerns on the progress of implementations were raised;
 - A structure chart;
 - An introduction, and
 - Be written in plain (i.e. less technical) language.
- 9.2. Internal Audit accepted the comments of the Audit Panel and the revised Charter for 2015/16 is presented at Appendix 5 for the Audit Panel's approval.

10. Public Sector Internal Audit Standards (PSIAS)

- 10.1. The PSIAS were introduced from April 2013. As part of the requirements to demonstrate compliance with good practice in the PSIAS every internal Audit function must have independent external assessment. This should be within three years of the PSIAS coming into effect and then at least every five years thereafter. Lewisham Council's independent external assessment is due in 2015/16.
- 10.2. The independent external assessment is proposed for December 2015 / January 2016. This will give the newly restructured internal audit function time to bed in and provide a more stable basis on which the assessment of the function can be made.
- 10.3. The PSIAS require that the Audit Panel are involved in the consideration of the best approach to complying with the requirement for an independent external assessment. And in line with the Council's procurement practice for small scale pieces of work (less than £10,000), a number of quotations for selecting a suitable independent external assessment have been obtained. These are discussed below.

London Audit Group (LAG)

- 10.4. LAG is the network of London public sector Heads of Internal Audit who meet on a regular basis to exchange views and learn about issues affecting internal audit in the public sector.
- 10.5. On a mutual support basis many of the London Borough Heads of Internal Audit have agreed to team up to conduct the external assessments between themselves. The cost of the external assessment is zero with each participating Borough providing time in lieu of cash.

Pros

- no monetary cost to the internal audit function / council.
- assessor would have a good knowledge of local government.

Cons

- perpetuates the known rather than bringing insights from other internal auditors.
- takes auditor time / resource away from the completing Lewisham's audit plan.

Chartered Institute of Internal Auditors (CIIA)

10.6. The CIIA is one of the main bodies who worked with the Chartered Institute of Public Finance and Accountancy (CIFPA) to create the PSIAS.

10.7. The CIIA offer to conduct a review for between £9,000 to £11,000, depending on the structure and scale of the service at the time of the assessment.

Pros

- a deep technical understanding of the spirit and letter of the PSIAS.

Cons

- cost as the price is high at just under 3% of the annual internal audit budget.

NHS – London Audit Consortium (NHS-LAC)

The NHS-LAC is a consortium of previously individual in-house NHS internal auditors now hosted by the Barts Health NHS Trust. The NHS-LAC are offering to undertake the independent external assessment of the Council's internal audit service arrangements for £2,000.

Pros

- as a public body will have knowledge of the PSIAS.
- are willing to review any documents / process prior to the engagement and provide feedback.
- Would be independent as Lewisham unlikely to purchase / work with them

Cons

- Is not the cheapest out of the three quotes received.

10.8. At the time of this report, CIPFA had not provided a quote. Officers have not approached the firms (e.g. Ernst & Young, Grant Thornton, KPMG, Mazars, PwC) for quotations in this round. This is to retain the flexibility to commission work from any of the firms as needed under the new internal audit service arrangements the Council is implementing. It will also ensure the independence of any external audit work as it is likely that one of these firms may be the Council's external auditors, currently Grant Thornton. It was felt that the anticipated bids would likely be of a similar order or higher than that of the CIIA.

10.9. Having considered the options above, Officers are proposing, subject to the Audit Panel's agreement, to invite the NHS – London Audit Consortium to undertake the independent external audit assessment of the Council's internal audit service arrangements in 2015/16.

11. Restructure of the Internal Audit Service

11.1. The position remains as previously reported.

11.2. The interim solution for 2014/15 is a combination of arrangements. The Council is deploying the existing internal resource of the internal audit manager and audit trainee. The Council has contracted the London Borough of Greenwich to deliver the schools audit plan, and an independent IT consultant to deliver the IT audits in the plan. The Council contracted with Mazars via the London Borough of Croydon framework to deliver the main non-schools internal audit work.

11.3. While the 2014/15 plan is being delivered the team are finalising the operational structure, job descriptions, recruitment plan etc.. to build the agreed model for having a largely in-house service. The service will have qualified staff and trainees (either CIPFA or CIIA) with some budget held for contracting specialist services as needed. This proposal is modular and offers the flexibility over time to develop the team, introduce new skills and work closely with other Boroughs to support each other and cover peaks and troughs in demand.

12. Other business

12.1. The service planning for 2015/16 has begun with a review of the risk registers, service plans, and other sources of assurance (e.g. inspections and external audit findings). This work informs the assurance mapping of key processes and controls from which the priority audits are identified in the plan for 2015/16. Future updates will report on this as the audit plan for 15/16 is brought to the Panel for review and approval.

12.2. The internal audit team have met with, and will continue to meet quarterly with, the external auditors to ensure that, where possible, the scope of internal audit work does not duplicate or clash with the financial statement and value for money work scheduled by Grant Thornton.

13. Legal Implications

13.1. There are no legal implications arising directly from this report.

14. Financial Implications

14.1. There are no financial implications arising directly from this report.

15. Equalities Implications

15.1. The Equality Act 2010 became law in October 2010. The Act aims to streamline all previous anti-discrimination laws within a Single Act. The new public sector Equality Duty, which is part of the Equality Act 2010, came into effect on the 5 April 2011.

15.2. The Council's Comprehensive Equality Scheme for 2012-16 provides an overarching framework and focus for the Council's work on equalities and helps ensure compliance with the Equality Act 2010. No direct equalities implications have been identified, in terms of adverse impact, with respect to the Council's obligations under the Equality Act 2010.

16. Crime and Disorder Implications

16.1. There are no crime and disorder implications arising directly from this report.

17. Environmental Implications

17.1. There are no legal implications arising directly from this report.

18. Background Papers

18.1. There are no background papers.

If there are any queries on this report, please contact either

David Austin, Head of Corporate Resources, on 020 8314 9114, or email him at:

david.austin@lewisham.gov.uk

Julie Hetherington, Internal Audit Contract Manager, on 020 8314 3539, or email her at julie.hetherington@lewisham.gov.uk

Appendix 1 - 2014/15 Audit Plan (core financial audits in bold)

Lead Dir.	Name of Audit	Scope	Date Due / ToR Issued	Date Audit Finalised	Opinion
RRE	Procurement Card	Key financial controls	29/10/14	Draft issued	
RRE	Pensions for LGPS and TPS	Key financial controls	08/01/15	At review stage	
RRE	Budget Monitoring	Key financial controls	08/01/15	F/W completed	
RRE	Payroll	Key financial controls	08/01/15	Started F/W	
RRE	Treasury Management	Key financial controls	Q3		
RRE	Non-Current Assets	Key financial controls	Q3		
RRE	Capital Expenditure	Key financial controls	Q3		
RRE	Main Accounting	Key financial controls	Q3	Started F/W	
RRE	Insurance – In house processes	To review the procedures for in-house claims handing process for efficient and effective.	TBC		
RRE	Procurement	Review the procurement process and monitoring of contracts, the governance and administration of the Commissioning and Procurement board. To include how the evaluation of business continuity plans at the award stage is conducted and approved. To include how the Public Services (Social Value) Act is enforced.	TBC		
RRE	Programme and Project Management	To review the programme management process to establish if they are fit for purpose. Also, look at PRG in COM, CYP, RRE to see if they comply with Council's management approach. To include a review of the processes relating to projects that have concerns.	TBC		

