Lewisham

AGENDA
AUDIT PANEL

Date: THURSDAY, 20 MARCH 2014 at 7.00 pm

Committee Room 3
Civic Suite
Lewisham Town Hall
London SE6 4RU

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

COUNCILLORS	Independent Members
Councillor Michael Harris (Chair)	Paul Dale
Councillor Philip Peake (Vice-Chair)	Richard King
Councillor Ami Ibitson	Mike Robinson
Councillor Mark Ingleby	David Webb
Councillor Dan Whittle	
Councillor Jim Mallory	

Members are summoned to attend this meeting

Barry Quirk
Chief Executive
Lewisham Town Hall
Catford
London SE6 4RU
Date: 11 March 2014

INVESTOR IN PEOPLE

ORDER OF BUSINESS – PART 1 AGENDA

AUDIT PANEL		
Report Title	**MINUTES**	
Key Decision		Item No. 1
Ward		
Contributors	**CHIEF EXECUTIVE**	
Class	**Part 1**	**Date: 20 March 2014**

Recommendation

It is recommended that the Minutes of the meeting of the Audit Panel, which was open to the press and public, held on 20 November 2013 be confirmed and signed.

LONDON BOROUGH OF LEWISHAM

Minutes

MINUTES of a meeting of the AUDIT PANEL, which was open to the press and public, held on WEDNESDAY 20 NOVEMBER 2013 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU at 7:00p.m.

Present

Councillor Harris (Chair), Councillors Ibitson, Ingleby and Mallory.

<u>Independent Members</u>
David Webb
Richard King

<u>External Audit</u>
Jamie Bewick   Manager Public Sector Assurance, Grant Thornton

<u>Internal Audit</u>
Chris Harris   Director Baker Tilly

<u>Officers</u>
David Austin   Interim Head of Corporate Resources
Peter Stachniewski   Interim Head of Financial Services
Richard Lambeth   Group Finance Manager- Accounting and Capital
Simon Berlin   Head of Technology and Transformation

Apologies were received from Councillor Peake and Mr Robinson.

Minute No.   Action

1.   <u>MINUTES</u>

   RESOLVED   that the Minutes of the meeting of the Panel held on September 12 2013, which was open to the press and public, be confirmed and signed as a true record of the proceedings.

2.   <u>DECLARATIONS OF INTERESTS</u>

2.1   Councillor Mallory declared a personal interest in Item 5 as Chair of the Abbey Manor Management Committee.

3.   <u>ANNUAL AUDIT LETTER 2012-13</u>

3.1   The report was introduced by Jamie Bewick of Grant Thornton who stated three key workstreams had been considered, the Audit of the Accounts, Value for Money, and Grant Claims Certification.

3.2   In terms of the Audit of the Accounts, he confirmed an unqualified opinion had been given within the Government set deadline and stated they were of a good standard.

3.3   In respect of Value for Money, he stated the Council had a good track record of meeting targets but future resilience would be required and he noted the Lewisham Futures programme could be crucial in meeting the demands placed on the Council.

3.4   For Grant Claims and Returns, Mr Bewick confirmed the Capital Receipts Pooling return and the NNDR3 return had been signed off in September; the Housing and Council Tax Benefits claim had been signed off that day; while work on the Teachers Pensions returns was ongoing, as they appeared to have been produced without a proper audit trail to evidence.

3.5   The Chair asked how much time had been spent on the Value for Money element and was informed about 15 days in total had been spent on Budget projections. He suggested it may be helpful to include for the public comparisons with other London Boroughs. Mr Bewick promised to consider such a change for future reports. Councillor Mallory added that information about what were the key indicators of performance could also aid the public

3.6   Councillor Ingleby asked why financial planning and financial control on the Value for Money section were both ranked as 'amber'. Jamie Bewick said this was a reflection of the Council's financial situation facing 2014/15 with the need to make, as of yet, unidentified massive savings.

3.7   The Chair asked to be informed of the outcome of the Teachers Pensions review when it was finalised, including the liability to the Council in funding a 20% share of the £40,000 discrepancy.   Interim Head of Financial Services

           RESOLVED   that the report be noted.

4.   <u>Financial Forecasts 2013-14</u>

4.1   The report was introduced by the Interim Head of Financial Services who noted the report had already been considered at Mayor & Cabinet and at the Public Accounts Select Committee.

4.2   The Chair asked officers to provide him with information about Council Tax collection rates in new build developments.   Interim Head of Financial Services

4.3   Mr King asked if re-evaluation of the capital programme could be brought forward to the end of the second quarter. He was supported by Councillor Mallory who said advancing the programme might allow slippage to be spent elsewhere.

4.4   Officers advised that some capital projects were spread over several financial years and that some apparent underspends in any given year were required to complete projects in subsequent financial years, but that processes could be re-examined to see if some earlier monitoring could be done.

4.5   In response the Chair suggested that a longer term view be taken on larger key projects and that there be an earlier review of all other areas in the capital programme.

Interim Head of Financial Services

RESOLVED   that the report be received and officers be requested to consider modifications to the monitoring of capital schemes as suggested by the Panel.

5.   Internal Audit Update Report

5.1   The report was introduced by the Interim Head of Corporate Resources who reported the two outstanding reports from 2012/13 had now been completed. He said work was progressing on the 2013/14 Audit Plan and he pointed out the deletions and additions to the Plan, as well as noting a review of the approach to continuous auditing would coincide with the Oracle finance system upgrade and new reporting tool.

5.2   The Head of Technology and Transformation addressed the Panel on the Disaster Recovery for ICT and Third Party Access reports. He said the Council has embarked on an ambitious plan to link Business Continuity Plans with Disaster Recovery for ICT and comply with ISO 20731. Fifteen primary systems had been identified and all Council Directorates had been surveyed for their expectations in terms of recovery targets. However emergent Public Service Network security arrangements had proved absolutely overwhelming and no focus was able to be given to the audit. As a result, officers were now predicting two years, rather than a few months, would be required to fully align Business Continuity Planning and Disaster Recovery.

5.3   The Chair asked why the Council had 220 servers and was not more committed to cloud computing. The Head of Technology and Transformation said the Council did make some use of cloud computing and would increase usage over time but owing to commitments in the Capita contract it was not logical to

abandon reliance on servers. Any cloud solution embraced by Capita during the term of the current contract would benefit that company rather than the Council.

5.4   Councillor Ingleby asked for more information on Third Party Access and was informed 6 out of 11 overdue recommendations had been implemented and two superseded. Again, Public Service Network requirements were the cause of the delays.

5.5   The Chair asked for an update on the photocopier contract and was told by the Head of Technology and Transformation that next year the Council would be able to move away from a demand driven regime to one where resources were strictly rationed.

5.6   Councillor Mallory asked if the cleaning contract needed to be reassigned given the lack of monitoring of the contract. Mr Chris Harris of Baker Tilly stated the monitoring of the contract was insufficient and would be followed up until attended to, with regular meetings and feedback being arranged. The Chair asked that the relevant Head of Service be asked to give a written update on the cleaning contract at the next meeting. | Interim Head of Corporate Resources

5.7   Mr Webb highlighted an apparent lack of progress in implementing the 2013-14 Plan. In response, Mr Chris Harris acknowledged implementation was behind target but was at a more advanced stage than at the same time last year. The Interim Head of Corporate Resources confirmed steps the position is being closely monitored and assurances were given by the contractor that sufficient resources were in place to ensure the timely completion of the Plan, subject to no significant delays on the Council side.

5.8   The Chair noted the additional financial function responsibilities which had been allotted to the Interim Head of Corporate Resources (formerly Head of Audit & Risk) and reported he had asked the Internal Audit Contract Manager, Julie Hetherington, to attend the next meeting. When questioned, the two Independent members in attendance indicated they would reserve judgement on the robustness of the new arrangements until they had assessed the Internal Audit Contract Manager's presentation. The Chair advised the Panel that they would consider the Audit Charter at their next meeting. | Interim Head of Corporate Resources

RESOLVED   that the report be noted.

6.   ANTI FRAUD & CORRUPTION TEAM UPDATE

6.1   The Interim Head of Corporate Resources introduced the report and stated, as in previous reports, information was provided on Special Investigations, Benefit Investigations and Housing Investigations. He confirmed work was progressing well in all areas and highlighted the training planned, and now delivered, in support of teams undertaking assessments.

RESOLVED   that the report be noted.

The meeting ended at 8.53p.m.

Chair

AUDIT PANEL			
Report Title	**DECLARATIONS OF INTEREST**		
Key Decision			**Item No. 2**
Ward			
Contributors	**Chief Executive**		
Class	**Part 1**		**Date: 20 March 2014**

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 not 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. **<u>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</u>**

(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)

AUDIT PANEL		
Report Title	**UPDATE ON 2013/14 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: 20 MARCH 2014**

1.   SUMMARY AND PURPOSE

1.1.   This report provides an update to Audit Panel Members on the preparations for the 2013/14 Closing of Accounts and statutory External Audit.

2.   RECOMMENDATION

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

3.   2012/13 EXTERNAL AUDIT

3.1.   Grant Thornton began as the Council's external auditors on 1st November 2012. The forthcoming external audit is therefore the second one to be carried out by them. Senior Council finance staff have met regularly with senior Grant Thornton staff since the conclusion of the 2012/13 external audit to ensure that the next external audit is successful.

3.2.   In February 2014, Grant Thornton undertook their Interim Audit and the feedback has been positive in respect of internal systems of financial control. They will begin their substantive work auditing the council's annual accounts in July 2014.

4.   2013/14 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-Audit Statement of Accounts is required to be completed by the end of June 2014 and submitted for audit.   The Audited Statement of Accounts is required to be completed and approved by full Council by the end of September 2014.

4.2.   In previous years, both of these Statements have been submitted to the Audit Panel before the required deadlines. However, due to the local government elections in late May 2014, it has not been possible to arrange a meeting of this Panel in June 2014. Discussions are ongoing about the feasibility of arranging a meeting in July 2014 and members will be notified in due course. However, rigorous quality assurance measures involving the Director for Resources and Regeneration will be put in place in lieu of their involvement. The audited Statement will be submitted to the Audit Panel in September 2014 as usual.

5.   2012/13 CLOSING OF ACCOUNTS

5.1.   The 2013/14 Closing of Accounts timetable, guidance and reporting deadlines have again been reviewed and updated. As last year was fairly successful, very few changes have been made. The only major change is the non reporting to Audit Panel in June as outlined in paragraph 4.2. The accounts will be closed using the current Oracle R11i financial system, which is due to be upgraded during the first half of the new financial year to Oracle R12. There will be substantial pressures on finance staff during this period with part 2 of the Finance Re-organisation being undertaken as well. A number of areas are being examined which may have a minor beneficial effect on the workload. There are no major changes in the accounting requirements for 2013/14.

5.2.   The external audit of the 2012/13 accounts made a number of recommendations concerning the non current asset valuation processes and accounting. These are set out in Appendix A and the current position on these is as follows. The Valuation Office are being used to value the rolling programme of assets and will adopt a beacon approach to value the housing stock. This will be completed by 31st March 2014. The asset register system has been developed to prepare the capital accounting entries in the accounts and the correct accounting treatment will be identified and actioned. The two low priority recommendations are being addressed as stated in our response.

5.3.   The 2012/13 Grant Claims external audit report, included elsewhere on this agenda, made two high priority recommendations in respect of the Teachers Pension return. As a result, the processes for preparing this return have been amended and all backing information is being retained. Officers have taken action to address two of the three medium priority recommendations by reminding staff of the requirements to submit signed copies of claims and focus on identifying errors and weaknesses. Our response to the other recommendation has been accepted by the DWP and agreed by Grant Thornton.

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.

BACKGROUND PAPERS

Title of Document	Date	File Location	Contact	Exempt Information
2012/13 Statement of Accounts	29/09/13	3rd^{t} Floor, Laurence House	Richard Lambeth	

For further information on this report please contact:
Peter Stachniewski, Interim Head of Financial Services on 020 8314 8379
Richard Lambeth, Group Finance Manager – Core Accounting on 020 8314 3797

GRANT THORNTON - 2012 / 2013 AUDIT FINDINGS REPORT - ACTION PLAN

No.	Recommendation	Priority	Management Response	Implementation Date	Responsibility
1	Ensure you have sufficient valuations expertise available to meet the requirements of the Code	High	We will ensure that arrangements are in place to enable the requirements of the Code will be met	November 2013	T Thompson
2	For 2013/14 value the housing stock using the beacon approach as recommended by the Code	Medium	We will ensure that the requirements of the Code will be met	December 2013	T Thompson
3	Continue to develop the asset register as a tool to drive the capital accounting entries in the financial statements	Medium	We will continue to develop the use of the asset register	November 2013	R Lambeth
4	For 2013/14 ensure you apply the correct accounting treatment in respect of valuations, impairments and PFI assets	Medium	We will ensure that the correct accounting treatment will be adopted	March 2014	R Lambeth
5	Apportion the £15.3 million decent homes balance in the revaluation reserve over the assets it relates to	Medium	This apportionment will be applied to the opening balances as at 1st April 2013	November 2013	R Lambeth
6	Review the disclosures in the Annual Governance Statement, with a view to making it more succinct and readable	Low	This will be considered during the 2013/14 process.	March 2014	K Nicolson
7	Consider the points raised in our IT issues memorandum for best practice in IT controls	Low	These will be considered as part of the implementation of the new Oracle R12 financial system	October 2013	S Berlin

Certification report 2012/13
for the London Borough of Lewisham

Year ended 31 March 2013

January 2014

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Executive summary

Introduction

We are required to certify certain of the 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 four claims and returns for the financial year 2012/13 relating to expenditure of £326 million.

This report summarises our overall assessment of your 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.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan.

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 following table and set out in detail in the next section of the report.

Aspect of certification arrangements	RAG rating
Submission & certification	● Amber
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	● Amber
Supporting working papers	● Amber

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3

Results of our certification work

Key messages

We have certified four claims and returns for the financial year 2012/13 relating to expenditure of £326 million. The four claims and returns were:

- National Non Domestic Rates pooling;
- Housing capital receipts pooling;
- Housing and council tax benefits; and
- Teachers pension return.

Your performance in preparing claims and returns is summarised below:

Teachers Pension return

There were significant issues with your arrangements for producing the Teachers pension return. A photocopy of the return was presented to us on 7th October 2013, which was several months later than the due date of 30 June. It had also been submitted on an incorrect form.

Officers did not retain the audit trail of the payroll data used to produce the return. Therefore we were initially unable to verify the information in the return to its source. Officers had to reproduce an audit trail retrospectively, which was a difficult and time consuming process. There was a difference of over £50k between the claim and the revised audit trail, which contributed to our qualification of the return.

Responsibilities for producing the return were unclear and disjointed between the accounting and payroll functions. Officers did not respond promptly to our requests for supporting evidence and consequently we had to escalate this to the Interim Head of Financial Services. In order to simplify arrangements he decided that the responsibility for producing the Teachers Pension return should sit with the payroll function.

Additionally we identified classification errors affecting the amounts disclosed as refunds, which we reported in the qualification letter.

Officers have responded constructively to our comments on the Teachers pension return. Subsequent to certifying this return we met with the Interim Head of Financial Services and senior payroll managers to discuss the lessons learned for 2013/14.

Housing and council tax Benefits

As in previous years the Housing and council tax benefits claim was qualified. In our detailed testing of payments to a sample of benefit claimants we identified several errors affecting rent allowances, rent rebates and council tax benefits. Most of the errors fell into two main categories which were:

- misclassifications of overpayments; and
- incorrect calculation of earnings.

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Results of our certification work

We have discussed these errors with the benefits team, who agreed to review these for 2013/14.

While we did identify a number of errors in the sample, the financial value of the errors was small and did not materially affect the amount of subsidy due to the Council. Benefit regulations are complex and the quantum of errors at London Borough of Lewisham is not inconsistent with other similar councils.

Another qualification point was that in some longstanding cases you were not able to provide supporting evidence of the claimant's entitlement to benefit. This is because the Council has a policy of disposing of paper records after six years. We note the reasons for this policy, however under the DWP's certification requirements this issue is likely to continue to lead to future qualifications of the claim.

Officers were helpful and cooperative in providing the information we needed for our work, and this contributed to us being able to certify the claim well in advance of the deadline.

National Non Domestic Rates Pooling (NNDR)

The NNDR return was produced to a good standard and we did not identify any errors. Management produced good quality working papers to support the return and responded promptly to our queries.

As an improvement point for 2013/14 management should retain the original signed version of the return for audit certification.

Housing Capital Receipts Pooling

The capital receipts pooling return was produced to a good standard. We did not identify any errors and we certified the return without amendment.

Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The scale fee for the Council for 2012/13 is £68,700. This is set out in more detail in Appendix C.

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B.

