

Appendix A

Management Update on The Audit Findings for the London Borough of Lewisham and Lewisham Pension Fund – Year ended 31 March 2022 Action Plan – Audit of Financial Statements – Council

Year	Assessment	Issue and Risk	Recommendations	Responsibility / Timescale	Management Action
2021/22	Medium	Whilst preparing the financial statements officers identified that the balance on the Consolidated Income and Expenditure Statement did not equal the difference in reserves between 31 March 2021 and 31 March 2022. A correction journal of £2,286k was performed to ensure that the accounts balanced.	The Council should investigate how this initial imbalance arose.	Core Accounting – Final Accounts June-23 when reconciliation undertaken	<p>Management will reinforce the rules for use of balance sheet codes to the services to reduce the chance of future imbalances occurring.</p> <p>A full and detailed reconciliation between the net deficit/ surplus in the CIES and the movement in net asset value in the Balance Sheet will be carried out again in 2022/23 to identify and correct any miscoding that creates any imbalances.</p> <p>Further Management update</p> <p>Further investigation was carried out but the detail of what caused the imbalance has not been identified. When the same reconciliation was carried out in 2022/23 a similar imbalance occurred. Management will look to bring in further restrictions over who can journal to what to balance sheet codes in 2023/24.</p>
2021/22	Medium	Our testing identified 2 errors (total value £749k) in our testing where payments were made for capital expenditure for works completed in 2021/22 but had not been accrued for. The extrapolated error is £2,170k	Your cut off procedures need strengthening to ensure that expenditure is coded in the year in which it relates.	Core Accounting – Capital June-23 when cut-off testing undertaken	<p>Improvements have been made in cut-off training and testing.</p> <p>A training session will be held specifically for Capital Project Managers to share best practise requirements and impact.</p> <p>This should improve the completeness of capital accruals made for 2022/23.</p>

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					<p>Further Management update There were no errors found that relate to capital expenditure accruals in 2022/23 which would indicate that improvements have been made in ensuring capital expenditure is coded to the correct year.</p>
2021/22	Medium	The Council has identified 132 assets that have a nil net book value. The Council were unable to locate these assets. The assets are fully depreciated and are years old and have now been written out of the asset register.	The Council should implement processes to ensure all assets are appropriately tracked to ensure they can be located.	Core Accounting – Final Accounts Complete – process amended	<p>Assets are now being tracked and generic assets (particularly infrastructure) are no longer added to Fixed Asset Register.</p> <p>Further Management update No further update required – Recommendation has been fully implemented.</p>
2021/22	Medium	The Adult Social Care ContrOCC system is not being updated and monitored regularly to ensure the commitments stated on the system are complete and accurate. The finance team rely on the reports from the ContrOCC system to determine outstanding commitments to be raised as creditors at year-end.	The Council should ensure the ContrOCC system is regularly updated.	Service Finance – Communities Ongoing work in progress – review latest balances for P2 – June 23	<p>There will always be an element of non-delivery on care such as Homecare as people go into hospital, decline, or do not require the service.</p> <p>Two key workstreams are being undertaken to improve the accuracy of commitments within the ContrOCC system:</p> <ul style="list-style-type: none"> - A monthly reconciliation is to be created which will compare payments made on the Oracle system to the ContrOCC commitment report, this will highlight potential commitments that should not be within ContrOCC as payments are not being made. - Invoices on hold are also reviewed on an ongoing weekly basis to make sure commitments in the system are