Appendix 1 - 2014/15 Audit Plan (core financial audits in bold)

Lead Dir.	Name of Audit	Scope	Date Due / ToR Issued	Date Audit Finalised	Opinion
CUS	Rogue Landlord Grant	Grant review (Additional)	17/10/14	08/12/14	Grant Claim
CUS	IT Strategy (IT Audit)	Review the IT strategy.	10/11/15	20/02/15	
CUS	Accounts Payable	Key financial controls	13/02/15	F/W completed	
CUS	Accounts Receivable	Key financial controls	13/02/15	Started F/W	
CUS	Banking	Key financial controls (Previously RRE)	20/02/15	ToR issued	
CUS	Council Tax	Key financial controls	21/01/15	Started F/W	
CUS	Housing Benefit / Council Tax Reduction Scheme (CTRS)	Key financial controls	Q3		
CUS	NNDR	Key financial controls	Q3		
CUS	Decent Homes Contractors / Fire / H&S - Client management	To review the management of 'Decent Homes' expenditure, objectives and outcomes. To include the monitoring of recommendations from Fire Brigade and other agencies.	TBC		
CUS	Housing Grants / Council's Housing Assistance Policy	To review the controls surrounding the handy-person service and disabled facilities grants.	TBC		
CUS	Business Continuity Plans (IT Audit)	To review the council's continuity plans for: Telephony / IT Systems (including servers - corporate and local / 3rd party) to see if they are reviewed regularly, feasible and officers know where they are and what to do.	TBC		

Appendix 1 - 2014/15 Audit Plan (core financial audits in bold)

Lead Dir.	Name of Audit	Scope	Date Due / ToR Issued	Date Audit Finalised	Opinion
CUS	Oracle12 Upgrade (IT Audit)	Post implementation review of the new Oracle upgrades system	TBC		
CUS	SharePoint 2010 (IT Audit)	Look at local security and usability.	TBC		

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Lead Dir.	Name of Audit	Scope	Date Due / ToR Issued	Date Audit Finalised	Opinion
COM	Payments to Care Providers for Older Adults	Key financial controls (to be agreed)	Q3	Started F/W	
COM	Client Contribution for Care Provision	Key financial controls (to be agreed)	Q3		
COM	Direct Payments	Key financial controls (to be agreed)	Q3		
COM	South London and Maudsley (SLAM) - (Specialist Audit)	Review the governance and operational management in respect of LBL interest in relation to SLAM	TBC		
COM	Youth Offending Service (YOS)	To review the objective and outcomes of the service	TBC		
COM	Public Health Contracts	To review the management of Public Health Contracts for general process, decision making, scrutiny, length of contracts / renewal monitoring etc	TBC		
COM	Quality Assurance Training - Pathway (non-assurance)	To provide training / advice on the new pathway service	Q1/2		
COM	Pathway framework (Assurance)	To assess the controls surrounding pathway process after the training has been provided.	Q3 / Sep		

Appendix 1 - 2014/15 Audit Plan (core financial audits in bold)

Lead Dir.	Name of Audit	Scope	Date Due / ToR Issued	Date Audit Finalised	Opinion
COM	Contract Management	Review the monitoring of contracts within the Community and CYP directorate.	TBC		

Lead Dir.	Name of Audit	Scope	Date Due / ToR Issued	Date Audit Finalised	Opinion
CYP	TFP - Claims submissions Check (non-assurance) claim 7	To review the criteria for the Troubled Families Programme for each claim. .	Oct 14	30/10/14	n/a
CYP	TFP - Claims submissions Check (non-assurance) claim 8 (Feb 15)	To review the criteria for the Troubled Families Programme for each claim. Expected 2-4 times a year.	Feb 15	17/02/15	Grant Claim
CYP	TFP - Claims submissions Check (non-assurance) claim 7 (Oct 14)	To review the criteria for the Troubled Families Programme for each claim. Expected 2-4 times a year.	Oct 14	30/10/14	Grant Claim
CYP	TFP - Claims submissions Check (non-assurance) claim 5 (May 15)	To review the criteria for the Troubled Families Programme for each claim. Expected 2-4 times a year.	May 14	15/05/14	Grant Claim
CYP	Adoption Reform Grant 13-14	Review the validity of the claim (Additional)	Jun 14	01/07/14	n/a
CYP	Troubled Families Programme (TFP) Annual Review	To review of the new system for gathering information and submission.	05/09/14	20/11/14	Substantial
CYP	Payments to Care Provider and Foster Carers for Looked After Children	Key financial controls (to be agreed)	Q3		
CYP	No recourse to public funds (Pilot Scheme)	Review the framework / guidance / policy on no recourse to public funds	Q4		
CYP	Disclosure and Barring Service (DBS) PT 1	Review the framework of DBS in relation to schools / CYP. Review the DBS board and actions.	TBC		

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Appendix 1 - 2014/15 Audit Plan (core financial audits in bold)

Lead Dir.	Name of Audit	Scope	Date Due / ToR Issued	Date Audit Finalised	Opinion
CYP	Youth Service	Review the governance , procedures and processes, reporting and scheme of management	Q3		
CYP	Payments for 2 -4 year olds	Review the returns and payments to and from providers (private, voluntary and independent sectors). Potentially look at DBS compliance too.	TBC		

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Lead Dir.	Name of Audit	Scope	Qrt / Mth	Date Audit Finalised	Opinion
SCH	St James Hatcham CE Primary	Standard School Programme	Nov 14	26/02/15	Satisfactory
SCH	Coopers Lane Primary	Standard School Programme	Oct 14	26/02/15	Substantial
SCH	Kelvin Grove Primary	Standard School Programme	Dec 14	24/02/15	Substantial
SCH	St Winifreds Catholic Infants	Standard School Programme	Dec 14	24/02/15	Satisfactory
SCH	Brindishe Lee Primary	Standard School Programme	Nov 14	08/12/14	Substantial
SCH	Brent Knoll – Special	Standard School Programme	Nov 14	19/12/14	Satisfactory
SCH	St Margarets Lee CE Primary	Standard School Programme	Nov 14	19/12/14	Substantial
SCH	Grinling Gibbons Primary	Standard School Programme	Oct 14	31/12/14	Satisfactory
SCH	Ashmead Primary	Standard School Programme	Oct 14	24/11/14	Substantial
SCH	St William of YorkCE Primary	Standard School Programme	Dec 14	20/01/15	Substantial

Appendix 1 - 2014/15 Audit Plan (core financial audits in bold)