Acknowledgements

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

Grant Thornton UK LLP
January 2014

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Appendices

Appendix A: Details of claims and returns certified for 2012/13

Claim or return	Value £000s	Amended?	Amendment (£)	Qualified?	Comments
NNDR	46,739	Yes	0	No	Claim was recertified because the Council did not retain the original signed copy
Capital Receipts Pooling	2,540	No	0	No	
Housing Benefit subsidy	258,098	No	0	Yes	Claim was qualified mainly due to the number of errors found in testing of payments to individual claimants.
Teachers pension	18,625	Yes	0	Yes	Original claim was submitted on the wrong form and was therefore recertified

Appendix B: Action plan

Priority
High - Significant effect on arrangements
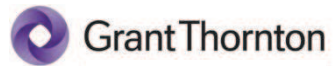**Medium** – Some effect on arrangements
Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Formalise the draft written procedures for the Teachers Pension return, so that arrangements and responsibilities for 2013/14 are clear.	High	Officers have now documented a process for producing the 2013/14 Teachers Pension return, and they have clarified the accountability for it.	Immediate
2	Retain monthly summaries of teachers pension contributions, and ensure the claim is reconciled to the underlying evidence.	High	Monthly summaries of teachers pensions are now being retained so the claim can be reconciled to the underlying evidence	Immediate
3	Retain original copies of grant returns for auditor certification, to comply with the grant paying body's instructions	Medium	All officers responsible for grant claims have been reminded of the need to retain signed copies for auditor inspection	Immediate
4	Review the errors in the 2012/13 Housing and Council tax benefit records, to minimise similar errors occurring in future	Medium	Staff have been assigned to focus on identifying errors and weakness and to address this	Immediate
5	Review the Council's policy of disposing of all information on the document imaging system which date back to more than six years.	Medium	The Council's document management system has an automatic retention policy which is set for 6 years from receipt. Officers can demonstrate other elements in support of claims eg continued communication with the claimant, on-going award of benefits, receipt of benefit related information. The DWP have accepted this.	Not applicable

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Appendix C: Fees

Claim or return	2012/13 indicative fee (£)	2012/13 actual fee (£)	Variance (£)	Explanation for significant variances
Housing benefits subsidy claim	45,430	45,430	0	
Housing capital receipts pooling claim	2,600	2,600	0	
Teachers Pension return	12,420	12,420	0	
National non-domestic rates return	8,250	8,250	0	
Total	**68,700**	**68,700**	**0**	

Agenda Item 6

AUDIT PANEL			
Report Title	**Internal Audit update report**		
Key Decision	**No**		**Item No. 6**
Ward	**ALL**		
Contributors	**Head of Corporate Resources (Interim)**		
Class	**Part 1**		**Date: 20 March 2014**

1. Purpose of the report

1.1. This report presents members of the Audit Panel with a summary of:

- Internal audit progress with the audit plans for 2012/13 and 2013/14,

- Internal audit plan for 2014/15,

- Implementation of internal audit recommendations,

- Performance of the internal audit contractor, and

- The internal audit Charter.

2. Recommendations

2.1. It is recommended that the Audit Panel:

    2.1.1. Note the content of this report,

    2.1.2. Agree the audit plan for 2014/15 at Appendix 6,

    2.1.3. Agree the internal audit Charter at Appendix 7, and

    2.1.4. Note the risk management policy and strategy at Appendix 9.

3. Background

3.1. The Council's Internal Audit Service consists of the in-house team and contractor.

3.2. The in-house side consists of the Head of Corporate Resources, Internal Audit Contract Manager and CIPFA trainees.

3.3. Baker Tilly is the contractor for Internal Audit Services. The current contract runs until the end of September 2014. They are responsible for completing the internal audit reviews for the Council (non-schools and schools) in line with the audit plan and follow-ups for annual core financial and IT audits.

3.4. Since April 2013, the in-house side of the Internal Audit performs all other follow-ups and a limited number of ad-hoc audit reviews.

4. Internal audit progress update

<u>2012/13</u>

4.1. The 2012/13 audit plan is now completed. The final two reports completed were:

Dir.	Audit	Date of Final	Audit Opinion	Recs. Made		
				H	M	L
RRE	Maintenance of Assets and Premises	06/11/13	Consultancy	15	-	-
CYP	Management of Payment by Results (PbR) Contracts for Early Years Intervention	11/11/13	Satisfactory	-	4	1

2013/14

4.2. The contractor is responsible for completing all the reviews in the 2013/14 audit plan, with the exception of two internal audits (one non-school and one school) delivered by the in-house team as previously reported.

4.3. The table below summarises the status of the whole plan as at end February. For a more detailed look at the current audit plan, please refer to Appendix 1.

Lead Dir.	Original Audit Plan	Extra Audits	Dropped Audits	Current Audit Plan	Final Reports Issued	APS Issued	Audits not started
RRE	20	4	(5)	**19**	7	5	7
CUS	14	-	(2)	**12**	5	7	-
COM	10	4	(5)	**9**	2	1	6
CYP	7	3	-	**10**	6	1	3
Sub	**51**	**11**	**(12)**	**50**	**20**	**14**	**16**
SCH	23	-	-	**23**	22	n/a	1
Total	**74**	**11**	**(12)**	**73**	**42**	**14**	**17**

4.4. Since the last meeting, there have been four additional audits and five audits dropped from the plan.

4.5. Additional

- Financial Reconciliations (RRE) - requested by the Head of Service .

- Children in Custody (COM) - Brought forward from the 2014/15 and replaced Youth Offending Team review.

- Case Closures - Self Assessment, Ways of Working (COM) - one of two audits replacing the Adult Social Care Audit.

- Short Term Cases, Ways of Working (COM) - the second of two audits replacing the Adult Social Care Audit.

4.6. Dropped audits

- School's PFI Contract (RRE - previously CYP) - The Manager has reopened the closed recommendations and therefore this audit is no longer required.

- SharePoint 2010 (RRE) - Deferred to the 2014/15 plan due to the delays in the roll-out.

- Oracle12 (RRE) - Deferred to the 2014/15 plan due to the delays in the roll-out.

- Youth Offending Team (COM) - Deferred to the 2014/15.

- Adult Social Care (COM) - Cancelled as the service is taking part in a wider benchmarking and peer review. Two audits brought forward to replace it.

- Safeguarding Adults (COM) - Cancelled as external review taking place.

4.7. In addition, the Banking key audit is transferred from Customer Services to Resources and Regeneration in line with the team changes from the finance reorganisation.

4.8. Since the last meeting and up to the end February, 28 reports were finalised. They are:

Dir.	Audit	Date of Final	Audit Opinion	Recs. Made		
				H	M	L
RRE	Treasury Management	07/02/14	Substantial	-	-	-
RRE	Budget Setting and Control	20/01/14	Substantial	-	2	-
RRE	Pension Fund 13-14	07/01/14	Substantial	-	1	1
RRE	Data Scanning and Storage	13/12/13	Limited	2	-	-
RRE	VAT	18/11/13	Substantial	-	1	-
RRE	Pension System Implementation	12/11/13	Satisfactory	-	1	-
CUS	Housing Benefit and Council Tax Reduction Scheme	10/01/14	Substantial	-	2	3
CUS	Housing Options Centre (HOC)	12/12/13	Limited	1	2	-
CUS	Web Payments	26/10/13	Satisfactory	-	1	-
CUS	Payment Centre	26/09/13	Satisfactory	-	3	1
COM	Block Nursing Contract	06/02/13	Substantial	-	2	-
COM	CCTV – Contract Management	15/10/13	Satisfactory	-	4	2
CYP	Looked After Children Payments	27/02/14	Substantial	-	1	1
CYP	NEETS – Targets and Outcomes	17/12/13	Substantial	-	-	1
CYP	Estates Management	06/12/13	Satisfactory	-	5	2
SCH	Torridon Infant School	17/02/14	Substantial	-	1	3
SCH	Drumbeat School	07/01/14	Substantial	-	2	6
SCH	Stillness Infant School	07/01/14	Substantial	-	1	2
SCH	Stillness Junior School	13/12/13	Substantial	-	2	4
SCH	Myatt Gardens Primary School	28/11/13	Substantial	-	1	2

Dir.	Audit	Date of Final	Audit Opinion	Recs. Made		
				H	M	L
SCH	St Mary's Primary School	27/11/13	Substantial	-	1	2
SCH	Lucas Vale Primary School	22/11/13	Satisfactory	-	3	4
SCH	Deptford Park Primary School	14/11/13	Satisfactory	-	3	2
SCH	Marvels Lane Primary School	08/11/13	Substantial	-	2	2
SCH	Brindishe Green Primary School	05/11/13	Substantial	-	-	3
SCH	Sandhurst Primary School	05/11/13	Satisfactory	-	4	2
SCH	St Augustine's Primary School	31/10/13	Satisfactory	-	2	4
SCH	Rathfern Primary School	24/10/13	Substantial	-	2	2

5. Limited and No Assurance reports

5.1. There were two 'Limited' assurance opinion reports issued since the last meeting. They were :

- Housing Options Centre (CUS)
- Data Scanning and Storage (RRE)

5.2. The one 'Consultancy' review was:

- Maintenance of Assets and Premises (RRE - 12/13)

5.3. There were nil 'No Assurance' reports issued.

5.4. The executive summaries for these Limited and Consultancy reports are presented in Appendix 4.

6. High or Medium recommendations not agreed

6.1. Since the last Audit Panel meeting, management have agreed all 'Medium' and 'High' recommendations made.

7. Implementation of internal audit recommendations

Follow-ups

7.1. Non-school reviews with High or Medium recommendations made are followed-up within nine months of the final report. In addition, any school audit with a negative assurance opinion, i.e. 'Limited' or 'No assurance', receives a follow-up review.

7.2. There were 13 follow-up reviews completed since the last Audit Panel meeting (one school and 12 non-schools). The summary status of the recommendations followed up is shown in the table below:

Implemented	In Progress	Superseded	Not Implemented	Total Recs
25	6	4	10	45
56%	13%	9%	22%	100%

7.3. Those recommendations found to be 'in progress' or 'not implemented' are held open and continue to be tracked for implementation in the usual manner. Details of the reviews followed-up are provided in Appendix 5.

Superseded

7.4. Since the last Audit Panel meeting, five medium recommendations were closed as 'superseded'. They came from the following audits:

- Information Asset Register - Risk Assessments,

- Third Party Access to IT Systems and Data, and

- ISS Facility Service Ltd.

The following key audit recommendations were also superseded by internal audit as they repeated the same recommendations made in the prior year:

- Budget Setting and Control (13-14) - Internal audit superseded these recommendations, keeping open the original recommendations, to avoid duplication of previous recommendations and agreed implementation dates.

- Looked after Children Payments (13-14) - Internal audit superseded this recommendation, keeping open the original recommendation, to avoid duplication of previous recommendations and agreed implementation dates.

7.5. Details of these superseded recommendations are provided in Appendix 2.

Implementation of recommendations

7.6. The table below shows the status of high and medium recommendations made by Internal Audit as at the 28/02/14.

Lead Dir.	Previous No. of O/Due Recs.	Current No. of O/due Recs at 28/02/14	Current No. of Recs with 2+ changes	Previous No. of Open Recs at 30/09/13	No of Recs Re-opened since 30/09/13	New Recs from 30/09/13 to 28/02/14	Closed Recs from 30/09/13 to 28/02/14	Current Open Recs at 28/02/14
RRE	25	5	2	63	8	22	(42)	51
CUS	1	-	-	5	-	5	(6)	4
COM	-	6	8	30	2	6	(19)	19
CYP	4	8	2	14	-	10	(3)	13
Total N/S	30	19	12	112	10	43	(78)	87
SCH	22	51	11	46	-	21	(3)	67
Total All	52	70	23	158	10	64	(75)	154

7.7. 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. Performance of the contractor

2013/14

8.1. One of the ways that the performance of the contractor is measured is by agreed Performance Indicators (PIs).   The table below show the results for the 2013/14 PIs to the end of February.

	Performance Indictor	No. of survey	Target YTD		Actual YTD to 28/02/14		Variance (+/-)		Met (Y/N)
			%	No.	%	No.	%	No.	
1	All finals reports issued against plan		75%**	56/71*	58%	41/71	(17)%	(15)	N
2	Non-SCH final reports issued against plan		83%	43/49	41%	20/49	(42)%	(23)	N
3	SCH final reports issued against plan		56%	13/22	95%	21	39%	8	Y
4	Follow up reviews issued against plan		78%	14/17	65%	11	(13)%	(3)	N
5	Level of satisfaction for individual reviews	5	3.0		3.5		0.5		Y

*This is the performance of the contractor so excludes the two reports in the plan delivered to date by the in-house team.

** This represents 95% of the target.

8.2. The critical delay is the shortfall on delivery of non-school audits (PI2) where less than half the audits due to date have been delivered. This means the majority are now likely to be delivered after the end of the financial year to which they relate. These delays also put the date of the end of May at risk by when the audits are needed by the Head of Internal Audit to complete their Annual Assurance Report.

9. Draft Internal Audit 2014/15

9.1. The draft internal audit plan in Appendix 6 shows the proposed audits, along with days reserved for contingency and follow-up reviews. The plan is for the full year (April 2014 to March 2015). In summary it comprises:

Audit:	Key	General	Special	IT	School	Cont. & F-up	Total
Number	**18**	**11**	**5**	**4**	**31**	**0**	**69**
% plan	26%	16%	7%	6%	45%	0%	**100%**
Days	**256**	**104**	**85**	**40**	**127**	**78**	**690**
% plan	37%	15%	12%	6%	19%	11%	**100%**

9.2. The plan takes into account consideration of the internal audit budget saving of £75k. The saving is equal to approximately 240 general days of audit or 30% of the assurance resource contracted for. As such, with the exception of key audits, the number of audits and their scope is reduced,.

9.3. The scopes of the key audits were reviewed and now include additional risks not previously looked at. Where the scope exceeds the days allocated, a rolling two to three year rolling plan is in place. The rolling plan will be kept under review, discussed with External Audit, and reported back to the Audit Panel.

9.4. Timing for the delivery of all the proposed 2014/15 internal audits has not been finalised as the focus is on the completion of the 2013/14 plan first. This carries risk into the 2014/15 plan as a carry over from delays in this year.

10. Corporate Risks and Internal Audit Plan

10.1. The above draft internal audit plan is also linked to the corporate risks. This mapping is set out in Appendix 8. The detail shows which audits link to which risk/s and what other assurances the Head of Corporate Resources is expecting to rely on.

10.2. In reviewing the alignment of assurance work to risk the Panel should not the Council's updated risk management policy and strategy. The strategy sets out the risk scoring approach in terms of likelihood and impact and is provided at Appendix 9 for information.

11. Internal Audit Charter

11.1. As part of the annual assessment against the Public Sector Internal Audit Standards (PSIAS), the Internal Audit Charter replaces the Internal Audit Strategy and Terms of Reference. The Charter, presented at Appendix 7, describes how the internal audit service operates. It covers the purpose, authority and responsibility of internal audit.

11.2. The key elements of the Charter:

- define the 'board' and 'senior' management' for governance of internal audit,

- cover how internal audit will be resourced,

- define the role of internal audit in fraud related work, and

- define arrangements on how to avoid conflict of interest.

12. Other business

12.1. The post of the Head of Corporate Resources, including their responsibility as Head of Internal Audit, is currently being recruited to.

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. There are no equality implications arising directly from this report.

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 David Austin, Interim Head of Corporate Resources, on 020 8314 9114 or email him at david.austin@lewisham.gov.uk

Appendix 1 - Progress on the 2013/14 Audit Plan

Lead Dir.	Name of Audit	Scope	Date APS Issued	Date Audit Finalised	Opinion
RRE	School's' PFI Contract	Additional Audit. To review the contract management (Assurance).	Cancelled (Was CYP now RRE)		
RRE	Oracle	Review of there new oracle upgrade to ensure that it is fit for purpose. Review how maintenance and upgrades to the system are managed, security of data and governance. (Assurance)	Deferred to 2014/15		
RRE	SharePoint 2010	Review security access, project management of SP2010. (Assurance)	Deferred to 2014/15		
RRE	Property Asset Management	Review of the operation and process for managing property asset. (Assurance)	Cancelled		
RRE	Forefront Identity Manager (FIM)	Review of the management processes for user network access. Forefront Identity Manager will replace SMAL system. (Assurance)	Cancelled		
RRE	Continuous Auditing	To run and provide quarterly reports (Assurance)	27/06/13	N/A	
RRE	Treasury Management	Key Controls (Assurance)	22/10/13	07/02/14	Substantial
RRE	Pensions	Key Controls - to include new automatic enrolment. (Assurance)	08/11/13	07/01/14	Substantial
RRE	Budget Control and Monitoring	Key Controls (Assurance)	31/10/13	20/01/14	Substantial
RRE	Data Scanning and Storage	Review new contract for off site storage and retrieval (Assurance)	17/10/13	13/12/13	Limited
RRE	VAT	To review the process of input and output tax. (Assurance)	08/06/13	01/11/13	Substantial
RRE	Pensions System Implementation	Review of the new pensions system. To include: security, controls, transfer of data from old system and the normal implementation testing that is expected of a new system. (Assurance)	01/10/13	12/11/13	Satisfactory
RRE	ISS Cleaning Contract	Review of Clienting arrangements for the Facilities Contract. (Assurance)	14/05/13	01/08/13	Limited
RRE	Capita - IT Contract Management	To review the contract management process (Assurance)	30/01/14		
RRE	Banking	Key Controls (Assurance) (was CUS now RRE)	04/11/13		
RRE	Security and Access to Servers	Additional audit. To review the access to servers	14/10/13		
RRE	Transport (Highways) Contract	Review of the Clienting arrangements for the transport contract (highways maintenance) particularly valid in light of staff restructure. (Assurance)	27/06/13		
RRE	Non-Current Assets	Key Controls (Assurance)			

Appendix 1 - Progress on the 2013/14 Audit Plan

Lead Dir.	Name of Audit	Scope	Date APS Issued	Date Audit Finalised	Opinion
RRE	Project Management	Review of project management across the council to include PRG and Training. (Assurance)			
RRE	Payroll	Key Controls (Assurance)			
RRE	Capital Programme, Monitoring and Expenditure	Key Controls (Assurance)			
RRE	Accounts Payable	Key Controls (Assurance)			
RRE	Main Accounting	Key Controls (Assurance)			
RRE	Reconciliations of all Bank Accounts	Additional Audit - Review the process of reconciliations			

Lead Dir.	Name of Audit	Scope	Date APS Issued	Date Audit Finalised	Opinion
CUS	NNDR - IT parameters	Review initial controls, parameters prior to Key audit. (Assurance)		Cancelled	
CUS	Housing Benefit and Council Tax Reduction Scheme	Key Controls (Assurance)	28/10/13	10/01/14	Substantial
CUS	Housing Options Centre	Review of the decision making process, management of service, meeting of objectives and application process. (Assurance)	07/08/13	12/12/13	Limited
CUS	Web Payments	Review the security and resilience of the online payment systems that has taken over from the cash office (Assurance)	27/07/13	26/10/13	Satisfactory
CUS	Payment Centres	Review of the new payment centres in terms of role allocation and automation. (Assurance)	25/07/13	26/09/13	Satisfactory
CUS	Housing and Council Tax Benefit - IT parameters (part 1)	Review initial controls, parameters prior to Key audit. (Assurance)	22/06/13	22/07/13	Substantial
CUS	Parking Contract	Review the monitoring of the new contract, including payments, recovery, KPI and partnership working. To include how personal information is shared between parties. (Assurance)	26/02/14		
CUS	NNDR - Key controls	To include parameters and new regs etc. (Assurance)	14/11/13		

Appendix 1 - Progress on the 2013/14 Audit Plan

Lead Dir.	Name of Audit	Scope	Date APS Issued	Date Audit Finalised	Opinion
CUS	Accounts Receivable	Key Controls (Assurance)	08/11/13		
CUS	Council Tax	Key Controls (Assurance)	31/10/13		
CUS	Trade waste - contract review	Review the Clienting arrangement for trade waste (not dry recycling). (Assurance)	27/09/13		
CUS	Enforcement	To review the efficiency & productivity of the team. (Assurance)	05/08/13		
CUS	Housing and Council Tax Benefit - IT parameters (part 2)	Review initial controls, parameters prior to Key audit. (Assurance)	22/06/13		

Lead Dir.	Name of Audit	Scope	Date APS Issued	Date Audit Finalised	Opinion
COM	South London and Maudsley (SLAM)	Review the governance and operational management in respect of LBL interest in relation to SLAM (Assurance)		Cancelled	
COM	Supporting People Programmes	To review the objectives and outcomes. Including working with the Penrose organisations. (Assurance)		Cancelled	
COM	Safeguarding (Adults)	Review the structure and process of the new Safeguarding Adults team. (Assurance)		Cancelled	
COM	Adult Social Care - new ways of working	To be advised.		Cancelled -Replaced by two audits	
COM	Youth Offending Team	To review the objectives and outcomes of the service. (Assurance)		Deferred to 2014/15	
COM	Block Nursing Contract	Review the block nursing contract monitoring and outcomes / savings (Assurance)	28/06/13	06/02/14	Substantial
COM	CCTV -	Additional Audit – Contract management (Assurance).	09/09/13	15/10/13	Satisfactory
COM	Personal Budgets. Individual Budgets and Direct Payments	To review all three areas - including, assessing, monitoring, allocation and outcomes (Assurance)	25/02/14		
COM	Fusion Leisure Contract	Review the monitoring of the contracts, KPIs and H&S, and benefits of outcomes.			