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					<p>accurate to enable invoices to be processed without intervention.</p> <p>Both will help improve the accuracy of outstanding commitments and the year-end creditor.</p> <p>Further Management update A monthly reconciliation is now undertaken which compares payments made on the Oracle system to the ContrOCC commitment report. Invoices on hold are also reviewed on an ongoing weekly basis to make sure commitments in the system are accurate to enable invoices to be processed without intervention.</p>
2021/22	Medium	The Council has significant credit balances on Council Tax and NNDR accounts due to residents and businesses. These balances have remained outstanding for several years	The Council need to take action to repay these creditors. In the instance where the residents or businesses cannot be traced and the legal time limits have expired, the Council should write back these amounts.	Resident and Business Services Ongoing work in progress – review latest balances in May-23	<p>Action will take place during Summer to proactively contact customers where details are held to refund these sums. Where contact is not made, the amounts will be written off. Should customers contact Lewisham at any time, we will write back the credit and raise a refund</p> <p>All write off balances will be reported to the Director of Finance for review and approval.</p> <p>Project due to commence in June-23</p> <p>Further Management update The review has recently been completed for Business Rates accounts and £2m has been written back. The</p>

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					review of Council Tax accounts will be beginning shortly.
2021/22	Medium	Schools bank accounts were not all reconciled as at 31 March 2022. Some were reconciled at an earlier date.	All school bank accounts should be reconciled as at 31 March.	Service Finance – Children’s April-23 Complete	All schools bank accounts will be reconciled as at 31st March, which is included within the Schools and Corporate Closing timetable and training. This date does not clash with the schools Easter Holiday. All 75 schools banks accounts have been reconciled as at 31st March, and their financial returns have been transferred to Oracle as at 31st May 2023. Further Management update No further update required – Recommendation has been fully implemented.
2021/22	Medium	Management had challenges demonstrating the Pension Fund statements reconciled directly to the ledger.	The Fund should continue to work with the custodian to improve coding so the accounts are prepared directly from the trial balance.	Treasury & Investments May-23 when transactions reconciled Complete	Management intends to improve the ledger coding structure to help demonstrate the reconciliation to the accounts. The Council continue to run all the pension fund account transactions through its ledger. The custodian will still provide the detailed breakdown of the investments, and these will be summarised on the trial balance and will reconcile to the accounts. Further Management update No further update required

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2021/22	Low	Within our testing of operating expenditure on repairs and maintenance charges on Council dwellings we identified that there is no formal documentation between the Council and Lewisham Homes to confirm the nightly call out capped charge rates.	Implement a formal agreement setting out nightly capped call out charges for repairs and maintenance jobs undertaken by Lewisham Homes.	Lewisham Homes April-23 when agreement finalised	Discussions have been had between LH and LBL and no evidence can be found about the flat rate agreement for callout. Lewisham Homes proposes that callouts are paid under the same terms as their contractor supply-chain – which is callout including cost of actual work completed. A formal agreement will be put in place. Further Management update This recommendation has been superseded by the staff and functions of Lewisham Homes now being part of the Council.
2021/22	Low	The Exacom system used to record and track the Section 106 agreements is not fully reconciled to the general ledger. The overall difference between the Exacom listing and the General Ledger Balance in £2.7m.	The Council need to complete their work on reconciling the Exacom system with the ledger.	CIL Team Ongoing work in progress – review May-23 to confirm latest variance	The comprehensive review to reconcile Exacom to the General Ledger is ongoing and an audit of projects from 2010 to date is also being undertaken. The reconciliation process and the recording of payments on the General Ledger/Exacom is also under ongoing review. These actions will continue for 22/23 and 23/24 to provide additional accuracy. Further Management update No further update required
2021/22	Low	The 31 March Altair report to support membership details had not been retained. Officers were not able to run a subsequent report that detailed figures at 31 March 2022.	The Fund should retain the 31 March Membership numbers report.	Treasury & Investments May-23 when reports run & reviewed for accuracy	Membership numbers as at 31 March could not be obtained as new starters had not been set up within Altair. A significant amount of work is required to upload the data which caused delays in processing.

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				Complete	<p>The Pensions Team will run membership reports on 31 March going forward. Note this will exclude March data as employers have until 19th April to provide this.</p> <p>Altair is a live system, so membership data will vary on an ongoing basis.</p> <p>Further Management update</p> <p>The reports for 2022/23 were run as at 31/03/23 and retained by the service. These were shared with GT during the audit.</p>