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Date Audit Finalised	Opinion
SCH	Childeric Primary	Standard School Programme	Sep 14	31/10/14	Substantial
SCH	New Woodlands (inc Primary PRU)	Standard School Programme	Dec 14	30/10/14	Satisfactory
SCH	Haseltine Primary	Standard School Programme	Sep 14	22/10/14	Satisfactory
SCH	Holy Trinity CE Primary	Standard School Programme	Sep 14	09/10/14	Substantial
SCH	Christ Church CE Primary (Now St George's)	Standard School Programme	Jul 14	24/09/14	Satisfactory
SCH	St Bartholomews CE Primary	Standard School Programme	Jul 14	15/09/14	Limited
SCH	St John Baptist CE Primary	Standard School Programme	Jun 14	27/06/14	Substantial
SCH	Sir Francis Drake Primary	Standard School Programme	Jun 14	25/06/14	Substantial
SCH	John Ball Primary	Standard School Programme	Jun 14	18/06/14	Substantial
SCH	Beecroft Garden Primary	Standard School Programme	May 14	12/06/14	Substantial
SCH	Baring Primary	Standard School Programme	Jun 14	11/06/14	Substantial
SCH	Downderry Primary	Standard School Programme	May 15	23/05/14	Substantial
SCH	St Winifreds Catholic Junior	Standard School Programme	Apr 14	21/05/14	Substantial
SCH	All Saints Primary	Standard School Programme	Feb 15	At draft	
SCH	Elfrida Primary	Standard School Programme	Feb 15	At draft	
SCH	Eliot Bank Primary	Standard School Programme	Jan 15	At draft	
SCH	Gordonbrock Primary	Standard School Programme	Jan 15	At draft	
SCH	Greenvale - Special	Standard School Programme	Jan 15	At draft	
SCH	Perrymount Primary	Standard School Programme	Jan 15		

Appendix 1 - 2014/15 Audit Plan (core financial audits in bold)

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Date Audit Finalised	Opinion
SCH	St SavioursRC Primary	Standard School Programme	Feb 14		
SCH	Rangefield – Procurement Audit	Procurement, Governance and Budget Monitoring	Oct 14		

Appendix 2 - Status of recommendations

Dir	Name of Audit	Final Report Date	H O/D	M O/D	2+ chgs	Reopened at F/up	Comment
RRE	Payroll 2013/14	17/06/14		1			
CUS	Banking 13/14	28/05/14			1		Due date changed 2 times
CUS	Payments Centre	26/09/13			1	1	Due date changed 3 times
CUS	Security of File Sharing Servers	17/06/14	1	3			
COM	Children Remanded in Custody	26/03/14				1	
CYP	Estate Management Statutory Maintenance	06/12/13			1		Due date changed 4 times
CYP	Leaving Care	11/06/14		1			
CYP	Management of PbR Contracts for Early Years Intervention	11/11/13			1	1	Due date changed 2 times
SCH	Adamsrill Primary School	04/10/12			1		Due date changed 2 times
SCH	Brent Knoll Special School	19/12/14		6			Follow up due June 15. No chasing of recs before then by CYP.
SCH	Haseltine Primary School	23/10/14		4			
SCH	Lucas Vale School	22/11/13		2			
SCH	New Woodlands School (PRU)	30/10/14		6			Follow up due June 15. No chasing of recs before then by CYP.
SCH	St Bartholomew CE Primary	15/09/14	1	9			Follow up due June 15. No chasing of recs before then by CYP.
SCH	St Margaret's Lee CE Primary	19/12/14		2			
SCH	St William of York Catholic Primary	20/01/15		2			
SCH	Torridon Junior School	07/04/14		1			

Appendix 2 - Status of recommendations

Dir	Name of Audit	Final Report Date	H O/D	M O/D	2+ chgs	Reopened at F/up	Comment
SCH	Turnham School	30/06/13	5	4			
SCH	Kelvin Grove School *	25/02/15		1			No reminders sent out as only finalised 25/2/15
SCH	Coopers Lane School*	25/02/15		2			No reminders sent out as only finalised 25/2/15
SCH	St Winifred's Infant School*	24/02/15		2			No reminders sent out as only finalised 25/2/15
Total			7	46	5	3	

* No reminders sent out. All due 28/02/15 so now classed as overdue.

Appendix 3 – Follow up completed since the last meeting

Lead Dir	Audit	Opinion	Final Rpt Date	F/up Rpt Date	Implemented.		In Progress		Superseded		Not Implemented		Total No. of Recs
					H	M	H	M	H	M	H	M	
COM	Pathfinder SEND Pilot	Satisfactory	03/03/14	13/01/15		4							4
COM	Block Nursing Contract	Substantial	06/02/14	10/12/14		2							2
COM	Children Remanded in Custody	Substantial	26/03/14	10/12/14		1							1
COM	Fusion Leisure Centre	Satisfactory	11/12/14	06/02/15		4							4
COM	Day Care Provision – Quality Assurance Framework	Substantial	23/04/14	06/02/15		1							1
RRE	Highways Reactive Maintenance Contact	Satisfactory	18/03/14	22/12/14		3				1			4
Total					-	15	-	-	-	1	-	-	16

Appendix 4 – Internal audit work in the Corporate Asset Services area since 2012.

The main reports in the now Corporate Asset Services area in 2013 and 2014 have been:

1. Contract management joint street lighting PFI	Jun 13	Satisfactory
2. Project Management	Jul 13	Satisfactory
3. ISS cleaning contract management	Aug 13	Satisfactory
4. Highways reactive maintenance	Mar 14	Satisfactory
5. Maintenance of Assets & Premises	Nov 14	Consultancy

At previous meetings the Audit Panel had noted the slow implementation of some of the assurance review recommendations and a number of the consultancy review recommendations being re-opened. The position now reported show that these internal audit recommendations have been implemented.

The more significant piece of work in this period was the consultancy review completed in November 2014, the Executive Summary for which is provided below. The Audit Panel asked for an update from the Corporate Asset Service team at their March 2015 meeting on how these recommendations were addressed.

Appendix 4 – Internal audit work in the Corporate Asset Services area since 2012.

Internal Audit Assurance Opinion	Direction of Travel	
★ Substantial		
● Satisfactory		
▲ Limited		
■ No Assurance		
C Consultancy	✓	n/a

The background for this service, including the agreed scope and risks identified, are included in the Audit Planning Sheet (APS) which can be found on page 19.

Internal Audit report by exception only. We mention only those areas where further management action is required to improve internal control.

These management actions are in the recommendation table - page 2.

D = Design of Controls C = Comply with Controls.

See glossary and contacts on page 18 for definitions and further details. For full risk identification please see the APS on page 19.

Risk Headings	D	C	Recs		
			H	M	L
Risk 1. Corporate governance arrangements	▲	★	3		
Risk 2. Incomplete and inconsistent asset registers	▲	★	5		
Risk 3. Inconsistent policies and procedures	▲	★	4		
Risk 4. Roles & responsibilities not clearly defined	▲	★	2		
Risk 5. Performance is not monitored or reported	▲	★	1		
Total Number of Recommendations	15	0	15	0	0

Key Findings that Need Attention

Governance

- The Council's Strategic Asset Management Plan (SAMP) is not up to date and has not been reviewed or updated since early 2011. There are however plans underway to write a new SAMP. The intention is that the SAMP will be produced with reference to the RICS Public Sector Property Asset Management guidelines (2012).
- The Strategic Asset Management Board (SAMB) has not engaged in any significant joint working or joint asset utilisation, mostly just information sharing. Internally an Asset Rationalisation Board has met on a fairly regular basis but the purpose has largely been to review options and projects associated with the internal asset rationalisation programme rather than acting as a Corporate Board with Strategic Intent. There are plans to create an internal Corporate Asset Board to meet monthly and manage assets in support of corporate objectives. Once this is functioning properly it is proposed to re-new the meeting cycle for the SAMB to engender joint working and joint asset utilisation.

Inconsistent records and approaches

- There is no corporate approach to recording assets. The project to implement a corporate database (K2) is underway. The system was purchased some years ago but not implemented fully. It is not clear the system remains fit for purpose and work is underway to review the capabilities of the system. A data management handbook will be developed with protocols to ensure consistent data capture and clean, useful information is available for all who need it.