Appendix 1 - Progress on the 2013/14 Audit Plan

Lead Dir.	Name of Audit	Scope	Date APS Issued	Date Audit Finalised	Opinion
COM	Client Contributions for Residential & Domiciliary Care	Key controls (Assurance)			
COM	Payments to Residential and Domiciliary Care	Key controls (Assurance)			
COM	Children in Custody (Additional)	To review the controls relating to children in custody.			
COM	Case Closure self assessment way of working (Additional)	To review the controls for case closure self assessment cases			
COM	Short Term Cases - Way of working	To review the controls for short term cases.			

Lead Dir.	Name of Audit	Scope	Date APS Issued	Date Audit Finalised	Opinion
CYP	Looked after Children Payments to Providers	Key controls (Assurance)	07/10/13	27/02/14	Substantial
CYP	NEETs Targets and outcomes (previously Re-organisation of Youth Service	Review of the targets set and outcomes in relation to NEET (Not in Education, Employment or Training). (Assurance)	12/06/13	17/12/13	Substantial
CYP	Estates management	In light of the reorganisation, review of estates management and their statutory maintenance procedures in line with agreed SLA with schools (Assurance)	02/10/13	06/12/13	Satisfactory
CYP	Troubled Families Programme	Review the framework of the programme as required by the DCLG. (In-house side performed)	24/06/13	30/09/13	Substantial
CYP	Adoption (Additional review)	Review the process and payment of Adoption. (Assurance). Additional audit as original Fostering, Adoption and Residential Orders review is split in to two reviews.	21/05/13	28/08/13	Satisfactory
CYP	Fostering and residential orders	Individual reviews process and payment reviews to be performed on a 3 year rolling basis (Assurance). Adoption now separated from this review.	09/05/13	22/07/13	Substantial
CYP	Pathfinder SEND	Review of the process for the administration, application, assessment & payment relating to SEND. (Assurance)	15/01/14		
CYP	Childrens' Disability Payments	Review of the process for the administration, application, assessment & payment. (Assurance)			

Appendix 1 - Progress on the 2013/14 Audit Plan

Lead Dir.	Name of Audit	Scope	Date APS Issued	Date Audit Finalised	Opinion
CYP	Leaving Care	Review the objectives and outcomes of the support of children leaving care. (Assurance)			
CYP	Schools' Catering Contract	Additional Audit. To review contract management (Assurance).			

Lead Dir.	Name of Audit	Scope	Mth F/W Started	Date Audit Finalised	
SCH	Torridon Infant	Standard School Testing Programme	Jan 14	17/02/14	Substantial
SCH	Drumbeat School (Spec)	Standard School Testing Programme	Jan 14	10/02/14	Substantial
SCH	Stillness Infant	Standard School Testing Programme	Dec 13	07/01/14	Substantial
SCH	Stillness Junior	Standard School Testing Programme (In-house side performed)	Nov 13	13/12/13	Substantial
SCH	Myatt Garden Junior	Standard School Testing Programme	Nov 13	28/11/13	Substantial
SCH	St Marys Junior	Standard School Testing Programme	Nov 13	27/11/13	Substantial
SCH	Lucas Vale Junior	Standard School Testing Programme	Oct 13	22/11/13	Satisfactory
SCH	Deptford Park Junior	Standard School Testing Programme	Sep 13	14/11/13	Satisfactory
SCH	Marvels Lane Junior	Standard School Testing Programme	Oct 13	08/11/13	Substantial
SCH	Sandhurst Junior	Standard School Testing Programme	Sep 13	05/11/13	Substantial
SCH	Brindishe Green Junior	Standard School Testing Programme	Oct 13	05/11/13	Substantial
SCH	St Augustine's Junior	Standard School Testing Programme	Oct 13	31/10/13	Satisfactory
SCH	Rathfern Junior	Standard School Testing Programme	Sep 13	24/10/13	Substantial
SCH	Holy Cross RC Junior	Standard School Testing Programme	Sep 13	17/09/13	Substantial
SCH	Turnham Primary	Standard School Testing Programme	Jul 13	31/07/13	No Assurance

Appendix 1 - Progress on the 2013/14 Audit Plan

Lead Dir.	Name of Audit	Scope	Mth F/W Started	Date Audit Finalised	
SCH	Horniman Junior	Standard School Testing Programme	Jul 13	30/07/13	Substantial
SCH	Rushey Green Junior	Standard School Testing Programme	Jul 13	22/07/13	Substantial
SCH	Dalmain Junior	Standard School Testing Programme	Jul 13	19/07/13	Substantial
SCH	Rangefield Junior	Standard School Testing Programme	Jun 13	04/07/13	Substantial
SCH	John Stainer Junior	Standard School Testing Programme	Jun 13	20/06/13	Substantial
SCH	Good Shepherd Junior	Standard School Testing Programme	May 13	10/06/13	Substantial
SCH	Lee Manor Junior	Standard School Testing Programme	May 13	31/05/13	Substantial
SCH	Torridon Junior	Standard School Testing Programme	Mar 14		

Appendix 2 - Superseded internal audit recommendations

Audit	Recommendation	Update from Management (abridged)
Information Asset Register – Risk Assessments	The design of the Information Asset Register (IAR) database including the underlying queries used for calculating performance statistics should be documented. This should be reviewed and testing performed to provide assurance of the correctness of reports and queries.	The access database has been retired and a new register designed. There are no tables to run queries from.
Third Party Access to IT Systems and Data	Information Asset Owners (IAOs) should ensure procedures are established to monitor, detect and investigate unauthorised third party activity on their information systems.	As per audit action RRE08(8): this process is now wholly managed by corporate information team. Existing VPN connections are disabled and access only provided using new process which will remove this risk.
Third Party Access to IT Systems and Data	IAOs should ensure they get periodic assurance from third party support organisations that effective controls have been established to comply with the Data Protection Act 1998 and other privacy requirements.	The new process that is now managed by the Corporate Information team will ensure this requirement is fully addressed.
ISS Facility Service Ltd	A clear formal protocol should be put in place between the client and contractor that stipulates roles and responsibilities in respect of monitoring the cleaning performance. The Council should ensure that it is satisfied with the standard and quality of the cleaning service performed by ISS Facility Services. Whilst recognising resource constraints, as a minimum some client spot checks should be used to supplement building user and contractor monitoring.	**IA Comment -** No comment made. Email to responsible officer to ask for reason on 03/01/14.
Budget Setting and Control 13-14	Budget holders should sign off the monthly budget monitoring sites in acknowledgement of their responsibility towards the budget. A note should be made on the overall objective tab where a budget holder has not signed off their budget due to system constraints or the budget holder's absence.	**IA Comment** - Recommendation superseded as f/up and main audit established not implemented in full. As such, re-opened 12-13 recommendation for monitoring and updating purposes. Please see 12-13 audit for recommendations updates.
Budget Setting and Control 13-14	Reasons for material (£5k or 1% of the budget whichever is greater) budget variances should be recorded on the monthly budget monitoring site. Reference should be made on the overall objective summary tab to emails or monthly directorate reports if they have not been recorded due to system constraints or the complexity of budgets.	**IA Comment** - Recommendation superseded as f/up and main audit established not implemented in full. As such, re-opened 12-13 recommendation for monitoring and updating purposes. Please see 12-13 audit for recommendations updates.

Appendix 2 - Superseded internal audit recommendations

Audit	Recommendation	Update from Management (abridged)
Looked After Children Payments to Providers 13 -14	Budget holders need to ensure that the accuracy of the budget forecasting model is checked and provide their agreement by electronically signing off the budget monitoring sheet each month.	**IA Comment -** Superseded this recommendation as previously made in 2010/11 and is open. All updates to be made to the original recommendation.

Appendix 3 - Recommendations overdue and with multiple changes.

Dir	Name of Audit	Final Report Date	H O/D	M O/D	2+ chgs	Reopened at F/up	Comment
RRE	Land Management	01/10/13		1			
RRE	Pension Fund 13/14	07/01/14		1			(Reminder not sent as input into system after)
RRE	ONEOracle Project Management	19/04/13			3		Target date changed 2 times.
RRE	Generic Contract Review - School PFI				4	4	Reopened as audit no longer in plan. Two changed 2 times and two changed 3 times.
RRE	Contract Management for Joint Street Lighting	19/04/13			1		
RRE	Information Asset Register - Risk assessments	13/02/14				2	
RRE	Budget Monitoring 12/13	30/11/13				2	(Re-opened to avoid duplication)
COM	Adult Assessment and Care Management - Long Term and Complex Cases	28/06/13		1			
COM	Community Equipment Consortium	30/05/13		1	2		Target date changed 2 times
COM	Community Libraries Contracts	28/09/12			1		Target date changed 5 times
COM	Client Contributions for Res and Dom care 2012/13	01/02/13				1	
COM	Generic Contract Review - Housing 21	02/05/12			1	4	4	Two changed 2 times, two changed 3 times
COM	Payment by Results Pilot	18/09/13		2			
COM	Social Care and Information Advice Team (SCAIT)	05/12/12	1		1	1	Target date changed 2 times
CYP	Abbey Manor College - financial regulations	05/02/13	2	1			

Appendix 3 - Recommendations overdue and with multiple changes.

Dir	Name of Audit	Final Report Date	H O/D	M O/D	2+ chgs	Reopened at F/up	Comment
CYP	Estate Management - Statutory Maintenance	06/12/13		3			
CYP	Foster Carer and Residence Order Payments	22/07/13		1			
CYP	Payments for Looked After Children 10/11	04/04/11		1	1	1	Target date changed 4 times
CYP	School Data Handling Controls	15/05/12			1		Target date changed 2 times
SCH	Adamsrill Primary School	04/10/12		1	1		
SCH	Athelney School	28/06/12			1		Target date changed 2 times
SCH	Clyde Nursery	13/05/12		2	2		Target date changed 2 times
SCH	Drumbeat School	10/02/13		2			(Reminder not sent as input into system after)
SCH	Edmund Waller	17/10/12		1			
SCH	Fairlawn School	14/11/12	2	2	4		Target date changed 2 times
SCH	Good Shepherd	10/06/13		1			
SCH	Grinling Gibbons Primary	11/02/12		1	1		Target date changed 4 times
SCH	Holbeach School	27/09/12		1	1		Target date changed 2 times
SCH	Kender Primary School	18/01/13		1			
SCH	Lucas Vale School	22/11/13		1			
SCH	Myatt Gardens School	28/11/13		1			
SCH	Rushey Green School	22/07/13		1			
SCH	Sandhurst School	05/11/13		4			

Appendix 3 - Recommendations overdue and with multiple changes.

Dir	Name of Audit	Final Report Date	H O/D	M O/D	2+ chgs	Reopened at F/up	Comment
SCH	St Augustine's School	31/10/13		2			
SCH	St Mary's School	27/11/13		1			
SCH	St Michael's Primary School	09/10/12		3			
SCH	Stillness Infants	07/01/14		1			
SCH	Stillness Junior	13/12/13		1			
SCH	Trinity School	23/11/12			1		Target date changed 2 times
SCH	Turnham Primary School	31/07/13	6	16			F/up due Mar 14. Not chased until completed.
	Total		**11**	**56**	**29**	**15**	

Appendix 4 – Executive Summary for Limited, No Assurance and Consultancy reports.

Explanations for Assurance Opinion and Design of Controls and Comply with Controls.

Each internal audit assurance review gives an opinion on the controls in place based on the fieldwork conducted. We also define whether the recommendations made will help with the design of the control or help with compliance with the control. See table below to explaining these opinions.

Level	Design of Controls Framework	Comply with Controls Framework
Substantial Assurance ★	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
Satisfactory Assurance ●	Sufficient framework or key controls for objectives to be achieved but could be stronger.	Controls are applied with some lapses.
Limited Assurance ▲	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.
No Assurance ■	System of control not in place. Absence of basic controls resulting in inability to meet objectives.	Fundamental controls are not complied with.

Definition of Category of Recommendation

We also rate each recommendation made. This gives management an indication of the importance of the recommendation and urgency for action. Implementing recommendation can mitigate risks to the achievement of their service objectives.

High	Action is imperative to ensure that the objective for the area under review is met. The recommendation must, where possible, be implemented immediately and, if the timeframe is longer than three months, an explanation should be provided.
Medium	Requires action to avoid exposure to significant risk in achieving the objective for the area under review. The recommendation should be implemented as soon as possible and if the timeframe is longer than six months an explanation should be provided.
Low	Action is advised to enhance control or improve operational efficiency. This is a recommendation that would enhance control within the service and therefore should be considered for implementation within six months.

Appendix 4 – Executive Summary for Limited, No Assurance and Consultancy reports.

London Borough of Lewisham   Executive Summary

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

D = Design of Controls C = Comply with Controls.
See glossary and contacts on page 5 for definitions and further details. For full risk identification please see the APS on page 6.

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 6.
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 set out in the recommendation table on page 2.

Risk Headings	D	C	Recs		
			H	M	L
Risk 1. The project for scanning and storage may not have been fully developed; risk assessed or appropriately structured leading to a lack of project focus resulting in project failure.	★	▲	2		
Total Number of Recommendations		2	2		

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

Key Findings that Need Attention
- Risks pertinent to the successful delivery of the project had not been included in the Project Initiation Document (PID).
- The impetus and focus of the project was lost while the project manager was on maternity leave.

Areas where controls worked well
- As at 2 November 2012, the Executive Director for Resources & Regeneration approved the Scanning Phase 1 project as part of the Rationalisation of the Council Property Asset Programme.
- A Project Initiation Document (PID) identified the scanning and storage project as an important part of the successful implementation of the asset rationalisation programme.
- Competitive quotes, assessed on a 50/50 quality/cost criteria were sought from 5 scanning & storage companies
- A detailed specification of works in the form of Work Packages were provided to DDC Outsourcing Solutions (the successful scanning contractor) stipulating the contract requirements. The Work Package required a trial be undertaken within 5 priority service areas for a sample of documents to be scanned followed by the bulk scanning of all live files.
- A reporting structure to keep senior management informed of the progress of the project was in place.

Appendix 4 – Executive Summary for Limited, No Assurance and Consultancy reports.

London Borough of Lewisham   Executive Summary   Housing Options – CUS 01

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

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 6.

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 set out in the recommendation table on page 2.

D = Design of Controls C = Comply with Controls.
See glossary and contacts on page 5 for definitions and further details.
For full risk identification please see the APS on page 6.

Risk Headings	D	C	Recs		
			H	M	L
Risk 1. Potential non-compliance with legislation and internal policies and procedures could result in a failure to place housing applicants according to need under the authority's statutory obligations.	▲	●	1	2	
Total Number of Recommendations	2	1	1	2	0

Key Finding that Needs Attention

- Internal Audit was unable to provide an opinion on the adequacy of policies and/or procedures for the assessment, reviews and appeals process as the client was unable to provide copies when requested.
- In the absence of formal procedures, Internal Audit is unable to give any assurance that the Housing Options service's assessment, review and appeals are in compliance with current legislation. Namely; Housing, England and Wales – The Allocation of Housing and Homelessness (Review Procedures) Regulations 1999 (1999 No 71 Statutory Instruments).
- Housing Options management was unable to produce any training records for Assessment and Review teams.
- Internal Audit was unable to confirm the appropriateness of team meeting / briefing notes for the Assessment and Review teams, as no recorded evidence was made available for review at the time of the audit.

