

MINUTES OF THE AUDIT AND RISK COMMITTEE

Wednesday, 13 September 2023 at 7.00 pm

Members PRESENT:

In Person: Councillor Eva Kestner (Chair), Councillor Billy Harding, Councillor James Rathbone, Councillor Luke Sorba, Councillor Hau-Yu Tam, Councillor Suzannah Clarke

Independent Members Present:

In Person: Andrew Jones, Mark McLoughlin, Marcus O'Toole

Officers Present:

In Person: Rich Clarke (Head of Assurance), David Austin (Acting Executive Director of Corporate Resources), Katharine Nidd (Acting Director of Finance), Hajera Khan (Committee Officer).

Present Remotely: Paul J Jacklin (Grant Thornton), Terence Madgett (Acting Chief Accountant)

Apologies: Independent Member Stephen Warren

1. Minutes

An amendment made to state Audit and Risk Committee instead of Pension Board.

The Head of Assurance updated the Committee on the action from the previous Committee meeting. He stated that one school canteen has been affected by the Reinforced Autoclaved Aerated Concrete (RAAC).

RESOLVED that the minutes of the meeting of the Audit and Risk Investment Committee held 22nd June 2023 be resolved.

2. Declaration of Interest

None

3. External Audit Update

The Committee received an update introduced by the Acting Chief Accountant on the External Audit completed by Grant Thornton. The Chief Accountant noted the progress of the audit of 2022/2023 and that the 2020/21 and 2021/22 accounts had now been signed off.

The Committee also noted progress reported by the representatives from Grant Thornton the Council's external auditors as follows:

- The Council has received the audit certificate for 2020/21.
- They are awaiting the audit certificate for 2021/22 but given that that accounts have been signed off Lewisham is progressing well compared to the rest of the country as there has been national delays.
- The 2022/2023 Audit has some delay as there has been shortage on staff, but it is on track.
- The representative from Grant Thornton stated that the new auditors KPMG who are starting next year have not contacted them yet for handover papers or files, but they are prioritising finishing the handover for the end of November.

3.1 In response to a question, the Executive Director of Corporate Resources gave further detail into Section 114 notices and the process of tendering new audits.

RESOLVED that the report be noted.

4. A-FACT Annual Report

The Head of Assurance presented a review of the Anti-Fraud and Corruption Team's (A-FACT) work in the last financial year:

- The year 2022/23 represented something of a return to 'normal' for fraud referrals. After nearly three years where a significant proportion of the team's work focussed on fraud compliance with Covid support grants.
- The reduction in Covid-related workload has also meant a resumption of more preventative and governance work, including fraud awareness training and a revised counter fraud policy.
- There has been an increase in cases but there is no strong evidence that this represents an increase in the underlying level or vulnerability to fraud and the team will be recruiting an apprentice to support with capacity.
- When asked about Benefit fraud, the Head of Assurance stated that it is the Department of Work and Pensions who investigate these crimes.

ACTION:

The Head of Assurance to provide a report with case study information on the investigative work that the Assurance team conduct.

RESOLVED that the report be noted.

5. Internal Audit Charter and Quarterly Update

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The Head of Assurance presented to Members giving an overview of the Internal Audit Charter and Quarterly Update.

- The Internal Audit Charter is a formal document translating the principles and objectives of the Public Internal Audit Standards into local application. This change would be for the Committee's new name to be noted as the Audit and Risk Committee instead of the Audit Panel.
- In October Lewisham Homes will be fully re-integrated to the Council. The recommendation is TIAA who are currently contracted to support the Lewisham Homes audit for 2024/25 to continue to be used to support the delivery of internal audit coverage for the former Lewisham Homes areas of responsibility. TIAA have agreed we can redeploy the audit time to Council audits without incurring additional cost.
- For Internal Audit Engagements 2022/23, there are nine high priority actions that are outstanding. Most of the audit actions have been completed as well as the IT Asset Management action from the previous Committee meeting.

Members asked questions on actions that have been noted as not satisfied, the Head of Assurance clarified that incomplete actions will be monitored regularly and will be included on the risk register if it is escalated; all actions are due by the end of December.

The Committee were asked to:

- Approve the Internal Audit Charter.
- Note the Internal Audit Progress Update.
- Approve plans for delivery of part of the 23/24 audit plan.

RESOLVED that the report be noted, and the recommendations approved.

6. Risk Register - Quarterly Update Q1 2023/24

6. Corporate Risk Register Update Q1 2023/24

The Committee received an update report presented by the Head of Assurance in relation to the corporate risk register.

- The report updates the Council's Corporate Risks, there are the same risks as the Corporate Risk Register for the quarter ending 30 June 2023

- Bringing in Lewisham Homes is a risk and there are two additional risks coming from Lewisham Homes, these will be fully incorporated into the next committee report.
- There is currently work being done to build out the software with information, reflecting greater capacity to identify, organise and track details related to risks, controls, and actions.

Members asked if they could go over the lessons learned from the Oracle system failure, the Executive Director of Corporate Resources stated it can be bought in December as an item once the audit is complete in November, as this will provide further assurance of the Council's handling and response to the matter.

RESOLVED that the Corporate Risk Register be noted.

The meeting ended at 20:41.