Roles and responsibilities

- The Council does not have a champion for Asset Management at Member level. The CAS manager plans to raise the profile of asset management with members and improve engagement in developing better asset utilisation across the Council and working with other public sector bodies in the borough.

Strategic & operational performance

- There is no meaningful performance management metrics for Asset Management. There was an action plan attached to the original SAMP, progress against which has been reported to members annually. The action plan does not contain any SMART targets. There are plans to incorporate SMART performance metrics in the new SAMP, which will be reported regularly to members.

Changes to Scope

This review was conducted in line with the original scope as agreed in the APS.



Internal Audit Charter

2015 to 2016

Last Reviewed: March 2015
Next Review : March 2016
V1

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1. Introduction

- 1.1. This charter replaces the previous Internal Audit Strategy and Terms of Reference, to bring it in line with the UK Public Sector Internal Audit Standards (PSIAS). The main purpose of this charter is to provide the Members, Management, Internal Audit and other relevant stakeholders with:
- The internal audit function strategy for the coming year;
 - The roles and responsibilities for the internal audit function; and
 - Members and Management responsibilities in relation to internal audit and the Council's control environment.

PSIAS

- 1.2. The Public Sector Internal Audit Standards (PSIAS), developed in collaboration by a number of bodies, including Chartered Institute of Internal Auditors and the Chartered Institute of Public Finance and Accounting (CIPFA), came into effect on the 1 April 2013. The standards were developed to create consistency in the practice of internal audit and establish the basis for quality assurance across the public sector.
- 1.3. The objectives of the PSIAS are to:
- Define the nature of internal auditing within the UK public sector;
 - Set basic principles for carrying out internal audit in the UK public sector;
 - Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
 - Establish the basis for the evaluation of internal audit performance and to drive improvement planning.
- 1.4. The PSIAS state that an independent external assessment of the Internal Audit Service should be conducted at least every five years. However, an assessment (whether internal or review by a peer) should be done annually and results reported in the annual assurance report.
- 1.5. Lewisham's first formal independent external assessment will take place this year, 2015/16.

Internal Audit Definition

- 1.6. The Global Institute of Internal Auditors definition is "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

Anti-Fraud and Corruption Team (A-FACT)

- 1.7. A-FACT is responsible for developing anti-fraud policies and procedures, promoting a counter fraud culture, and undertaking investigations of potential fraudulent activity committed against the Council. A-FACT also ensures that appropriate sanctions, including prosecution and the recovery of assets, are sought where fraud is proven. The Council's A-FACT policy and strategy is separate to this internal audit charter.

Purpose of Internal Audit and A-FACT

- 1.8. Internal Audit and A-FACT are Council resources that assist management in the achievement of the Council's corporate and service objectives. While management are responsible for risk management and the control environment, internal audit

assists management in providing advice on how to mitigate these risks and how to improve the control environment.

2. Statutory Framework

- 2.1. As defined by the following acts and guidance, Internal Audit is a statutory function of the Council. This means that the Council is required to have an internal audit function, whether it is in-house, outsourced or a combination.

The Accounts and Audit (England) Regulations 2011

- 2.2. This Act requires the Council to 'undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

Local Audit and Accounts Act 2014 – Section 32 (g),

- 2.3. "The Secretary of State may by regulations applying to relevant authorities other than health service bodies make provision about— (g) the maintenance by relevant authorities of systems of internal control (including arrangements for the management of risk).

Section 151 of the Local Government Act 1972

- 2.4. This act states that every local authority in England and Wales should "make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".

The Council's Chief Financial Officer (CFO)

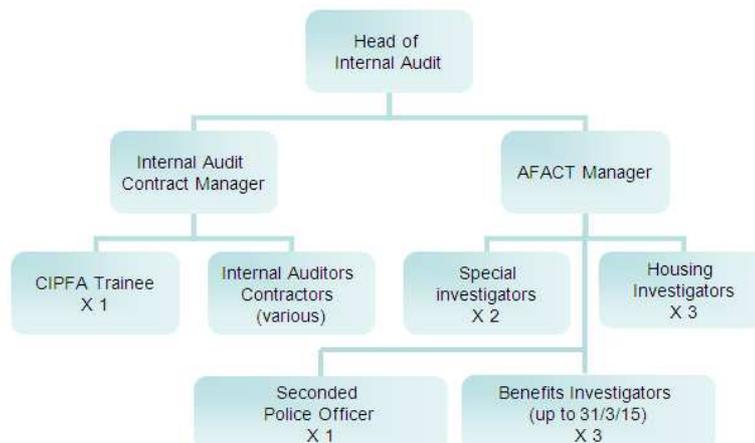
- 2.5. This role is fulfilled by the Executive Director for Resources and Regeneration. The CIPFA Statement on the Role of the CFO in Local Government states that they "must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively".

3. Organisational and Internal Audit Structure

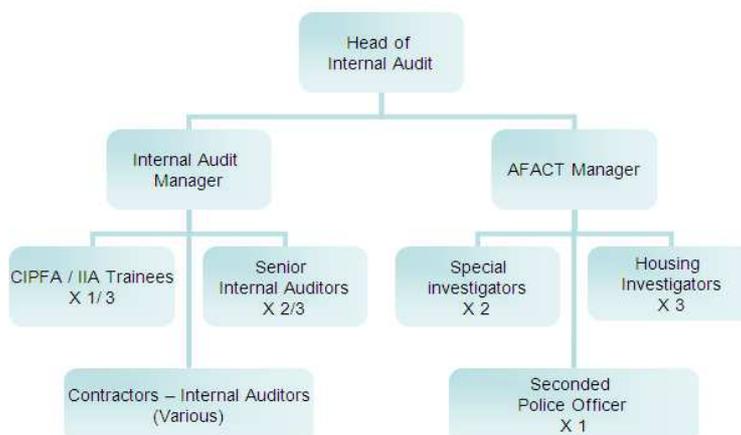
- 3.1. Internal Audit and A-FACT are part of the Corporate Resources service area that sits within the Resources and Regeneration Directorate. The Head of Internal Audit (HIA) is also the Head of Corporate Resources. The HIA reports directly to the Executive Director of Resources and Regeneration, who is also the Section 151 officer and the CFO.

Current Internal Audit and A-FACT Structure.

- 3.2. The current (as at Feb 15) Internal Audit and A-FACT structure chart is as follows:

Internal Audit and AFACT Structure Chart
 as at Feb 2015.

Proposed Internal Audit Structure.

- 3.3. For 2015/16, the proposed structure chart will be similar to chart shown below. More details on the new Internal Audit structure can be found 5.12, Service Delivery:

 Proposed Internal Audit and AFACT Structure Chart
 for 2015/16.


- 3.4. The reduction in benefit investigators for 2015/16 from A-FACT reflects the transfer of these staff to the Department for Work and Pensions from 1 April.

Senior Management Structure

- 3.5. The Council's senior management structure charts can be accessed via the link below. The top tier management for Resources and Regeneration chart shows where the HIA (Head of Corporate Resources) sits within the senior management structure of the Council.

<http://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/how-council-is-run/council-structure/Pages/management-structure-charts.aspx>

4. Accountability

- 4.1. In addition to reporting to the Section 151 Officer, the HIA reports directly to the Internal Control Board (ICB) and the Audit Panel on a quarterly basis.