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

Appendix 4 – Executive Summary for Limited, No Assurance and Consultancy reports.

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.

Appendix 5 – Follow-up reviews conducted since the last audit panel 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	
RRE	Corporate Health and Safety Team	Satisfactory	09/01/13	10/10/13		5				3			8
RRE	Treasury Management 12-13	Substantial	05/02/13	14/01/14		1							1
RRE	Budget control 12-13	Substantial	30/11/12	17/01/14				2					2
RRE	Disaster Recovery ICT Infrastructure	Limited	19/04/13	06/02/14	1	1		1				4	7
RRE	Information Asset Register	Limited	19/04/13	13/02/14		1		1		1		1	4
RRE	Risk Maturity 12-13	Managed	12/04/13	23/12/13		1							1
CUS	Removal of Cash and Cheques Programme Phase2	Substantial	01/03/13	13/11/13		2						3	5
CUS	NNDR 12-13	Substantial	16/04/13	14/02/14		1							1
COM	SCAIT Review	Consultancy	06/12/12	16/10/13		3	1						4
COM	Client contributions for Res and Dom Care 12-13	Substantial	01/02/13	03/12/13								1	1
CYP	ContrOCC	Satisfactory	18/05/12	15/10/13		4							4
CYP	Payments for Looked After Children 12/13	Substantial	08/02/13	23/01/14								1	1
SCH	Kender Primary School	Limited	18/01/13	28/10/13	3	2		1					6
Total					**4**	**21**	**1**	**5**	**-**	**4**	**-**	**10**	**45**

Appendix 6 – Audit Plan 2014/15

- **Bold** = Key / Priority Finanicial Audits
- ***** = Non-assurance work.
- **Gen** = General, **IT** = Information Technology, **Spe** = Specialist, **Mixed =** Specialist and Generalist for example

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
RRE	**Banking (Core Financial Audit)**	•Review process for non-cash payments coming in by post / in person •Suspense / holding accounts •Cheque printing and security •Bank Reconciliations •Access to the receipting / recording feeder system. •Reconciliations of Paye.net, PayPoint, internet etc	Q3	10	Gen
RRE	**Treasury Management (Core Financial Audit)**	•Review investment transactions for completeness, accuracy, compliance etc. •Reconciliations to GL •Forecasting •Cash flow •Borrowing •Investments •Performance monitoring •Monitoring of broker contract •Strategy	Q3	10	Gen
RRE	**Pensions for LGPS and TPS (Core Financial Audit)**	•Contributions (including AVC) •Benefits payable (including abroad and benefits paid to dependents) •Auto enrolment •Transfers in or out of the scheme •Investments •Management Fees •New structure for 2013 (if applicable) •Governance of the Scheme (PSP Ac	Q3	16	Gen

Appendix 6 – Audit Plan 2014/15

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
RRE	**Budget Monitoring (Core Financial Audit)**	•Budget monitoring of individual budget holders •Virements •Budget setting	Q3	10	Gen
RRE	**Non-Current Assets (Core Financial Audit)**	•Additions, depreciations, valuation and Verification of assets •Right to buy and other disposals •Reconciliations •Leases •Transfer of assets to community	Q3	12	Gen
RRE	**Capital Expenditure (Core Financial Audit)**	•Project management of capital projects / programmes •Payments accuracy / authorisation etc •Budget monitoring •Governance of corporate project board, •Expenditure monitored for closed projects.	Q3	14	Gen
RRE	**Payroll (Core Financial Audit)**	•Benefits (maternity, paternity etc) entitlement / payments / Sickness •Statutory regulations (i.e. P60, P45) •Deductions from salaries for third parties, council purposes and statutory purposes. •Overpayments •Payments - including amendments, honorarium	Q3	16	Gen
RRE	**Accounts Payable (Core Financial Audit)**	•New suppliers and bank amendments •Payment of invoices •Late interest payments •Monitoring of Pis •Reconciliations •Exception Reports •Queries, complaints monitoring and processes •BACS and Non BACS payments •Authorisation / separation of duties / ca	Q3	18	Gen

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
RRE	**Main Accounting (Core Financial Audit)**	•Feeder systems •Reconciliations •Suspense / holding accounts •Access / separation / limits etc of the financial system. •Journals •Changes to budgets •Exception reports •Virements •Final Accounts reconciliation	Q3	18	Gen
RRE	**Procurement Card**	•Continuous auditing of transactions (possibly IT - can discuss) •Authorisation •Retention of receipts •Monitoring and report of payments / purchases •Reconciliations	Q3	12	Gen
RRE	Insurance - In house processes	To review the procedures for in-house claims handing process for efficient and effective.	TBC	12	Gen
RRE	Oracle12 Upgrade	Post implementation review of the new Oracle upgrades system		10	IT
RRE	SharePoint 2010	Look at local security and usability.		10	IT
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		15	Spe
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.		20	Spe

Appendix 6 – Audit Plan 2014/15

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
CUS	**Housing Benefit / Council Tax Reduction Scheme (CTRS) (Core Financial Audit)**	•Review applications and assessments in relation to, calculating to agreed rates, evidence / ID obtained, general compliance with legislation / Local procedures and approving payments. To include, claimants who work, self employed, students with dependent	Q3	20	Gen
CUS	**Council Tax (Core Financial Audit)**	•Calculations of bills •Arrears procedures and adherence, including summons, arrears collections / arrangements, bailiff action and court processes, attachment of earnings, probate cases •Setting of the council tax •Discounts / Reductions / Disregards •V	Q3	16	Gen
CUS	**Accounts Receivable (Core Financial Audit)**	•Raising of accounts / invoices •Recovery of debts, including debt collection agencies, legal process, charges, reminders, •Write off / statute of limitations use •Access to system •Reconciliations	Q3	14	Gen
CUS	**NNDR (Core Financial Audit)**	•Calculations of bills •Arrears procedures and adherence, including summons, arrears collections / arrangements, bailiff action and court processes, etc •Setting of the NNDR rate •Exemptions / discounts / reductions / relief (including empty properties /	Q3	12	Gen
CUS	IT Strategy	Review the IT strategy.		5	IT
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.		15	Mixed

Appendix 6 – Audit Plan 2014/15

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
CUS	Housing Grants / Council's Housing Assistance Policy	To review the controls surrounding the handy-person service and disabled facilities grant		10	Gen
CUS	Business Continuity Plans (Telephony / IT Systems (incl servers - corp and local / 3rd party)	To review the council's continuity plans to see if they are reviewed regularly, feasible and officers know where they are and what to do.		15	IT

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
COM	**Payments to Care Providers for Older Adults (Core Financial Audit)**	•Processing of invoices - ensuring calculations/ Annual assessments of clients reflects invoices / Authorisation / Recording / Amendments / are correct and have taken place and invoices are paid in time. •DPA Compliance between the council and care prov	Q3	15	Gen
COM	**Client Contribution for Care Provision (Core Financial Audit)**	•Calculations/ Assessment/ Authorisation / Recording / Amendments / Annual review / of contributions. •DPA compliance and Boarder Agency Checks. Evidence of Power of Attorney/ Third Party Agreements (or similar). •Recovery of Client contributions. •In	Q3	16	Gen
COM	**Direct Payments**	•Review the assessing, monitoring, allocation of payments, recovery of overpayments, to clients for personalisation (personal / individual budget etc). •Review the monitoring by the council on behalf of clients who received personalisation (i.e. the cas	Q3	15	Gen

Appendix 6 – Audit Plan 2014/15

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
COM	South London and Maudsley (SLAM)	Review the governance and operational management in respect of LBL interest in relation to SLAM		15	Spe
COM	Youth Offending Service	To review the objective and outcomes of the service		10	Gen
COM	Public Health Contracts	To review the management of Public Health Contracts for general process, decision making, scrutiny, length of contracts / renewal monitoring etc		10	Gen
COM	* Quality Assurance Training - Pathway	To provide training / advice on the new pathway service	Q1/2	2	Gen
COM	Pathway framework	To assess the controls surrounding pathway process after the training has been provided.	Q3 / Sep	10	Gen
COM	Contract Management (COM / CUS)	Review the monitoring of contracts within the Community and CYP directorate.		20	Mixed

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
CYP	**Payments to Care Provider and Foster Carers for Looked After Children (Core Financial Audit)**	•Calculations/ Assessment/ Authorisation / Recording / Amendments / Annual review (if applicable) / of invoices - payments •Budget monitoring •DPA Compliance between the council and care providers (both foster parents and care providers in the framework.	Q3	12	Gen

Appendix 6 – Audit Plan 2014/15

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
CYP	No recourse to public funds (Pilot Scheme)	Review the framework / guidance / policy on no recourse to public funds	Q4	10	Gen
CYP	Disclosure and Barring Service (DBS) PT 1	Review the framework of DBS in relation to schools / CYP. Review the DBS board and actions.		10	Gen
CYP	Youth Service	Review the governance , procedures and processes, reporting and scheme of management	Q3 (from Oct)	12	Gen
CYP	Troubled Families Programme	To review of the new system for gathering information and submission.		6	Gen (in-house)
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.		12	Gen

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
SCH	Chelwood Nursery	Standard School Programme	TBC	4	Gen
SCH	All Saints Primary	Standard School Programme	Feb 15	4	Gen
SCH	Ashmead Primary	Standard School Programme	Oct 14	4	Gen
SCH	Baring Primary	Standard School Programme	Jun 14	4	Gen
SCH	Beecroft Garden Primary	Standard School Programme	May 14	4	Gen
SCH	Brent Knoll - Special	Standard School Programme	Jul 14	5	Gen

Appendix 6 – Audit Plan 2014/15

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
SCH	Brindishe Lee Primary	Standard School Programme	Nov 14	4	Gen
SCH	Childeric Primary	Standard School Programme	Sep 14	4	Gen
SCH	Christ Church CE Primary	Standard School Programme	Jul 14	4	Gen
SCH	Coopers Lane Primary	Standard School Programme	Oct 14	4	Gen
SCH	Downderry Primary	Standard School Programme	May 15	4	Gen
SCH	Elfrida Primary	Standard School Programme	Feb 15	4	Gen
SCH	Eliot Bank Primary	Standard School Programme	Jan 15	4	Gen
SCH	Gordonbrock Primary	Standard School Programme	Jan 15	4	Gen
SCH	Greenvale - Special	Standard School Programme	Jan 15	5	Gen
SCH	Grinling Gibbons Primary	Standard School Programme	Oct 14	4	Gen
SCH	Haseltine Primary	Standard School Programme	Sep 14	4	Gen
SCH	Holy Trinity CE Primary	Standard School Programme	Sep 14	4	Gen
SCH	John Ball Primary	Standard School Programme	Jun 14	4	Gen
SCH	Kelvin Grove Primary	Standard School Programme	Dec 14	4	Gen
SCH	New Woodlands (inc Primary PRU)	Standard School Programme	Dec 14	5	Gen
SCH	Perrymount Primary	Standard School Programme	Jan 15	4	Gen
SCH	Sir Francis Drake Primary	Standard School Programme	Jun 14	4	Gen
SCH	St Bartholomews CE Primary	Standard School Programme	Nov 14	4	Gen

Appendix 6 – Audit Plan 2014/15

Lead Dir.	Name of Audit	Scope	Qrt / Mth	Days	Auditor Type
SCH	St James Hatcham CE Primary	Standard School Programme	Nov 14	4	Gen
SCH	St John Baptist CE Primary	Standard School Programme	Jun 14	4	Gen
SCH	St Margarets Lee CE Primary	Standard School Programme	Nov 14	4	Gen
SCH	St SavioursRC Primary	Standard School Programme	Feb 14	4	Gen
SCH	St William of YorkCE Primary	Standard School Programme	Dec 14	4	Gen
SCH	St Winifreds Catholic Infants	Standard School Programme	Dec 14	4	Gen
SCH	St Winifreds Catholic Junior	Standard School Programme	Apr 14	4	Gen

In addition, to the draft plan above, we have allocated the following resources:

To buy in
- 50 general days for contingency,
- 24 general days for follow-up reviews (Key financials and IT)

In-House
- 20 days for follow-up reviews

INTERNAL AUDIT CHARTER

February 2014 - V1
CONTENTS

London Borough of Lewisham - Internal Audit Charter

1. INTRODUCTION AND BACKGROUND

1.1. This Internal Audit Charter replaces the Council's previous Internal Audit Strategy and Terms of Reference. It sets out the Purpose, Authority and Responsibility for internal audit services in the Council to comply with the requirements of the UK Public Sector Internal Audit Standards (PSIAS).

1.2. The PSIAS were adopted for local government in the UK by the Chartered Institute of Public Finance and Accountancy (CIPFA) and apply from the 1 April 2013. The PSIAS and this Charter apply to all those providing the internal audit service to the Council, whether in-house, shared service or outsourced.

2. PURPOSE

2.1. The Charter establishes the framework by which internal audit, as a service to management, provides assurance to the Council on the performance of its operational processes and their controls. The PSIAS set out the statutory minimum and good practice elements against which internal audit as a service is assessed.

2.2. The Council applies the PSIAS which encompass the mandatory elements of the Chartered Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). The definition of internal auditing in the PSIAS 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".

2.3. The Council's internal audit service is a resource to assist Senior Management and the Board (see definitions under Authority below) achieve corporate and service objectives in support of Members priorities. Members and Senior Management are responsible for Governance, Risk Management and Control (GRC) – the Council's internal control framework. Internal audit helps management through the provision of independent assurance and consultancy reviews, to maintain and improve GRC in the Council.

2.4. The Council takes a zero-tolerance position to fraud. The Anti-Fraud and Corruption Team (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. The A-FACT also ensures that appropriate sanctions, including prosecution and the recovery of assets are sought where fraud is proven.

2.5. The internal audit service and the A-FACT report to the Head of Corporate Resources who is also the Head of Internal Audit (HIA). The HIA has oversight and responsibility for both internal audit work and counter fraud investigations to ensure effective sharing of knowledge and awareness of the Council's control and fraud risks.

3. AUTHORITY

3.1. The authority for the internal audit service is defined in statute and professional guidance. This authority is put into practice through the Council's governance arrangements which, using the PSIAS terms, encompass the Board, Senior Management and Auditors.

London Borough of Lewisham - Internal Audit Charter

Statutory and Professional Framework

3.2.   The Accounts and Audit (England) Regulations 2011 require 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".

3.3.   Section 151 of the Local Government Act 1972 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".

3.4.   The CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government states that they "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". The Council's Section 151 and CFO role is fulfilled by the Executive Director for Resources and Regeneration.

Governance Framework – The Board

3.5.   The role of the 'Board' is a combination of the work of the Internal Control Board (ICB), Audit Panel, Public Accounts Scrutiny Committee (PASC), and Council. The focus of the challenge role is with the Audit Panel and decision making with Council. To all intents and purposes, unless otherwise stated, the Board is the Audit Panel.

3.6.   The HIA reports quarterly on the work of the internal audit service to the ICB and the Audit Panel. The Chair of the Audit Panel reports twice yearly to the PASC and as required, usually once a year, to Council. The HIA has free and unfettered access to the Chair of Audit Panel and Chief Executive. These reporting lines comprise the Council's governance arrangements for internal audit which include Non-Executive oversight and collectively form the Council's "Board" as defined in the PSIAS.

Internal Control Board

3.7.   The ICB membership consists of an Independent Non-Executive Chair, the Chief Executive, the Executive Directors, the Head of Law, and the Group Manager for Insurance and Risk. The HIA reports quarterly to the ICB to update them on assurance work and consultancy advice delivered in respect of the Council's risks and performance of the service against the Internal Audit Plan. The ICB terms of reference are in the Council's Risk Management strategy.

Audit Panel

3.8.   The Audit Panel performs an advisory role under the Council's constitution. Its membership consists of six Non-Executive Councillors, one of whom serves as the Chair. In addition, up to four Independent Members are co-opted onto the Panel. The Audit Panel terms of reference are set out in the Council's Constitution.

3.9.   The remit of the Audit Panel in terms of Internal Audit is to receive, review and where appropriate, advice 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 and other inspection agencies;
- Review the progress of implementation of recommendations; and
- Monitor the effectiveness of Risk Management and associated Anti-Fraud and Corruption arrangements.

Public Accounts Select Committee

3.10. The PASC membership consists of at least seven and no more than 11 members of the Council, who are not members of the Executive. The PASC terms of reference are set out in the Council's Constitution. The remit in terms of Internal Audit is to:

- To receive reports from the Audit Panel; and
- To scrutinise the effectiveness of the Audit Panel.

The Council

3.11. The Council appoints members to the Audit Panel to advise it on its accounts. Recommendations of the Audit Panel are put to Council by the Chair for agreement. The role of Council is set out in the Constitution.

Governance Framework – Senior Management

3.12. Internal Audit and the A-FACT are part of the Audit and Risk Division that sits under the Corporate Resources Service within the Resources and Regeneration Directorate. The HIA as the Head of Corporate Resource and deputy s151 officer is a Chief Officer, with Members responsible for their appointment.

3.13. The HIA reports directly to the Executive Director of Resources and Regeneration. The performance of the HIA is overseen by the Executive Director for Resources and Regeneration ensuring that as part of the HIA performance appraisal contributions are sought from the Chair of the Audit Panel and the Chief Executive.

3.14. The HIA has unfettered access to the Chair of the Audit Panel, the Executive Director for Resources and Regeneration and the Chief Executive. This access is extended to the Internal Audit Contract Manager in respect of those areas of operational responsibility (perceived or otherwise) of the HIA.

3.15. Management have a responsibility to assist internal audit in the audit process to ensure it runs as smoothly as possible. A separate protocol between Management and Internal Audit sets out the expectations of each party.

Governance Framework – Auditors

3.16. The internal audit service is provided primarily by an Outsourced Provider firm. The Internal Audit Contract Manager oversees the internal audit contract and reports directly to the HIA. In addition to monitoring the outsourced provider, they conduct ad-hoc reviews and non-key follow-ups. The Internal Audit Contract Manager does not have any other operational responsibilities within the Council.