- 4.2. The PSIAS guidance uses the term 'The Board', which is not explicitly used within the Council's governance structures. The Council has three bodies that could potentially be categorised as 'The Board' in terms of the PSIAS. In this context, the following terms apply solely to the purposes of the Council's internal audit activities. They are:

Internal Control Board (ICB).

- 4.3. Membership of this board consists of an Independent Non-Executive Chair (external person), the Executive Directors, the Chief Executive Officer, the Head of Law, and the Group Manager of Insurance and Risk. The HIA reports quarterly to ICB. These meetings, where possible, are held before the next Audit Panel Meeting. Please see Appendix 1 for the ICB terms of reference.

Audit Panel

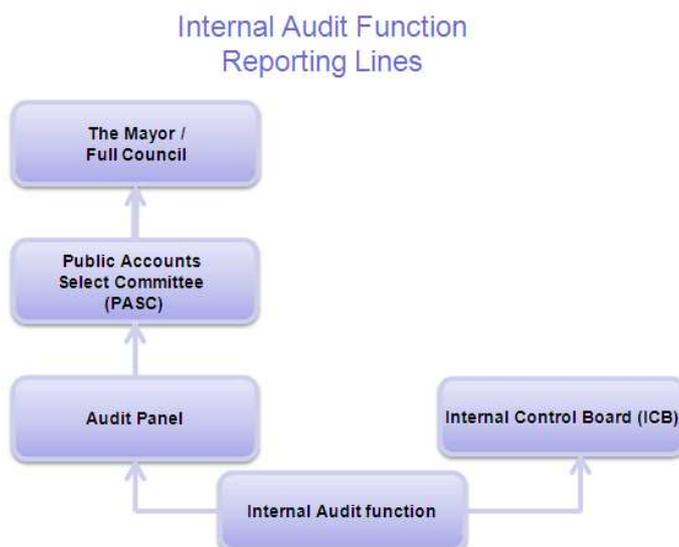
- 4.4. The Audit Panel consists of six Non-Executive Councillors, one of which serves as the Chair. In addition, there are up to four Independent Members. The remit of the Audit Panel in terms of Internal Audit, is to receive, review and, where appropriate, advise and make recommendations on the following:
- Review and approve the Internal Audit Strategy / Charter, Plans and Resources;
 - Review the progress reports on the Internal Audit Function;
 - Review the HIA Annual Assurance report;
 - Review the progress of implementation of recommendations; and
 - Monitor the effectiveness of Risk Management and associated Anti-Fraud and Corruption arrangements.
- 4.5. The Audit Panel reports to the Public Accounts Select Committee (PASC) where appropriate. Please see Appendix 2 for the Audit Panel terms of reference.

Public Accounts Select Committee (PASC)

- 4.6. PASC consists of at least seven and no more than 11 non-Executive Councillors. The remit in terms of Internal Audit is to:
- Receive reports from the Audit Panel; and
 - Scrutinise the effectiveness of the Audit Panel.
- 4.7. Please see Appendix 3 for PASC terms of reference.
- 4.8. For the purposes of this Charter and for the annual Internal Audit assessment against PSIAS, 'The Board' is the Audit Panel, unless otherwise stated.

Internal Audit Reporting Lines

- 4.9. In addition to the terms of references for PASC and the Audit Panel please see a simple structure showing the reporting lines for internal audit in relation to management and councillors.



- 4.10. A link to Council's Constitution is provided below, which details the whole governance of the Council.
<http://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/how-council-is-run/Documents/TheConstitutionSeptember2014.pdf>

5. Framework

Independence

- 5.1. Internal auditors are mandated by the standards to be independent and objective concerning the business activities they audit. Both Internal Auditors and the HIA need to consider their independence and objectivity during the course of their work.
- 5.2. A definition of independence (in relation to Auditors') is, "The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner".
- 5.3. PSIAS definition of objectivity: "An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors to not subordinate their judgment on audit matters to others."
- 5.4. The HIA or Internal Auditors, who may have conflicts of interests, either real or perceived, must declare their interest to the Internal Audit Contract Manager. This ensures that when conducting individual audits or any other audit type work, the auditor in question will ensure that they retain their independence and objectivity. The Internal Audit Contract Manager will declare any interests to the HIA for him to monitor.
- 5.5. The HIA will not agree any internal audit scope for areas where he has operational responsibilities. The HIA delegates the responsibility for agreeing these scopes to the appropriate operational manager, with the Internal Audit Contract Manager overseeing the work to ensure that it fulfils internal audit requirements.

In-house Internal Audit Team

- 5.6. The in-house team currently consists of the Internal Audit Contract Manager and a CIPFA trainee. They are currently responsible for:

- Conducting internal audit reviews and follow-up reviews;
- Monitoring the internal audit contracts and liaising with partners;
- Monitoring and reporting on the progress of management actions (recommendations) to ICB and Audit Panel;
- Assisting the HIA in the annual audit planning process;
- Providing management information as requested;
- Assisting the HIA in preparing the annual assurance report; and
- General management of the internal audit function.

Internal Auditors (Contractors / Outside partners)

- 5.7. Since September 2014, the following are engaged to assist the Council conduct the audits in the 2014/15 plan.
- Mazars – (under the London Borough of Croydon Framework) conducting the core financial reviews.
 - Pertinax Consulting Ltd conducting the IT audits.
 - Royal Borough of Greenwich conducting the schools audits, with the exception of special schools.

Head of Internal Audit (HIA) – (In-house)

- 5.8. In addition to the internal audit functions and A-FACT, the HIA is responsible for operational functions within the Council. They are:
- Insurance;
 - Risk Management;
 - Corporate Health & Safety;
 - Procurement; and
 - Strategic Finance, including Treasury and the Pension Fund investments and accounts.
- 5.9. Insurance, Corporate Health and Safety, and Risk Management have a three-year audit cycle. Procurement and Strategic Finance will continue to be audited on an annual audit basis.

Authorisation

- 5.10. Both the HIA and the Internal Audit Contract Manager have unfettered access to the following:
- Chief Executive Officer;
 - Executive Director of Resources and Regeneration (Section 151 officer/ CFO); and
 - The Chair of the Audit Panel.
- 5.11. The CFO has given authorisation to all Internal Auditors (both in-house and contractor) and A-FACT staff to:
- Enter Council premises at all reasonable times;
 - Have access to and remove as necessary Council records (paper or electronic);
 - Require explanations from Council officers as necessary; and
 - Require any person holding Council property to produce it for examination.

Service Delivery

- 5.12. The restructuring of the internal audit function will complete in 2015/16. The proposed restructure is to have an in-house team, instead of a fully outsourced service, with external contractors supporting the service. The proposed structure is set out at 3.12 above.

- 5.13. The HIA must ensure that there are enough resources and qualified staff to provide the annual opinion on the control environment of the Council. Where the HIA believes that there are insufficient resources, the HIA will bring this to the attention of the Section 151 officer and the Audit Panel, and a qualification to the annual assurance report may be required.

Anti-Fraud and Corruption Team (A-FACT)

- 5.14. The HIA oversees the A-FACT. The team has three main areas of work:
- Benefits (up until 31/3/15, when this work and the staff transfer to the DWP);
 - Housing; and
 - Special Investigations.
- 5.15. A-FACT has a separate policy and strategy. The Whistleblowing policy (see link below) is overseen by Legal, and any fraud or concerns about fraud can be reported to A-FACT.

Whistleblowing Policy

<http://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/how-council-is-run/Documents/Whistleblowing%20Policy%20Final%202014.pdf>

How to report fraud

Telephone 24hr: 08000 850 119

Email: reportfraud@lewisham.gov.uk

Website detailing the types of fraud the A-FACT can investigate:

<http://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/fraud/Pages/default.aspx>

Quarterly Reports

- 5.16. Internal audit reports to ICB and the Audit Panel on a quarterly basis. The reports contain the following information:
- Progress against the agreed audit plan and assurance opinions that result;
 - Details of 'Limited' or 'No assurance' reports and any consultancy reviews;
 - High and Medium recommendations not accepted by management;
 - Progress on implementation of internal audit recommendations; and
 - Results of follow-up reviews conducted.

Annual Assurance Report

- 5.17. The HIA issues an annual assurance report to the Audit Panel. This informs the Annual Governance Statement (AGS) which incorporates the Statement of Internal Control. The HIA annual assurance report includes:
- An opinion on the overall adequacy and effectiveness of the Council's control environment,
 - Any qualifications to the opinion,
 - Summary of audit work completed that helped form the opinion,
 - Summary of reliance placed on the work by other assurance bodies,
 - Confirmation on compliance with the PSIAS, and
 - Internal Audit's quality assurance and improvement plan.

Individual Audit Reports

- 5.18. For each individual review, (whether assurance or consultancy), a report is sent to management with the following information.
- Audit Opinion of the controls in place (for assurance reviews) only;
 - Executive Summary;
 - Scope and any changes to the original scope;
 - Auditor findings;

- Recommendations made (ranked high, medium or low);
- Management comments relating to the recommendations, and
- Expected date of implementation of recommendations.

Assurance Review

- 5.19. An Assurance review is an objective assessment that provides an opinion on the effectiveness of the controls in place. In addition, internal auditors will recommend actions to management on how to improve controls in their area. Any High or Medium recommendations made are followed-up by internal audit. This type of review forms the majority of the work in the internal audit plan.

Consultancy Review

- 5.20. A consultancy review is an advisory review that intends to add value and improve the Council's governance, risk management and controls processes. Management agree the scope of the review. Internal audit does not provide an opinion on the effectiveness of the controls in place but does provide recommendations to management to improve their service. Any High or Medium recommendations made are followed-up by internal audit.

- 5.21. Consultancy reviews make up a small part of the audit plan. Where management request a large consultancy review the Audit Panel would need to approve the request before the work is committed to.

Advice

- 5.22. It is not always appropriate to conduct an assurance or consultancy review when management just require help and advice. Where internal audit provides advice to management or attends a project meeting to give advice, management will receive an informal memo detailing any advice or recommendations made. An opinion is not provided in these memos and any recommendations made to management are not monitored or followed-up by internal audit.
- 5.23. Where an auditor has provided significant advice to management, they will be prevented from auditing that area for the next 12 months (or longer if applicable), so that internal audit independence and objectivity is retained.

Grant Claims

- 5.24. Central Government Bodies sometime require internal audit to certify a grant claim. In these instances, internal audit will confirm management have met the qualifying criteria of the grant. A memo type report is issued to management certifying the grant. Any recommendations to management are not normally monitored or followed-up by internal audit.

Responsibility of Management

- 5.25. Management are responsible for the control environment. They also have a responsibility to assist internal audit in the audit process to ensure it runs as smoothly as possible. They should ensure that they:
- Respond to any requests for information promptly;
 - Do not cancel meetings with auditors unless absolutely necessary;
 - Query any findings or recommendations prior to the finalisation of the audit.
 - Update the progress of implementation of their recommendations when required.
- 5.26. Management may be required to attend the Audit Panel to explain to members if they do not comply with any of these requirements.

6. Professional Care

- 6.1. Internal Auditors (both in-house and contractors) must adhere to their professional codes of conduct. In addition, they should adopt the CIIA Code of Ethics, and Seven Principles of Public Life.

IIA Code of Ethics

- 6.2. The CIIA Code of Ethics is a statement of principles and expectations governing behaviour of individuals and organisations in the conduct of internal auditing.
- Integrity - The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.
- Objectivity - Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.
- Confidentiality - Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
- Competency - Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Seven Principles of Public life

- 6.3. The 'seven principles of public life' apply to anyone who holds a public office or works in the public sector. Internal auditors have adopted these principles in addition to adhering to any professional code of conducts. They are: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

Role of Head of Internal Audit

- 6.4. CIPFA issued the statement on the role of the Head of Internal Audit in December 2010. Although not a mandatory like the PSIAS, the statement provides the framework to ensure that the HIA role is up to the required standard to run the statutory internal audit function. The framework consists of five principles. The Role of the HIA is reviewed annually and is reported in the Annual Assurance Report. The main principals are:
- Principle 1 – Championing best practice in governance,
 - Principle 2 – Objectivity,
 - Principle 3 – Governance,
 - Principle 4 – Leadership, and
 - Principle 5 – Qualification and Experience.

Peer Review / Annual Assurance

- 6.5. The HIA will annually self-assess the service against the PSIAS. The HIA will also endeavour to get a peer to review the service against the PSIAS, prior to the external assessment. The outcomes of these reviews will be included in the Annual Assurance report.

7. Approval and Contacts

- 7.1. Main Contacts for Internal Audit and A-FACT

Head of Internal Audit – david.austin@lewisham.gov.uk

Internal Audit Contract Manager – julie.hetherington@lewisham.gov.uk

A-FACT Manager – carol.owen@lewisham.gov.uk

Internal Audit Charter - 2015/16

7.2. Charter Approved by Audit Panel on : TBC

7.3. Next Review : March 2016

Corporate Internal Control Board

Membership

- Independent non-executive Chair
- Chief Executive
- Executive Director for Resources & Regeneration
- Executive Director for Children & Young Persons
- Executive Director for Community Services
- Executive Director to Customer Services
- Head of Law
- Group Manager Insurance & Risk
- Head of Corporate Resources (for monitoring and control)

Terms of Reference

1. To identify and manage key strategic risks that could prevent the Council from meeting its objectives
2. To link risks to the corporate priorities and assess the likely impact and consequences of those risks
3. To allocate responsibilities for controlling identified risks
4. To complete the Corporate Risk Register, reviewing and monitoring this on a quarterly basis
5. To receive and review quarterly reports from the Risk Management Working Party (RMWP)
6. To receive regular reports on Internal Control within the Authority
7. To ensure a corporate approach to the management of risk, health and safety and emergency planning
8. To approve the Risk Management Policy and Risk Management Strategy
9. To support the risk management reporting and review framework, detailed in the Risk Management Strategy
10. To oversee the annual review of the System of Internal Control and Annual Governance Statement

Appendix 2 - Audit Panel Composition Terms of Reference

As per The Constitution Dated Sept 14:-

The Council will also appoint an advisory Audit Panel with the composition set , the terms of reference set out in the third column.

Composition

Audit Panel Composition consists of six non-executive Councillors, one of whom shall serve as chair and up to four independent members.