3.17.   The Council's Constitution identifies that the Council's internal auditors have access, by law, to all financial and other records. Officers shall allow the Council's internal audit service access to such financial and other records as they may require.

3.18.   Furthermore, the Executive Director for Resources and Regeneration has given authorisation (identified on their staff passes) to all Internal Auditors (both in-house and outsourced provider) 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.

4.   RESPONSIBILITY

4.1.   In addition to the objectives and organisational arrangements in place to manage the internal audit service outlined above, the internal audit service both collectively and individually places significant emphasis on the responsibilities on internal auditors when conducting their work.

4.2.   These responsibilities refer to; the Code of Ethics; Independence and Objectivity; Proficiency and Due Professional Care; and Quality Assurance an Improvement.

Code of Ethics

4.3.   Those conducting internal audit work for the Council will conform with to the Code of Ethics set out in the PSIAS and summarised in the table below.

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.

4.4.   In addition, internal auditors are required to comply with the Council's Code of Conduct and relevant requirements of any professional body of which they are a member.

4.5.   Furthermore, internal auditors will have regard to the Committee on Standards of Public Life's - *Seven Principles of Public Life*. They are: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; and Leadership.

Independence and Objectivity

4.6.   Operationally internal audit activity should be free from interference. In addition to the governance and arrangements outlined above there are additional safeguards for both the In-house service and Outsourced Provider.

<u>In-house service</u>

4.7.   The internal audit service is free to perform their work and communicating results without intervention from Management.

4.8.   To ensure that audit work in the areas of responsibility of the HIA, as the Head of Corporate Resources, remains independent the Internal Audit Contract Manager will manage these reviews (scope, fieldwork and reporting) with the respective divisional group managers.

4.9.   The HIA and Internal Audit Contract Manager complete the Council's annual declaration of interests return. They will conduct their work in an impartial and unbiased manner to avoid any conflicts of interest.

<u>Outsourced Provider</u>

4.10.   The Outsourced Provider is independent as they do not have any operational responsibility or other contracts with the Council. This ensures that they are objective in performing their work and bring an impartial and un-biased attitude.

4.11.   The Outsourced Provider is required to maintain their own register of interests to ensure that auditors have no competing professional or personal interest with the Council.

4.12.   To ensure objectivity, the outsourced provider also ensures a rotation of auditors of where possible. In addition, where an auditor has provided advice to management they will be prevented from auditing that area for the next 12 months (or longer if applicable), so that independence and objectivity is maintained.

Proficiency and Due Professional Care

4.13.   All internal audit engagements are performed with proficiency and due professional care. For each engagement this includes consideration of the risks, adequacy of existing control arrangements, cost of assurance, and opportunities for using technology based audit techniques.

4.14.   Internal auditors possess the knowledge, skills and competencies need to perform their individual responsibilities. They apply the care and skill expected of a reasonably prudent and competent internal auditor.

4.15.   All internal auditors are expected to obtain appropriate professional certifications and qualifications and maintain these through managed Continuous Professional Development.

4.16.   The HIA will hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.

Quality Assurance and Improvement

4.17.   The internal audit service ensures its activities are subject to regular quality assurance and continuous improvement checks. It goes through the structured arrangements for:

- setting an annual risk based internal audit plan and allocating work;

- adhering to professional standards for conducting work;

- reporting on engagements and performance against the plan; and

- self-assessment and independent external assessment of its service.

Audit Plan

4.18.   The HIA will undertake, at least annually and in consultation with senior management, a review of the Council's corporate and directorate risks, service plans, all sources of assurance, and of external requirements and good practice. From this work, the HIA will propose to the ICB and Audit Panel a risk based audit plan for the year ahead and priorities for internal audit activity.

4.19.   The HIA will ensure that that there are sufficient and appropriate resources effectively deployed to be able to provide an annual opinion on the control environment of the Council. If the HIA believes that there are insufficient resources, they will bring this to the attention of the Section 151 officer and the Audit Panel, and a qualification to the annual assurance report considered.

4.20.   The Audit Plan will be kept under review by the HIA and the Audit Panel through the year and a contingency retained to access necessary skills should the need arise during the course of the year. This includes regular meetings with the Head of Law (Monitoring Officer) in respect of any whistle blowing allegations and the Annual Governance Statement and the group manager for A-FACT in respect of fraud risks.

Professional Standards

4.21.   The value and contribution the internal audit service provides to the Council is built on the professional standards that underpin its work. These apply to the HIA, Internal Audit Contract Manager, and Outsourced Provider.

Head of Internal Audit

4.22.   CIPFA issued the statement on the role of the HIA in December 2010. Although not mandatory like the PSIAS, the statement provides the framework for the Council to ensure that the HIA role is performed to the required standard to run the statutory internal audit service. The framework consists of five principles. The HIA role is

reviewed annually and is reported in the Annual Assurance Report. The main principles are;

- Principle 1 – Championing best practice in governance,

- Principle 2 – Objectivity,

- Principle 3 – Governance,

- Principle 4 – Leadership, and

- Principle 5 – Qualification and Experience.

In-house Team

4.23. The in-house team consists of the HIA, Internal Audit Contract Manager and any CIPFA trainees, when available. The Internal Audit Contract Manager is responsible for;

- conducting any ad-hoc internal audit reviews,

- follow-up reviews for non-key internal audits,

- preparing necessary policies and procedures for the service and monitoring the internal audit contract,

- monitoring and reporting on the progress of management actions (recommendations) to ICB and Audit Panel,

- general management of the internal audit process including, audit planning, management information, and

- assisting the HIA in preparing the annual assurance report.

Outsourced Provider

4.24. The Outsourced Provider, currently Baker Tilly Ltd., provide the majority of Council's internal audits. They have access to range of auditors, including general, IT and Specialists. In addition, they conduct follow-up on key financial and IT reviews.

4.25. The Outsourced Provider will evaluate and contribute to the improvement of the Council's GRC arrangements by using a systematic and disciplined approach to its work, sufficient and appropriately skilled resource, and regular review and monitoring of their work. This is supported by an annual statement on conformance with the PSIAS in respect of their work.

4.26. The Outsourced Provider is responsible for meeting the PSIAS in respect of the audits they manage. In particular that they will;

- plan each engagement by developing and documenting a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations,

- perform each engagement by identifying, analysing, evaluating and documenting sufficient information to achieve the engagement's objectives, and

- communicate the results of each engagement to include the engagement's objectives, scope, conclusions, recommendations and action plans. Conclusion and communication of work will be timely.

<u>Reporting</u>

4.27. Auditors' undertake one of three types of review; assurance, consultancy or advice. The key findings from assurance and consultancy reviews are reported to the Board.

4.28. In addition to individual engagement reports, the internal audit service produces a quarterly summary for Senior Management and Members and the HIA provides an annual assurance report with an opinion.

4.29. The types of review (assurance, consultancy and advice) and scope of reports (individual, quarterly and annual) are set out below.

Assurance review

4.30. An Assurance review is an assessment that provides an opinion on the effectiveness of the controls in place. The controls are assessed in line with risks identified detailed in the scope agreed with Management. Internal auditors recommend actions in a formal report to management on how to improve controls in their area. This type of review forms the majority of the work in the internal audit plan. The opinion and key findings are reported in summary to the Audit Panel. Implementation of all High and Medium recommendations by management is followed-up.

Consultancy review

4.31. A Consultancy review assesses the GRC arrangements in a given service area. The purpose of such reviews is to add value in line with a scope agreed with management. Internal auditors recommend actions in a formal report to management on how to improve controls in their area. Consultancy reviews make up a minority of the annual internal audit plan. The key findings are reported in summary to the Audit Panel. Implementation of all High and Medium recommendations by management is followed-up.   For consultancy work not in the audit plan and more than twenty days in duration the Audit Panel's agreement is required before the engagement starts.

4.32. The internal audit service is required and the outsourced provider is contractually bound to seek the agreement of the HIA prior to undertaking any consultancy or other non-audit work for the Council. In deciding whether to agree any such engagement the HIA will satisfy themselves that there is no conflict of interest in internal audit undertaking non-audit activities. The HIA will report their agreement to any such work to the Audit Panel at their next meeting.

Advice

4.33. It is not always appropriate to conduct an assurance or consultancy review when management require prompt help and advice on specific areas of activity. Where internal audit provides a small (less than five days) piece of challenge or advice work to management they will provide an informal memo style report setting out the work provided and advice given, including any suggestions for improvement. That the work has been undertaken is reported to the Audit Panel but not the detail of the report.

Individual Audit Reports

4.34. For each individual review, whether assurance or consultancy in nature, a report to management will include the following information.

- Audit Opinion of the controls in place (for assurance reviews);

- Executive Summary;

- Scope and any changes to the original scope;

- Auditor findings;

- Recommendations made with category;

- Management comments relating to the recommendations; and

- Expected date and responsibility for implementation of recommendations.

Quarterly Reports

4.35. Internal audit reports to ICB and the Audit Panel on a quarterly basis. The reports provide the following information:

- Progress against the audit plan;

- Details of Limited or No assurance reports and any consultancy reviews;

- High and Medium recommendations not accepted by management;

- Progress on implementation on internal audit recommendations made;

- Results of follow-up reviews and

- Performance Indicators relating to the Outsourced Provider.

Annual Assurance Report

4.36. The HIA issues an annual assurance report to ICB and the Audit Panel which helps inform the Annual Governance Statement (AGS). The report includes:

- The HIA's independent annual opinion on the overall adequacy and effectiveness of the Council's control environment;

- Any qualifications to the opinion;

- Summary of audit work completed that help 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.

Assessment against the PSIAS

4.37. The HIA will annually self-assess compliance with the PSIAS and report on their conclusions in their Annual Assurance Report.

4.38.   An independent external assessment against the PSIAS will be conducted at least every five years. The first of these external assessment will be completed by no later than 2015/16.

4.39.   The HIA will agree the independence of the assessor and scope of the assessment with the Executive Director for Resources and Chair of the Audit Panel. The conclusions of the independent external assessment will be reported to the ICB, Audit Panel and be included in the Annual Assurance report.

5.   APPROVAL AND CONTACTS

5.1.   **Charter approved by:**

Head of Internal Audit	10 February 2014
Internal Control Board	
Audit Panel	

5.2.   **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
Audit Manager – Baker Tilly	andrew.hamilton@bakertilly.co.uk
A-FACT Manager	carol.owen@lewisham.gov.uk

5.3.   **Next Review:** February 2015

Appendix 8 - Risk and Assurance Mapping and the Internal Audit Plan.

RISKS	Risk score			Internal Audit		Other Assurances
	Dec-12	Dec-13	Direction of Travel	1° risk covered	2° risk covered	
Strategic						
Legal						
1. Failure to anticipate and respond appropriately to legislative change	8	8	→		Client Contribution for Care	Legal accreditation (bi-ennial)
2. Failure to implement individual Electoral Registration	-	6				Electoral Commission oversight
Performance management						
3. Failure to manage performance leads to service failure	6	9	↘	IT Strategy	SharePoint 2010 School audits (x32)	External Audit comment on VFM
Financial management						
4. Loss of income to the Council	12	12	→	Accounts Receivable NNDR Client Contribution for Care Payments for 2-4 yr olds	CTax Reduction Scheme Council Tax	External Audit of accounts & grants
5. Financial failure and inability to maintain service delivery within a balanced budget	8	8	→	Banking Treasury Management Pensions Non-current assets Payroll Accounts Payable Main Accounting Housing Benefit CTax Reduction Scheme Council Tax Payments to Care Providers Personalisation Looked After Children	Budget Monitoring Procurement Card Accounts Receivable NNDR Pathway framework	External Audit of accounts & grants

Appendix 8 - Risk and Assurance Mapping and the Internal Audit Plan.

RISKS	Risk score			Internal Audit		Other Assurances
	Dec-12	Dec-13	Direction of Travel	1° risk covered	2° risk covered	
6. Lack of provision for unforeseen expenditure or loss of income in respect of Council's liabilities or funding streams	8	8	→	Budget Monitoring Captial expenditure Insurance No Recourse to public funds School audits (x32)	Treasury Management Contract Management	External Audit of accounts & grants
Technology						
7. Failure of central ICT infrastructure	12	12	→	Oracle 12 upgrade SharePoint 2010	IT Strategy Business Continuity Plans	PSN accreditation (annual)
Workforce management						
8. Loss of constructive employee relations	20	16	↗		Pensions Payroll	IIP accreditation (tri-ennial)
9. Failure to maintain sufficient management capacity and capability to deliver business as usual and implement transformational change	16	16	→			IIP accreditation (tri-ennial)
Regulation						
10. Non-compliance with Health and Safety legislation	12	16	↘		Disclosure & Barring Service	H&S assurance work
11. Loss of strategic asset or premises through failure to maintain it in a safe and effective condition	16	16	→		Non-current assets Capital expenditure Insurance Decent Homes	H&S assurance work
12. Information governance failure	9	15	↘			Information governance team assurance work & ICO audit
Fraud & Corruption						
13. Failure to prevent and detect fraud and corruption	8	8	→	Procurement Card	Banking Housing Benefit Personalisation No Recourse to public funds	Audit Commission work on NFI Inspections for RIPA work
Services						

Appendix 8 - Risk and Assurance Mapping and the Internal Audit Plan.

RISKS	Risk score			Internal Audit		Other Assurances
	Dec-12	Dec-13	Direction of Travel	1° risk covered	2° risk covered	
14. Failure to maintain minimum service continuity during and quickly recover from a disaster	12	12	→	Business Continuity Plans		
15. Multi-agency governance failure leads to ineffective partnership working	8	8	→	Troubled Families South London Maudsley	Housing Grants Youth Offending Service Public Health Contracts Youth Service Payments for 2-4 yr olds	
16. Failure to manage strategic suppliers and related procurement programmes	6	12	↘	Procurement Decent Homes Housing Grants Youth Offending Service Public Health Contracts Contract Management Youth Service	Accounts Payable Oracle 12 upgrade Programme management Looked After Children	
17. Failure of safeguarding arrangement	20	20	→	Adults Pathway advice Pathway framework Disclosure & Barring Service	Troubled Families Payments to Care Providers South London Maudsley	Ofsted and CQC inspections
18. Governance failings in the implementation of service changes	8	8	→	Programme management	Main Accounting Procurement Adults Pathway advice	
19. Relocation of Health services out of borough	12	12	→			
Customer / Citizen						
Environmental						
20. Loss of service capacity and failure to protect the vulnerable due to extreme environmental circumstances	8	8	→			

Key to risk score based on a scale of 1 to 5 for Impact x Likelihood is: Green = 1 to 8 / Amber = 9 to 15 / Red = 16 to 25.

RISK MANAGEMENT POLICY

The Risk Management Policy of the London Borough of Lewisham is to adopt good practice in the identification, evaluation and cost-effective control of risks to ensure that they are eliminated or managed to an acceptable level and the benefits and outcomes of opportunities are maximised.

Risk will be considered in every aspect of our business. Risk management will be at the heart of our management practice to ensure that we will be in a stronger position to deliver excellent, efficient services in accordance with our business objectives and the authority's exposure to risk will be effectively managed and opportunities optimised.

All employees will understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided to equip and enable employees to meet their responsibilities.

A Risk Management Strategy will set out the process and procedures the authority will adopt to manage risk.

The Risk Management Policy and Strategy aim to equip the Authority to:
- Manage risks in accordance with its risk appetite, thereby enabling us to achieve our objectives more effectively.
- Integrate identification and management of risk into the culture of the Authority.
- Harness risk management to identify opportunities and maximise benefits and outcomes.
- Anticipate and respond in a proactive and timely manner to all social, environmental and legislative changes and directives that may impact delivery of our objectives.
- Demonstrate increasing confidence in our ability to deal effectively with uncertainty presented by internal and external pressures.

The Policy and Strategy will be reviewed triennially to ensure that it continually reflects the Authority's business needs, adds measurable value and remains challenging and responsive to Government direction and requirements.

This Policy and Strategy will assist the Authority in achieving compliance with our Code of Corporate Governance, 'Risk Management and Internal Control'. It will also ensure that the Council meets the statutory regulations for risk management, as identified in Section 5.4 of the Accounts and Audit Regulations 2003 (as amended 2006) and follows best practice as defined by CIPFA.

A statement on the assessment of the authority's risk management arrangements and their effectiveness will be published annually in the Annual Governance Statement.

Appendix 9 – Risk Management Policy and Strategy

RISK MANAGEMENT STRATEGY

2014 - 2017

Appendix 9 – Risk Management Policy and Strategy

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Appendix 9 – Risk Management Policy and Strategy

Risk Management Strategy

The previous Risk Management Strategy (2010-2013) has been reviewed and amended to ensure that it reflects current best management practice as detailed in the guidance; *Management of Risk; Guidance for Practitioners* (M-o-R), issued by the Cabinet Office and is aligned with BS ISO: 31000 and the *HM Treasury Orange Book – Management of Risk – Principles and Concepts* . Our risk management arrangements must be particularly tailored to manage the unprecedented new risks and challenges arising from the times of significant change and austerity that the public sector will face over the coming years.

1.0 Introduction

The London Borough of Lewisham has developed and adopted this Risk Management Strategy, which will be implemented during the period 2014-2017, with the objective of meeting its Risk Management Policy and Mission Statement on risk management:

> *The Risk Management Policy of the London Borough of Lewisham is to adopt good practice in the identification, evaluation and cost-effective control of risks to ensure that they are eliminated or managed to an acceptable level and the benefits and outcomes of opportunities are maximised.*

Risk will be considered in every aspect of our business .Risk management will be at the heart of our management practice to ensure that we will be in a stronger position to deliver excellent, efficient services in accordance with our business objectives and the authority's exposure to risk will be effectively managed and opportunities optimised.