ToR

To receive, review and where appropriate advise and make recommendations to the Council on the following matters:

- The review and approval of the Council's Internal Audit's strategy, plans and resources.
- Internal Audit progress reports on a quarterly basis summarizing the audit reports issued and performance of the Internal Audit function.
- The annual report of the Council's Head of Internal Audit and Inspection Agencies.
- Reports from Internal Audit on the implementation of agreed recommendations where management have failed to undertake the necessary actions within the planned audit time frame.
- The external auditor's Annual Plan, relevant reports, and reports to those charged with governance.
- External inspection reports and specific reports as agreed with the external auditor.
- The monitoring of the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- An overview of the Council's Constitution in respect of audit procedure rules, contract procedure rules, and financial regulations.
- The Council's assurance arrangements including the Statement of Internal Control.
- The Council's Annual Statement of Accounts, to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Executive.
- The external auditor's opinion and reports to members, and monitoring of management action in response to issues raised

Appendix 3 - Public Accounts Select Committee Terms of Reference

As per The Constitution Dated Sep 14:-

- To make reports and recommendations to the Council or the Executive which promote the better custodianship of the Council's finances and to make recommendations for best financial practice across the authority.
- To investigate the possibilities for improving the Council's financial management practice and to make reports and recommendations to Executive or Council as appropriate.
- To encourage the highest standards of financial custodianship where necessary overseeing training activity for all members in this area.
- To consult on and to comment on and make recommendations to the Executive in respect of the actual and proposed contents of the Council's budget and without limiting the general remit of the committee, to hold the Executive to account for its performance in respect of all budgetary matters.
- To receive reports as appropriate from the Audit Panel in respect of their overview of contract procedure rules and financial regulations.
- To make recommendations and reports for consideration by the Executive or Council to improve procurement practice.
- To scrutinise the effectiveness of the Audit Panel.

Agenda Item 6

AUDIT PANEL		
Report Title	ANTI-FRAUD AND CORRUPTION TEAM (A-FACT) UPDATE	
Key Decision	NO	Item No. 6
Ward	-	
Contributors	Head of Corporate Resources A-FACT Group Manager	
Class	Part 1	Date: 19 March 2015

1. Purpose of the Report

- 1.1. The purpose of this report is to present the Internal Audit Panel with a review of the work of the Anti-Fraud and Corruption Team (A-FACT) in the last period (Oct to Dec 2014).

2. Recommendations

- 2.1. It is recommended that the Audit Panel note this report for information.

3. Special Investigations

- 3.1. Details of work and comparative figures for the same period in the prior year are shown below, along with the previous full year figures for reference.

Summary of Special Investigations work	2014/15	2013/14	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY (CORRECTED FIGURES)	FY
b/f	30	41	-11	-27%	32	84
New	71	60	11	18%	103	61
Closed	56	70	-14	-20%	-94	-115
c/f	45	31	14	45%	41	30
Of which						
E'ee cases	12	22	-10	-45%	35	53
- resulting in action	5	12	-7	-58%	21	20
Other cases	44	48	-4	-8%	59	62
- resulting in action	16	15	1	7%	13	10

- 3.2. The number of cases outstanding has risen due to several factors including a number of cases being dealt with by the team and awaiting updates on investigations where reports have been issued but recommended action is still to be concluded by the service area.
- 3.3. "Other Cases" include applications for support by those who have No Recourse to Public Funds as well as other non employee related fraud enquiries to assist other organisations or Boroughs with their investigations. Cases concluded with action in the most recent period included:

- A prosecution for the misuse of a blue badge where the user had displayed their deceased parent's badge. This resulted in a fine of £100 and £100 costs.
- A case where assistance was being requested under Section 17 of the Children's Act 1989. The Council had found that the applicant had made themselves intentionally homeless, and made an application to the Referral and Assessment team to supply accommodation due to the presence of a child. The evidence established during the investigation enabled the Council to successfully defend a judicial review and discharged the Council from any responsibility to provide housing
- An investigation into a suspicious application for Direct Payments for Care found that the applicant had failed to declare earnings, and bank deposits exceeding £200k. As a result the Lewisham Homes tenancy they had been allocated on the basis of their disability and low income was recovered, no direct payments for care were made and their housing and council tax benefit ceased. The applicant has now absconded preventing any criminal action from being taken.

Employee Related cases

3.4 Of the 28 cases closed in the last three months eight concerned employees. Of these employee cases four were concluded successfully. These cases are included in the year to date figures shown.

Analysis of employee fraud	2014/15	2013/14	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
Dismissed/resigned & Convicted	0	0	0	0%	2	2
Convicted & recommended disc. Action	0	0	0	0%	1	
Resigned/Dismissed	2	5	-3	-60%	5	9
Other disciplinary (incl not employed)	1	5	-4	-80%	3	8
Monies repaid	1	0	1	100%	1	0
Management action	1	2	-1	-50%	6	1
Identity issue cleared	0	2	-2	-100%	3	0
Total	5	14	-9	-64%	21	20

3.5 The four cases where action was taken in the last period included;

- An employee who resigned whilst under investigation. Concerns had been raised about one of their references.
- A pre-employment check which found that an applicant for employment had not paid Council Tax for the last five years and as a result owed over £5k. This was brought to the attention of senior management who agreed to the appointment providing an arrangement to pay was made.

3.6 Quarterly reports continue to be issued to each Executive Director with a summary of all cases being dealt with by Special Investigations in their Directorate. This ensures

that the risk of fraud is considered in the context of the demands of the service, priorities are agreed, and progress on investigations communicated.

Lewisham Homes

- 3.7 A-FACT continues to undertake investigation work on behalf of Lewisham Homes under a Service Level Agreement. This equates to just under one full time equivalent member of staff and a proportion of the police officer's time. The outcome of these investigations is reported by Lewisham Homes to their Audit Committee.

Pre-employment Checks

- 3.8 A-FACT support Human Resources by undertaking part of the Council's recruitment checks. Each potential employee of the Council is required to complete a pre-employment check focusing on any issues relating to benefits, council tax, rent and personal business interests which may cast doubt on the individual's integrity or potential conflicts for their work going forward.

Summary of pre-employment checks	2014/15	2013/14	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
Checks completed	208	183	25	14%	246	334
Action taken	23	14	9	64%	16	21

- 3.9 Of the 23 cases concluded with action taken five were dealt with in the most recent period. These all involved looking at the business interests of potential employees to ensure there was no conflict of interest.

4 Benefit Investigations

- 4.1 Details of work and comparative figures for the same period in the prior year are shown below, along with the previous full years figures for reference.

Summary of benefit investigations work	2014/15	2013/14	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
b/f	242	210	32	15%	349	381
New	108	207	-99	-48%	304	264
Closed	159	175	-16	-9%	443	-296
c/f	191	242	-51	-21%	210	349
Sanctions resulting	44	61	-17	-28%	78	84
Of which						
Admin penalty	5	7	-2	-29%	7	11
Caution	26	44	-18	-41%	54	52
Prosecution	13	10	3	30%	17	21
Overpayment £	382,733	377,295	5,438	1%	616,761	640,355

- 4.2 The Benefit Investigation section is due to be transferred to the DWP in April 2015 and therefore continue to bring as many of the existing cases to a successful conclusion as possible.

- 4.3 It remains unclear what will happen to any cases outstanding as at 1st April 2015 but it is unlikely that it will be possible to transfer any complex cases. New cases are therefore only being taken on where there is a realistic chance of conclusion before the transfer.