> *All employees will understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided to equip and enable employees to meet their responsibilities.*
>
> *A statement on the assessment of the authority's risk management arrangements and their effectiveness will be published annually in the Annual Governance Statement. .*

The Risk Management Policy and Strategy aims to equip the Authority to:

- Manage risks in accordance with its risk appetite, thereby enabling us to achieve our objectives more effectively.
- Integrate identification and management of risk into the culture of the Authority.
- Harness risk management to identify opportunities and maximise benefits and outcomes.
- Anticipate and respond in a proactive and timely manner to all social, environmental and legislative changes and directives that may impact delivery of our objectives
- Demonstrate increasing confidence in our ability to deal effectively with uncertainty presented by internal and external pressures.

The Policy and Strategy will be reviewed triennially to ensure that it continually reflects the Authority's business needs, adds measurable value and remains challenging and responsive to Government direction and requirements.

The period covered by this Strategy will be one of the most challenging the Council has ever faced, with savings of £95m (representing £1 in every £3) having to be found from the Council's budget .The Council's risk profile will change, particularly during the transitional period, as we move from current arrangements to delivering

Appendix 9 – Risk Management Policy and Strategy

services differently and identify opportunities to eliminate some historic risks.
Managers will need to take this into account when setting their appetite for risk.
This strategy will assist the Authority in achieving compliance with our Code of Corporate Governance, 'Risk Management and Internal Control' and our Risk Management Policy. It will also ensure that the Council meets the statutory regulations for risk management, as identified in Section 5.4 of the Accounts and Audit Regulations 2003 (as amended 2006) and follows best practice as defined by CIPFA.

Lewisham recognises the benefits of effective risk management as:

Strategic
Ensure the health, safety and security of service users, citizens & staff
Meet changing needs of customers/citizens, including disadvantaged groups
More efficient use of management time through improved ability to deliver goals/targets/objectives
Improved management information resulting in more informed decision making. Supports transparency and accountability.
Reducing service disruption (and associated costs)
Greater financial control and reduction in level of uncontrolled expenditure
Systematic approach to identifying and reducing risks

Operational
Reducing the likelihood of injury to citizens and employees
Protect service delivery and its quality
User focussed service delivery, accessible by all, including disadvantaged groups
Avoid financial loss through fraud and corruption
Preventing damage to property and equipment
Minimising the cost of damages to the Council
Inform the appropriate method of risk financing and reducing insurance costs
Protect the image and reputation of the Authority

2.0 Objectives

The Risk Management Objectives of the London Borough of Lewisham are to:

- Ensure the health, safety & security of service users, citizens and staff
- Safeguard vulnerable children and adults to help prevent injury and damage
- Help us to achieve our Corporate priorities
- Integrate risk management into the culture of the Authority
- Identify, evaluate and manage risk in accordance with good practice
- Ensure legal and regulatory compliance as a minimum standard
- Anticipate and respond to changing social, environmental and legislative requirements
- Raise awareness of the need for risk management in all service areas
- Mitigate risks
- Enhance corporate governance of risk
- Optimise opportunities
- Reduce the cost of risk

Appendix 9 – Risk Management Policy and Strategy

3.0 Risk Management Framework

This strategy approves a framework for risk analysis and risk management, based on a seven-step plan and in accordance with published guidance.

1. Identifying Risk
2. Analysing Risk
3. Profiling Risk — **Risk Analysis**
4. Prioritising Action
5. Determining Action
6. Controlling Risk — **Risk Management**
7. Monitoring and Reporting Progress
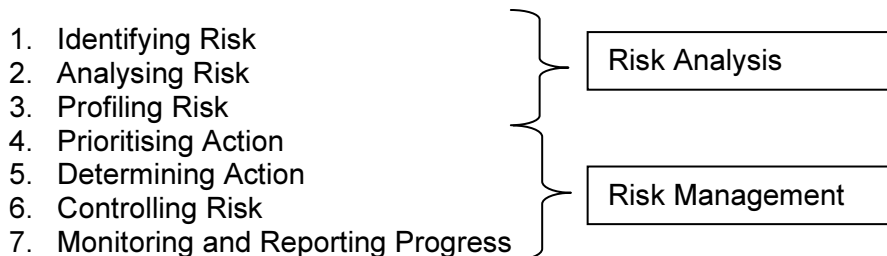
Risks will be identified at five levels: corporate strategic risks, directorate risks, service level risks, project management risks and partnership risks.

3.1 Strategic Risks

Strategic Risks will be taken into account in judgements about the medium to long-term goals and objectives of the Council. They may be risks relating to changes in the external context or significant financial constraints within which we operate and examples are given in Table 1.

Table 1: Types of Strategic Risk

Type of Strategic Risk	Description and examples
Strategic	those associated with a failure to deliver either local or central government policy, or to meet the local administration's manifesto commitments
Financial Management	those affecting the ability of the Council to meet its financial commitments during a period of deep austerity and the scale and pace of budget cuts. These include internal budgetary pressures and savings/growth considerations, external economic changes, or the consequences of proposed investment decisions
Social	
Technology	those associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands and deliver efficiencies. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives
Legal & Regulation	those associated with current or potential changes in national or European law (for example, TUPE regulations, Health & Safety,DDA, Equalities legislation etc)
Environmental	those relating to the environmental consequences of progressing the Council's strategic objectives (for example, in terms of energy efficiency, pollution, recycling, landfill requirements, emissions, etc)
Partnerships	Robustness of relationships and supply chains that underpin critical operations and affect the quality and competitiveness of the service and/or its ability to deliver best value.
Customer/Citizen	those associated with the failure to meet the current and changing needs and expectations of customers and citizens including disadvantaged groups, vulnerable children and adults with significantly reduced resources. Those relating to the effects of changes in demographic, residential or socio-economic trends.
Performance	those risks associated with the Council's ability to fulfil statutory duties, meet

Appendix 9 – Risk Management Policy and Strategy

Type of Strategic Risk	Description and examples
Management & Services	its business objectives and key performance indicators.
Fraud & Corruption	those risks associated with the Council's ability to protect resources by detecting and eliminating fraudulent activity
Workforce Management	Those associated with the Council's ability to maintain sufficient capacity and capability to meet business objectives and deliver transformational change and meet customer/citizen needs.

3.1.1 Strategic Risk Analysis

Executive Directors will work with their management teams to identify potential significant risks on a six to twelve month rolling horizon and analyse those risks in two ways; by the likelihood or frequency of the risk event occurring and by the severity/impact on the organisation of the risk event occurring.

Risks identified will be linked to the corporate priorities and to the following risk categories to facilitate analysis of cross-cutting risks and identify mutual benefits.

Risk Categories
A   Strategic
B   Legal
C   Performance Management
D   Financial Management
E   Technology
F   Workforce Management
G   Regulation
H   Fraud & Corruption
I   Services
J   Customer/Citizen
K   Environmental

Each Directorate will produce a Directorate Risk Register specifying the likelihood or frequency of the risk event occurring; the severity/impact on the organisation; the potential triggers for each risk; the direct and indirect consequences and the effects on performance management and delivery of priorities.

Each risk will be scored on a worst case scenario basis, then reassessed to determine the current status after existing mitigation and control, and then a target status (or 'risk appetite) will be set for the risk. The scoring will be in accordance with the risk matrix and descriptors at Appendix 1. The Directorate Registers will be reported quarterly to both the Risk Management Working Party (Terms of Reference for this group are at Appendix 3) and the Internal Control Board (ICB) (Terms fo Reference for this group are at Appendix 4) for scrutiny and monitoring.

Directorate Management Teams will review their risk registers and undertake a 'horizon scan' of potential emerging risks on a quarterly basis and note these in the register for future monitoring.

The Executive Management Team (EMT) forms the ICB, which will have an independent non-executive chair, and will meet quarterly. This Board will identify key corporate strategic risks, drawn from the Directorate Risk Registers, and score them in accordance with the matrix and descriptors thereby creating and monitoring the Corporate Risk Register.

3.1.2 Strategic Risk Management

The risk assessment matrix adopted by Lewisham is shown in Figure 1 below.

Figure 1: Risk Assessment Matrix

LIKELIHOOD							
High	5	5	10	15	20	25
	4	4	8	12	16	20
Med	3	3	6	9	12	15
	2	2	4	6	8	10
Low	1	1	2	3	4	5
		1	2	3	4	5
		Low		Med		High
		IMPACT				

Strategic Risk Descriptors are attached at Appendix 1.

Some strategic risks may already be well managed, some may require further mitigation whilst others may be beyond the control of the Council and may simply require active monitoring and contingency arrangements. Actions determined to manage risk may include:

Avoid	Terminate the risk – by doing things differently and thus removing the risk where it is feasible to do so. Countermeasures are put in place that either stop the threat or problem from occurring or prevent it having any impact on the project or business
Eliminate or Reduce	Treat the risk – take action to control it in some way where the actions either reduce the likelihood of the risk developing, or limit the impact on the project to acceptable levels.
Transfer	This is a specialist form of risk reduction where the management of the risk is passed to a third party such as an insurance policy or penalty clause so that the impact of the risk is no longer an issue for the Council. Not all risks can be transferred in this way however
Accept	Tolerate the risk - because the activity is desirable or mandatory and nothing can be done at a reasonable cost to mitigate it, or the likelihood and impact of the risk occurring are at an acceptable level. The cost of controls must be proportionate to the risk.

Details of existing internal controls for each risk will be listed in the Directorate Risk Registers. Links to other reporting mechanisms (e.g. performance management, business continuity management) or supplementary control documents (e.g. service plans, business continuity plans,

action plans arising out of internal and external reviews etc) are to be noted to provide assurance that risks are systematically controlled.

Where existing controls are non-existent or inadequate, 'SMART' action plans (specific, measurable, achievable, realistic and timely) will be detailed in the Directorate Risk Registers. Risks that have been identified will be reported and monitored on a regular basis according to the Reporting Framework (See Section 4.0 Roles and Responsibilities).

The RAG rating for each strategic risk will be reported quarterly together with performance against target and direction of travel against last quarter.

3.2 Operational Risks

Operational Risks will be encountered as part of the day to day Council business. They are risks that may affect our ability to deliver satisfactory service provision. **Heads of Service will be responsible for analysing risks that could affect the ability to deliver services and meet objectives in their operational area.**
Heads of Service will be responsible for analysing risks that could affect the ability to deliver services and meet objectives in their operational area.

3.2.1 Operational Risk Analysis

Risk will be considered as part of the 'Star Service Assessment' element of the Service Planning process and the top three risks for the forthcoming year will be identified in Service Plans. The top three risks will be assessed in terms of likelihood and impact, in accordance with the following key and Risk Assessment Guidance at Appendix 2.

Judgement	Score
Very High	5
High	4
Medium	3
Low	2
Very Low	1

Mitigation measures will be recorded and monitored as part of the routine service planning, business continuity and performance management monitoring processes, Heads of Service will work with their teams to monitor, identify and analyse operational risks on a six to twelve month rolling horizon.

Risks for escalation to the Directorate Risk Register are to be reported to Directorate Management Teams...

3.3 Project Management

A project is generally defined as a time limited activity, designed to deliver a particular objective, through making a change of some kind. In a climate of continuous change and service development, project-related activity is increasing across the Council. It is vital that risks to a project are identified and assessed, with necessary controls put in place to ensure that a project is delivered successfully.

The management of project risks is an important element of the Lewisham Project Management training course, and the approach adopted in the course is consistent with that of the overall Risk Management Strategy. Additionally, the Project Management Guide also sets out the

methodology to analyse and manage risks to a project's success which is consistent with the risk management strategy.

Identification and management of project risks are documented by the use of a Risk Register in the Project Initiation Document (PID). Monitoring of major projects and any associated risks is conducted through the Directorate Project Review Groups (PRGs), the Corporate Project Board and the Monthly Management Report.

The roles and responsibilities relating to management of project risk are summarised in the following table:-

Group/Individual	Roles and Responsibilities
Project Managers	• Identify risks to project and assess the impact and likelihood of such risks through completion and monitoring of Project Initiation Document (PID) • Nominate owners for each risk to the project and monitor actions to control risks, instigating contingency actions where necessary
Programme Management Team	• Provide advice, training and support to Project Managers • Support the Lewisham project monitoring infrastructure
Corporate Project Board & Project Review Groups (PRGs)	• Initial and ongoing review of project risk in sign-off of PIDs and progress reporting • Notify DMT/EMT of any risks that affect the project's ability to meet corporate objectives • Informs the Monthly/Quarterly Management Report notifying EMT and Mayor & Cabinet of risk status against ten corporate priorities.

3.4 Partnership Risk Management

Partnership working continues to play a critical role in achieving the Council's vision. Partnerships often involve complex types of risk, which can, if not correctly managed, adversely affect the delivery of services to end users.

Managing risk in our partnerships is therefore an important element of the Council's risk management strategy. The Council will continue to develop and build on the good practice applied in the governance of its key partnerships and the management of risk associated with them.

Where the Council is the key partner, it will ensure that a risk register identifying the risks to the partnership (not the individual members) is constructed and maintained in accordance with the previously referenced framework. It is recognised as good practice that each partnership shares its risk register with the individual partner organisations so they are each informed of the risks that the partnership faces.

In addition, the Council will manage its own risks associated with the partnership and each directorate will reflect these in its directorate risk registers.

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4.0 Roles and Responsibilities

The Cabinet Member for Resources and the Executive Director for Resources & Regeneration will drive the process as risk management champions but managing risk is the responsibility of everyone within the organisation.

This is not a new responsibility, but formalisation of good working practices. Training will be provided to key personnel on an ongoing basis and included within induction training to ensure that Members and Officers are equipped with the necessary skills and knowledge to enable them to manage risk within their own area of responsibility and contribute to the Council's management of risk overall.

Particular roles and responsibilities are summarised in Table 3 (overleaf).

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Table 3: Reporting Framework for Risk Management

Mayor & Cabinet or Full Council	- Receive annual report to provide assurance that the Council has considered and documented risk in the Corporate Risk Register	**Annually**
Audit Panel	- Receive annual report to provide assurance that the Council has considered and documented risk in the Corporate Risk Register - Scrutinise the process and make reports & recommendations on acceptance of the Risk Management Policy & Strategy	**Bi-annually**
Internal Control Board	-Approve Risk Management Policy & Strategy -Determine & prioritise corporate strategic risks -Review Corporate Risk Register and monitoring of risks -Oversee the annual review of effectiveness of the system of internal Control -ensure a corporate approach to the management of risk, health & safety and emergency planning	**Quarterly**
Corporate Risk Management Working Party	-Develop and review the Risk Management Policy & Strategy -Co-ordinate the development of Directorate risk registers, Corporate risk register and monitor process -Contribute evidence to support Annual Governance Statement -Provision of executive control and support	**Quarterly**
Directorate Management Teams	-Ensure all risk assessments are undertaken within the prescribed timeframe. -Undertake quarterly horizon scan and review of risk and maintain the Directorate risk register. - Disseminate information from the ICB to Heads of Service	**Quarterly**
Corporate Project Board	-Initial and ongoing review of project risk in sign off PIDs and progress reporting -Notify DMT/EMT of any risks that affect the project's ability to meet corporate objectives	
Project Review Groups	-Work with teams to analyse and manage service risks and record in service risk register. -Monitor progress on managing risk and report to the Directorate Management Team	
Heads of Service	- Work with teams to analyse and manage service risks and record in Service Plans -Monitor progress on managing risk and identify emerging risks and report to the Directorate Management Team (Quarterly)	

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4.1 Risk Management Working Party (RMWP)

The role of the Risk Management Working Party is to advise the Internal Control Board. Full terms of reference for this group can be found at Appendix 4.

 The Risk Management Working Party shall comprise of:

- Senior Directorate Representatives from:
- *Resources & Regeneration*
- *Children & Young Persons*
- *Community Services*
- *Customer Services*
- Group Manager, Insurance & Risk
- Business Continuity Manager
- *Head of Corporate Resources (as advisor and for monitoring and control)*
- *Brokers/Risk Management consultants (as advisors when required)*

From time to time, representatives from the Authority's partners (e.g. Schools, Health, Contractors etc) may be invited to attend Risk Management Working Party meetings. Directorate representatives shall be responsible for identifying occasions where such representation would be advisable.

5.0 Reporting & Review Framework

The main reporting mechanism will be by use of the Risk Registers. Risks, even at a strategic level, do not remain static and therefore the Risk Registers will be regularly reviewed and kept up-to-date within the performance framework to remain valid.

The RMWP will periodically re-appraise the identified risks and ensure all assessments are undertaken within the prescribed timeframe and report to the ICB to inform the annual review.

RMWP members will report on risk management to DMT who will cascade risk information and disseminate information from the ICB to Heads of Service. Risks associated with any new initiatives and activities will be formally identified, appraised and added to the Risk Register at the appropriate level.

The ICB will receive quarterly updates on progress against the Annual Governance Statement (AGS) Action Plan. The annual review of the AGS will be undertaken by the AGS Working Party and reported to the Internal Control Board at the end of each financial year. The Annual Governance Statement on Internal Control will be published with the Final Accounts.

6.0 Training and Development

An e-learning module has been launched to ensure that Members, Officers and key Partners have access to materials to equip them with the necessary knowledge and skills to:

- Identify and evaluate risks
- manage the risks involved with their service area
- develop their understanding of what risk management is
- understand their responsibilities for managing risks.

Targeted training will be delivered on an ongoing basis.

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7.0 Measuring our Success

In reviewing this strategy it is vital that we make a judgement about the level of success it has achieved. In order to do this, the information in Table 5 below will be considered.

Table 5: Measures of Success

	Objective		Measure of Success
1	Help us achieve the Council's Corporate priorities	→	- No negative impact of unidentified risks on delivery of corporate priorities
2	Integrate risk management into the culture of the Authority	→	- Completeness of Risk Registers - inclusion of risk in reports requiring decisions - links to service plans and performance management
3	Identify, evaluate and manage risk in accordance with good practice	→	- Positive internal and external inspection reports
4	Anticipate and respond to changing social, environmental and legislative requirements	→	- Enhanced planning and prioritisation - Reduction in the number of urgent/ retrospectively applied decisions - Reduction in legal challenge
5	Prevent injury and damage and reduce cost of risk	→	- No increase in number of liability insurance claims paid - Cost of Council contribution to insurance claims
6	Raise awareness of the need for risk management in all service areas	→	- Risk management included in induction and training programme
7	Mitigate risks	→	- Reduction in the number of risks colour-coded red against target
8	Enhance corporate governance of risk	→	- No deterioration in positive external inspection reports - Increase in positive assurance opinions from internal and external audits
9	Optimising opportunities	→	- Successful completion of projects where benefits outweigh the risks
10	Enhance knowledge sharing and learning lessons	→	- Lessons learnt from incidents/near misses will be reported at RMWP meetings

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– **Risk Register Form (example)**

		Sample Risk Register											
	What are the worst consequences of the risk?	Current Quarter Status (RAG)	Worst Case Scenario Status (score)	Previous Quarter Status (score) Mar 2011	Current Quarter Status (score) May 2011	Target Status (score)	Current v Target (RAG)	DoT Current Quarter v Previous Quarter	Responsible Officer	What have we done to control the risk?	What are we planning to do?	When is it going to be completed?	Risk Notes
RM??01 Inability to maintain balanced budget	- Budget overspend - Effect on morale - Waste of resources - Poor External Audit report - Fines and Penalties - Government intervention - Lack of clear decision making	▲	15	5	10	5	🔻	➡	Executive Director	- Budget monitoring - Standing Orders - Financial regulations - Compliance with appropriate policies and procedures.	Regular and ongoing monitoring.	Risk to be reviewed at next month's Performance DMT meeting.	The directorate division as a whole is forecasting an underspend/overspend of at year end.
RM??01 Inability to maintain balanced budget	Impact	▲	5	5	5	5	★	➡					
RM??01 Inability to maintain balanced budget	Likelihood	★	3	1	2	1	▲	🔻					
RM??02 Inability to attract recruit develop and retain employees	- Increase in recruitment cost - Additional cost - Inability to provide services - Turnover related cost	★	12	4	4	4	★	➡	Head of People Management	- Targeted policies to encourage recruitment to hard to fill post. - Regular monitoring of recruitment and staff turnover. - Implementation of workforce planning strategy.	Commence recruitment process in good time.	Aim to recruit to post by ??? Risk to be reviewed at next month's Performance DMT meeting.	
RM??02 Inability to attract recruit develop and retain employees	Impact	★	4	2	2	2	★	➡					
RM??02 Inability to attract recruit develop and retain employees	Likelihood	★	3	2	2	2	★	➡					

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Appendix 1 – Directorate Risk Descriptor *(Score is highest in any column)*

Likelihood: Of the risk / hazard occurring **Impact:** Most probable result or consequence of the risk/hazard occurring				
	Rating	**Probability**	**Description 1**	**Description 2**
Very High	5	> 50%	More likely to occur than not	Regular occurrence. Circumstances frequently encountered - daily/weekly/monthly
High	4	21 – 50%	Likely to occur	Likely to happen at some point within the next 1-2 years. Circumstances occasionally encountered (few times a year)
Medium	3	6 – 20%	Reasonable chance of occurring	Only likely to happen every 3 or more years
Low	2	1 – 5%	Unlikely to occur	Has happened rarely
Very Low	1	< 1%	Will only occur in exceptional circumstances	Very low probability / never before

Impact: Most probable result or consequence of the risk/hazard occurring				
Impact	**Rating**	**Individual**	**Service**	**Reputation**	**Finance / Budgets**
Very High	5	Death of an individual or several people	Complete loss of services, including several important areas of service Service Disruption: 5+ Days. Service Resource Diversion: Up to 80%	Adverse and persistent national media coverage. Adverse central government response, involving (threat of) removal of delegated powers. Officer(s) and/or Members forced to resign	£5m +
High	4	Severe injury to an individual or several people, requiring immediate hospitalisation	Major loss of an important service area Service Disruption: 3-5 Days Service Resource Diversion: Up to 60%	Adverse publicity in professional/municipal press, affecting perception/standing in professional/local government community.	£2.5m - £5m
Medium	3	Injury to an individual, requiring immediate hospitalisation	Major effect to an important service area Service Disruption: 2-3 Days Service Resource Diversion: Up to 40%	Adverse local publicity/local public opinion	£1m - £2.5m
Low	2	Minor injury to an individual or several people requiring hospital treatment	Major effect to an important service area for a short period Service Disruption: 1-2 Days Service Resource Diversion: Up to 30%	Negative local publicity of a persistent nature	£500k - £1m
Very Low	1	Minor injury to an individual requiring hospital treatment	Significant effect to non-crucial service area Service Resource Diversion: Less than 20%	Negative local publicity	£250k - £500k

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Appendix 2 – Service Risk Descriptor

Likelihood: Of the risk / hazard occurring				
Likelihood	**Rating**	**Probability**	**Description 1**	**Description 2**
Very High	5	> 50%	More likely to occur than not	Regular occurrence. Circumstances frequently encountered - daily/weekly
High	4	21 – 50%	Likely to occur	Likely to happen at some point within the next 1-2 months. Circumstances occasionally encountered few times/month
Medium	3	6 – 20%	Reasonable chance of occurring	Only likely to happen every 3 or more months
Low	2	1 – 5%	Unlikely to occur	Has happened rarely
Very Low	1	< 1%	Will only occur in exceptional circumstances	Very low probability / never before

Impact: Most probable result or consequence of the risk/hazard occurring				
Impact	**Rating**	**Individual**	**Service**	**Reputation**	**Finance / Budgets**
Very High	5	Significant injury to an individual or people requiring hospital treatment	Major effect to an important service area for a short period Service Disruption: 1-2 Days Service Resource Diversion: Up to 30%	Negative local publicity of a persistent nature	More than £500k
High	4	Minor injury to an individual or several people requiring hospital treatment	Significant effect to non-crucial service area Service Resource Diversion: Less than 20%	Negative local publicity	£250k - £500k
Medium	3	Minor injury or discomfort to an individual or people (First Aid treatable)	Brief disruption of important service area. Service Disruption: 1 Day Service Resource Diversion: Up to 10%	Merited complaint from an individual or group	£100k – £250k
Low	2	Minor injury or discomfort to an individual (First Aid treatable)	Brief disruption of non-crucial service area Service Disruption: 1 Day Service Resource Diversion: Up to 5%	Complaint from individual/small group	£50k – £100k
Very Low	1	No injury	Insignificant disruption of service area. Service Disruption: less than 1Day Service Resource Diversion: Less than 5%	Complaint from an individual	Less than £50k

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Appendix 3 – Risk Management Working Party Terms of Reference

<u>RISK MANAGEMENT WORKING PARTY</u>

<u>TERMS OF REFERENCE</u>

1   Mission Statement

The Risk Management Policy of the London Borough of Lewisham is to adopt good practices in the identification, evaluation and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level and the benefits and outcomes of opportunities are maximised .

2   Aims & Objectives

- To promote the identification, evaluation, measurement, control, financing and transfer of all strategic risk exposures in relation to all functions that threaten the achievement of the Authority's objectives.

3   Operational brief

- To establish a strategy for each year which includes a programme designed to:

  ➢ Advise the Internal Control Board

  ➢ Set up strong communication links with all parts of the organisation and its partners

  ➢ Set realistic objectives and targets for RMWP representatives, including the production of Directorate risk registers action plans and progress reports

  ➢ Agree a programme of cross-cutting risk management initiatives, buying in expertise where it becomes necessary

  ➢ Retain flexibility to anticipate and respond to changes in circumstances

  ➢ Approve funding of projects/initiatives to reduce risk within available resources

  ➢ Co-ordinate the development of Directorate Risk Registers and monitoring of Risk Management Action Plans and process.

  ➢ Develop and review the Risk Management Policy and Strategy

> ➢ Monitoring of process

> ➢ Provision of executive control and support

> ➢ Undertake the compilation of evidence and assurance to inform the annual review

> ➢ To develop the procedures needed to implement the Policy and take corrective action where non-compliance is identified

> ➢ To follow best practice in risk management practices

> ➢ Develop a training programme to raise risk awareness

> ➢ To act as champions and influence and stimulate changes in working practices to reduce risk

> ➢ To keep key risk areas under regular review

> ➢ Monitor performance

> ➢ Report regularly on the activities being undertaken

> ➢ Receive reports on the Authority's significant risks

> ➢ Identify training requirements and develop a training programme

4 Organisation

The Risk Management Working Party shall comprise of:

Senior Representatives from:

- o Head of Corporate Resources (Chair)
- o Resources & Regeneration
- o Children & Young Persons
- o Community Services
- o Customer Services
- o Group Manager Insurance & Risk
- o Business Continuity Manager

Representatives from
- o Brokers/Risk Management (as advisors as/when required)

From time to time, representatives from the Authority's key partners (e.g. Schools, Health, Contractors etc) may be invited to attend Risk Management Working Party

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meetings. Directorate representatives shall be responsible for identifying occasions where such representation would be advisable.

The Risk Management Working Party shall establish focused task groups with the objective of considering particular specialised tasks and representatives of the Working Party shall be responsible for identifying the appropriate personnel from within their Directorates to support such groups.

The Risk Management Working Party shall report to the Internal Control Board quarterly or when significant matters arise.

The sponsor of the Risk Management Working Party shall be the Executive Director for Resources and Regeneration

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Appendix 4 – Corporate Internal Control Board Terms of Reference

<u>**Corporate Internal Control Board**</u>

<u>**Membership**</u>

- 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

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Frequency of Meetings

Quarterly

Accountability and Links

- Receives quarterly reports from RMWP
- Informs EMT and Mayor & Cabinet quarterly of the risk status against the ten corporate priorities in Management Report
- Report to Audit Panel bi-annually

AUDIT PANEL		
Report Title	ANTI FRAUD AND CORRUPTION TEAM (A-FACT) UPDATE	
Key Decision	NO	Item No. 7
Ward	ALL	
Contributors	Interim Head of Corporate Resources A-FACT Group Manager	
Class		Date: 20 March 2014

1. Purpose of the Report

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

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 two full year figures for reference.

Summary of Special Investigations work	2013/14	2012/13	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY (CORRECTED FIGURES)	FY
b/f	41	30	11	37%	32	84
New	60	78	-18	-23%	103	61
Closed	-70	-70	0	0%	-94	-115
c/f	31	38	-7	-18%	41	30
Of which						
E'ee cases	22	29	-7	-24%	35	53
- resulting in action	12	16	-4	-25%	21	20
Other cases	48	41	7	17%	59	62
- resulting in action	15	7	8	114%	13	10

3.2. The majority of the cases classified as "Other" relate to enquiries to assist other organisations or Boroughs with their investigations. The seven cases successfully concluded in the most recent period included

- Prosecution for the fraudulent use of a Blue Parking Badge where the driver was using the Blue Badge to park whilst she worked at another Council. The disabled holder of the badge was not present and was found to be on holiday at the time of the offence. This resulted in a £200 fine, £50 costs and a £20 victim surcharge

payment. It is estimated by the National Fraud Authority that a Blue badge has a notional value of £825 per year.

- Direct Payments for care being claimed whilst the client was abroad and not using any of her carers. Not suitable for prosecution in this instance but client required to repay money. The overpayment is still being calculated but is in the region of £1,500.

- Warning issued to staff alerting them to a scam email purporting to be from Royal Mail. The scam email made mention of an undelivered item of post and required that the attachment was opened. This attachment contained a malicious file. This scam occurred in the run up to Christmas when more parcels were likely to be delivered.

Employee Related cases

3.3. Of the six cases closed in the last three months concerning employees three were concluded with action taken. These cases are included in the year to date figures shown below.

Analysis of employee fraud	2013/14	2012/13	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
Dismiss. & Convicted	0	1	-1	-100%	2	2
Convicted & recommended disc. Action	0	0	0	0%	1	0
Resigned/Dismissed	5	3	2	67%	5	9
Other disciplinary (incl. not employed)	5	3	2	67%	3	8
Monies repaid	0	1	-1	-100%	1	0
Management action	2	5	-3	-60%	6	1
Identity issue cleared	2	3	-1	-33%	3	0
Total	14	16	-2	-13%	21	20

3.4. The three cases where action was taken included:

- A case where three employees were investigated in connection with one allegation. This case resulted in two dismissals and one person receiving a written warning.

- An applicant for employment who provided a false document during the pre-employment vetting process. The offer of employment was withdrawn.

3.5. Quarterly reports continue to be issued to each Executive Director with a summary of all ongoing 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.

3.6. A-FACT continues to undertake investigation work on behalf of Lewisham Homes under a Service Level Agreement. This 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. The Service Level Agreement for the continuation of this arrangement has just been agreed for 2014/15.

Pre-employment Checks

3.7. 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	2013/14	2012/13	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
Checks completed	**183**	214	-31	-14%	246	334
Action taken	**14**	15	-1	-7%	16	21

3.8. In the 14 cases where action was required to confirm the declarations made all except one was subsequently resolved satisfactorily. This case where employment was refused is the case referred to above at 3.4.

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 two full year figures for reference.

Summary of benefit investigations work	2013/14	2012/13	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
b/f	**210**	349	139	-40%	349	381
New	**207**	218	-11	-7%	304	264
Closed	**175**	326	-151	-57%	443	-296
c/f	**242**	241	1	0%	210	349
Sanctions resulting	**61**	61	0	0%	78	84
Of which						
Admin penalty	**7**	5	2	50%	7	11
Caution	**44**	42	0	8%	54	52
Prosecution	**10**	14	-4	-57%	17	21
Overpayment value £	**377,295**	489,574	-112,279	-38%	616,761	640,355

4.2 As reported previously, the team has been experiencing some changes ahead of this service transferring to the DWP with the creation of the Single Fraud Investigation Service (SFIS). Over the course of the year one officer has been seconded to the

DWP to help build the necessary bridges for future work in this area. Another officer has begun a permanent secondment to the Trade Unions. The service has had some agency cover in during the year. These changes have resulted in a reduction in the number of prosecutions due to the officers focusing on Admin Penalties and Cautions which are quicker to process as opposed to prosecutions which are more laborious. This is a reversal of the recent strategy to target the more serious cases with a view to generating more publicity and having a bigger impact. However, given the move to SFIS and impact of other changes arising from austerity, the strategy is no longer sustainable.

4.3   Included in the Chancellor's Autumn Statement was the announcement that:

"*the government will, amongst a package of measures, implement a Single Fraud Investigation Service to investigate fraud across the whole of the welfare system. SFIS alongside the other measures will increase the government's ability to identify and tackle fraud, error and debt in the benefits and tax credit systems*".

4.4   Further information has been released in relation to this intention stating that:

"*SFIS will be launched within DWP as a single organisation and implementation will commence in 2014*" This is an important step in the SFIS journey and in tackling Fraud & Error. We are looking forward to continuing close working with our partners to enable the national rollout. Local authorities remain key partners and your expertise and knowledge"

 "*Implementation plans including roll-out schedule, are being developed and current plans that we implement SFIS on a phrased basis between October 2014 and March 2016.*"

5   Housing Investigations

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

Summary Housing investigation work	2013/14 P9 YTD	2012/13 P9 YTD	Change Number	%	2012/13 FY	2011/12 FY
b/f	**76**	48	*28*	58%	48	72
New	**40**	96	*-56*	-58%	105	66
Closed	**79**	38	*50*	108%	-77	-90
c/f	**37**	106	*-69*	-65%	76	48
Resulting in action	**13**	16	*-3*	-19%	24	18

5.1   Since the last report six cases have been successfully concluded. These relate to two Homelessness applications, two Housing Register applications, a fraudulent decant application for re-housing on the basis that the property was to be redeveloped and a Right to Buy that was refused.

5.2   The Audit Commission have stated that there is a 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 or prevented tenancies being wrongly allocated in 13 cases in the year to date, representing a saving of £234,000.

6 DCLG Housing Bid funding

6.1 Since January 2012 the Department for Communities and Local Government (DCLG) have provided additional one off funding to target Social Housing Fraud, in particular sub-letting. In 2012/13 this funded one investigator based within A-FACT to work with local housing partners to tackle fraud related to social housing. In 2013/14 this was extended and a second investigator has been taken on as well as extending the number of providers AFACT are supporting within the regional South East London Housing Partnership (SELHP). Work is directed by Strategic Housing (Customer Services) and delivered by A-FACT working in Lewisham and with the SELHP.

6.2 In the period April to December 2013, 17 properties were recovered due to the work with L&Q, Regenter B3/Pinnacle & Hexagon. This compares to 15 recovered in the period April to December 2012. Lewisham has nomination rights on these properties. There are also over 70 cases under investigation.

6.3 On the basis of the Audit Commission figures for the value of social housing as detailed in para 5.2. The recovery of 17 tenancies equates to £306,000.

6.4 In addition to the providers mentioned above, A-FACT have now also formally agreed to work with Family Mosaic and ASRA Housing Group.

7 Protecting the Public Purse 2013

7.1 The Audit Commission recently published the latest edition of their national report - Protecting the Public Purse 2013. This document, which is available in full on the Audit Commission website, details the work of fraud teams across the country for the period 2012/13 and provides details on trends and areas of focus.

7.2 The Audit Commission has prepared comparative data across London Councils on local fraud detection activities and their results. This data is attached as appendix 1. The position in summary shows that:

- Across the London Boroughs, Lewisham had the fourth highest number of detected frauds.

- Lewisham has demonstrated reasonable success in being the ninth most successful borough at recovering housing stock.

- The other types of fraud including procurement and internal fraud are broadly in line with other boroughs both in volume and value.