5 Housing Investigations

- 5.1 Details of work and comparative figures for the same period in the prior year are shown below, along with the previous full year figures for reference.

Summary of Housing Application Investigation Work	2014/15	2013/14	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
b/f	39	76	-37	-49%	48	72
New	30	40	-10	-25%	105	66
Closed	50	79	-29	-37%	-77	-90
c/f	19	37	-18	-49%	76	48
Resulting in action	40	13	27	208%	25	18

- 5.2 There have been five successful cases closed in this period. These relate to four applications for housing being withdrawn due to discrepancies with information provided and a tenancy being recovered as part of the investigation of the tenant who failed to declare her true circumstances.
- 5.3 In one of the cases the partner of the tenant had made an application to be re-housed on the basis of relationship breakdown. However, there was also a Right to buy application for the property. Following interview where the couple were asked to clarify the full circumstances they decided to withdraw the Housing application. It is suspected that the relationship breakdown had been contrived to enable the couple to get another tenancy as well as buying their current address.
- 5.4 The Audit Commission have stated that there is significant value associated with recovering tenancies and preventing fraudulent applicants from being housed. They estimate that the average cost of temporary accommodation for a family for a year is £18,000. On this basis A-FACT have either recovered and prevented tenancies being wrongly allocated in 40 cases, representing £720,000 of public funds.

6 DCLG Housing Bid funding

- 6.1 Since January 2012 the DCLG have funded investigation work based within A-FACT to work with local housing partners to tackle fraud related to social housing. Work is being directed by Strategic Housing (Customer Services) and delivered by A-FACT working in Lewisham and with the South East London Housing Partnership (SELHP).

Summary of DCLG Housing Investigations work	2014/15	2013/14	Change		2012/13	2011/12
	P9	P9	Number	%	FY	FY
b/f	33	9	24	267%	19	0
New	173	81	92	114%	158	48

Summary of DCLG Housing Investigations work	2014/15	2013/14	Change		2012/13	2011/12
	P9	P9	Number	%	FY	FY
Closed	118	77	41	53%	-168	-29
c/f	88	13	75	577%	9	19
Tenancies recovered	27	18	9	50%	26	9
Breakdown by RSL						
L & Q	17	12	5	42%	12	7
Pinnacle	5	3	2	0%	8	2
Decant (Milford Towers)	0	0	0	0%	4	0
Lewisham Homes	1	2	-1	100%	2	0
Hexagon	3	1	2	200%	0	0
Family Mosaic	1	0	1	0%	0	0

- 6.2 A-FACT have secured further funding from the DCLG Counter Fraud bid. We plan to use this opportunity to work with more of the smaller RSL's and Housing Co-operatives. Further details are provided in para 8.2.
- 6.3 In this nine month period 27 properties have been recovered, including a four bedroom house and seven properties with three bedrooms as well as smaller properties. Under the scheme with SELHP, Lewisham has nomination rights on all of these properties.
- 6.4 An example case is: A-FACT received a report that the child of a 91 year old tenant was trying to obtain their tenancy fraudulently. The person had entered a care home eight months previously but the child was stating that they had also been living in the property when in fact we were able to prove that they had their own three bed house. When the child was interviewed and challenged with the true facts they agreed to give back the property once the notice to quit expired. However, a week before the keys were due to be returned they attempted to claim that their child had always been living at the address and could apply for tenancy. Again this was challenged with the facts and they then decided to return the keys.
- 6.5 On the basis of the Audit Commission figures for the value of social housing the recovery of these 27 tenancies equates to £486,000 of public funds.

7 Local Government Transparency Code 2014

- 7.1 The new Local Government Transparency Code issued on 3rd October 2014 introduces the requirement for all local authorities to publish data on it's anti-fraud arrangements on at least an annual basis.
- 7.2 The first year that data is required for is 2013/14 with subsequent years data being due within one month of the end of that year. The data for 2013/14 is as follows

Data required	Lewisham Data 2013/14
Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to require information) (England) Regulations 2014 or similar powers.	None

Data required	Lewisham Data 2013/14
Total number of employees undertaking investigations and prosecutions of fraud.	10
Total number of professionally accredited counter fraud specialists.	8
Total amount spent by the authority on the investigation and prosecution of fraud.	£491,108
Total number of cases investigated.	503

8 DCLG Counter Fraud Fund Bids

8.1 Lewisham A-FACT successfully won four bids for funding from the DCLG Counter Fraud Fund. The funding will be used to develop the counter fraud work within the team and strengthen partnership working. The bids are summarised as follows:

8.2 Housing Fraud £135,000

- extend the pro-active checking of all housing applications, nominations, mutual exchanges and assignments.
- develop a programme of checks on the use of B&B / Nightly paid accommodation
- support Registered Social Landlords (RSLs) in preventing, detecting and investigating tenancy fraud; including expansion of current data-matching project.
- maximise the benefits of the use of Financial Investigators in tackling Housing fraud.

8.3 Fraud Awareness £21,175

To develop the Councils established Fraud Awareness program increasing the focus on document fraud across both internal departments and partner agencies/stakeholders including Lewisham Homes, the councils ALMO.

8.4 No Recourse to Public Funds £582,500 (Shared across 5 boroughs)

Joint bid led by Lewisham – other boroughs are Royal Borough of Greenwich, Lambeth, Southwark and Bromley.

Design and implement a cross-borough approach to assessing applications from people with No Recourse to Public Funds (NRPF) assistance under s17 of the Children's Act.

Key objectives:

- Implement a standardised assessment approach embedding fraud prevention skills in front-line decision making.
- Develop a joint technological platform which enables a shared approach to fraud detection and prevention.

Expected outcomes:

- Reduction in fraudulent applications accepted.
- Identifying current fraudulent cases.
- Overall reduction in spend.

8.5 Procurement £112,500

The aim of the Home Office sponsored pilots is to better understand the threat from Serious and Organised Crime (SOC) to publicly procured services in Local Authorities (LAs) and to take action in partnership (LAs and police) in response to that threat to reduce linkages between publicly procured services and SOC.

Pilots will comprise of two phases: data-washing and joint action-planning. LA fraud investigation resource is central to the second phase of the pilot.

9 Publicity

9.1 There have not been any cases suitable for publication in the last period.

10 Fraud Awareness Training

10.1 Refresher Fraud Awareness training was provided to the No Recourse to Public Funds team in October. There is also training planned for the Referral & Assessment Team in Children & Young People.

11 Other Matters

11.1 Detective Constable Norris continues on secondment to A-FACT from the Metropolitan Police.

11.2 For the period January to April 2015 the Group Manager for A-FACT will be on secondment to the new CIPFA Counter Fraud unit for four days a week to assist with the development of a new Counter Fraud code for local government.

12 Legal Implications

12.1 There are no legal implications arising directly from this report.

13 Financial Implications

13.1 There are no financial implications arising directly from this report.

14 Equalities Implication

14.1 There are no specific equalities implications arising directly from this report.

15 Crime and Disorder Implications

15.1 There are no crime or disorder implications arising directly from this report

16 Environmental Implications

16.1 There are no specific environmental implications arising directly from this report.

17 Background Papers

17.1 There are no background papers reported.

If there are any queries on this report, please contact

David Austin at david.austin@lewisham.gov.uk or on 020 8314 9114, or

Carol Owen at carol.owen@lewisham.gov.uk or on 020 8314 7909