- Lewisham has reduced it's focus on benefit fraud in preparation for the formation of the Single Fraud Investigation Service (SFIS), this is reflected in the Audit Commission data.The Audit Commission have also prepared a checklist (appendix 2) for local authorities to self assess their counter fraud arrangements.

7.3 The Audit Commission have also prepared a checklist (appendix 2) for local authorities to self assess their counter fraud arrangements. Again this shows that, in the round, Lewisham continues to direct its counter fraud work effectively and to key risks.

8 Publicity

8.1 There have not been any cases suitable for publication in this last period.

9 Fraud Awareness Training

9.1 In this period A-FACT have delivered three Fraud Awareness sessions to Lewisham Homes, two sessions to members of the SELHP, and a session tailored to the Council's Human Resources service.

10 Metropolitan Police Secondee

10.1 Detective Constable Norris is on secondment to A-FACT from the Metropolitan Police.

10.2   As A-FACT have become more proficient in securing prosecutions, we have started to uncover more sophisticated frauds which require the powers of arrest and search in order to be addressed effectively. The Police Secondee continues to enable the team to deal with cases that we wouldn't otherwise be able to progress and is an important element of the services provided to Lewisham Homes.

11   Legal Implications

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

12   Financial Implications

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

13   Equalities Implication

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

14   Crime and Disorder Implications

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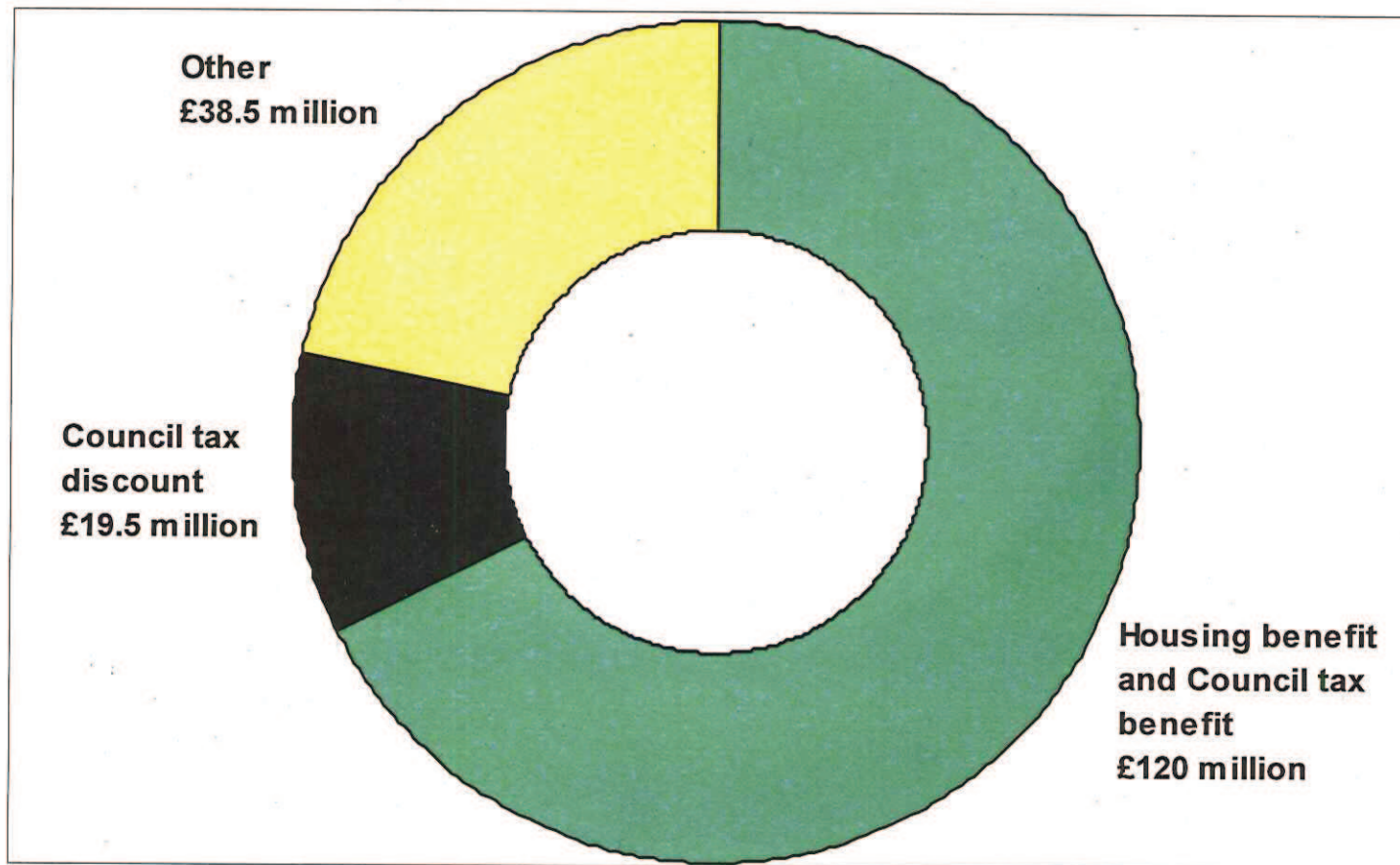

15   Environmental Implications

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

16   Background Papers

16.1   There are no background papers reported. For more information 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

National Picture 2012/13
Total cases detected107,000, with a value of £178 million (excluding social housing fraud)

Other £38.5 million

Council tax discount £19.5 million

Housing benefit and Council tax benefit £120 million

Nationally, the number of detected frauds has fallen by 14% since 2011/12 and the value by less than 1%

audit commission

Interpreting fraud detection results

- Contextual and comparative information needed to interpret results

- Detected fraud is indicative, not definitive, of counter fraud performance (Prevention and deterrence should not be overlooked)

- No fraud detected does not mean no fraud committed (Fraud will always be attempted and even with the best prevention measures some will succeed)

- Councils who look for fraud, and look in the right way, will find fraud (There is no such thing as a small fraud, just a fraud that has been detected early)

Your council is highlighted in yellow in the graphs that follow

audit
commission

The local picture
How your council compares to other London Boroughs
## Total detected cases and value 2012/13 (excluding social housing fraud)

Legend: Detected cases (bars) — Detected value (line)
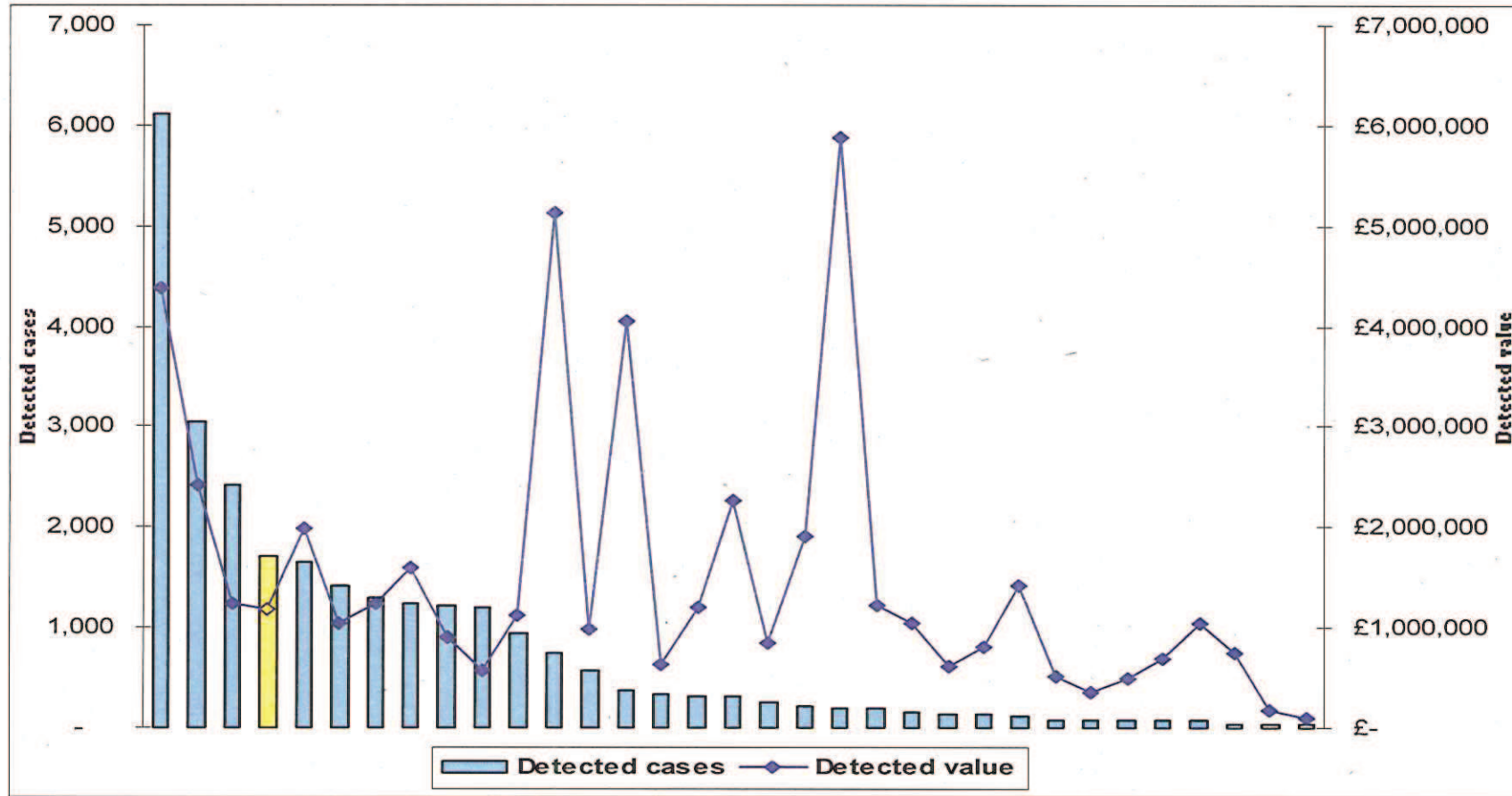
Lewisham detected: 1,705 cases, valued at £1,176,776

audit commission

London Boroughs 2012/13
Housing benefit (HB) and Council tax benefit (CTB) fraud
Detected cases and detected cases as a percentage of HB/CTB caseload

Legend: Detected cases — Detected cased as % of HB/CTB caseload
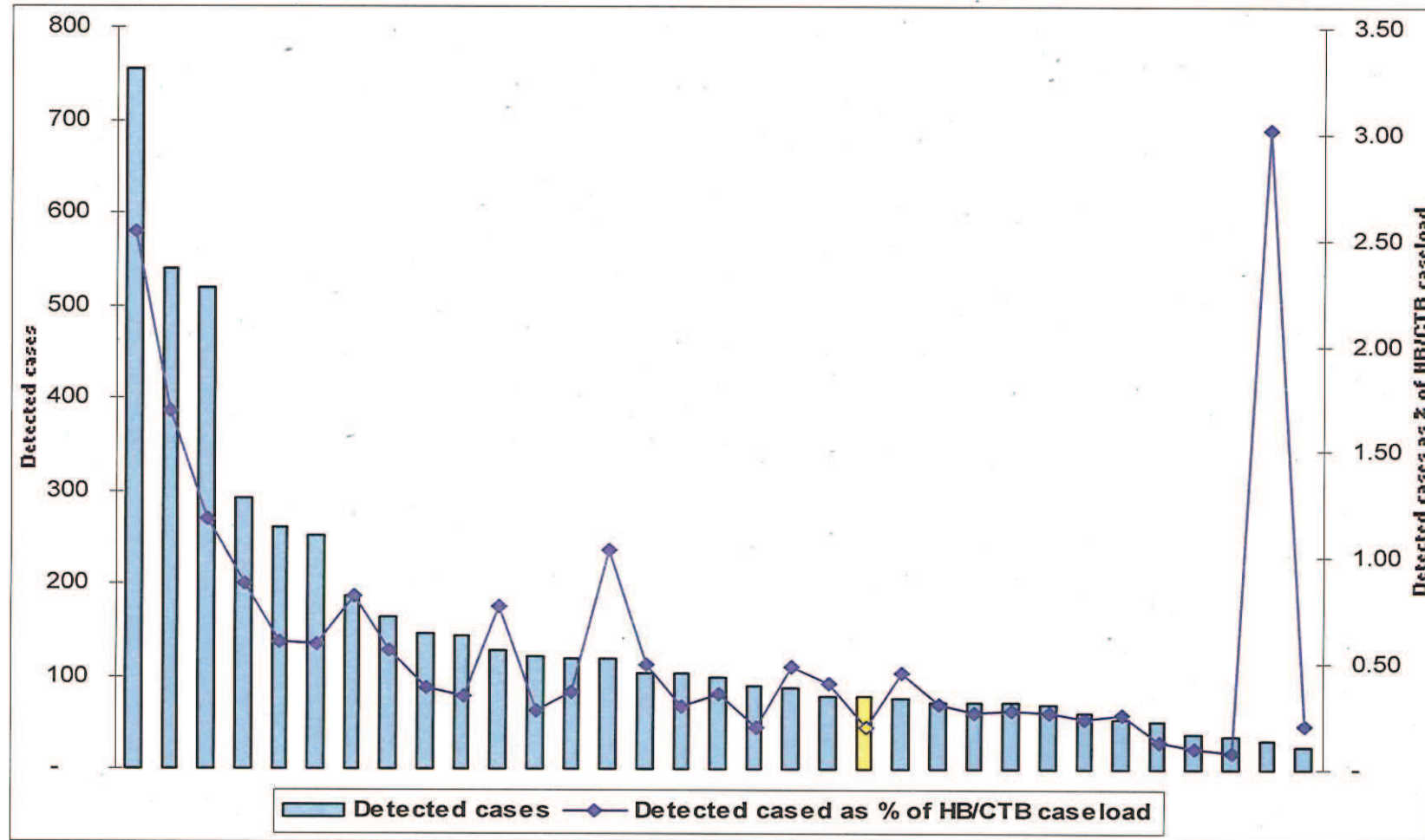
Lewisham detected: 78 cases, valued at £512,850

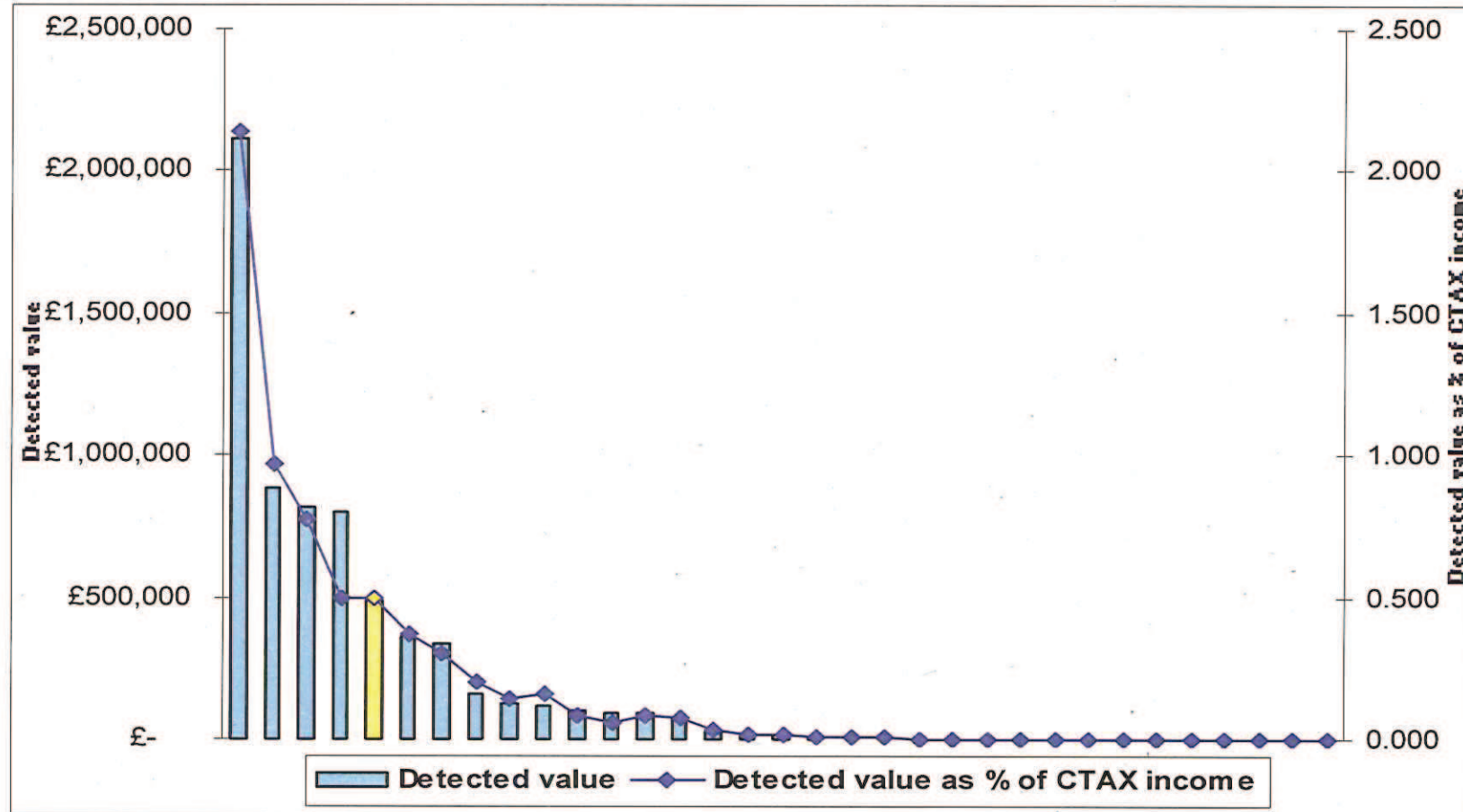London average: 153 cases, valued at £874,394

audit commission

London Boroughs 2012/13
Council tax (CTAX) discount fraud
Detected value and detected value as a percentage of council tax income
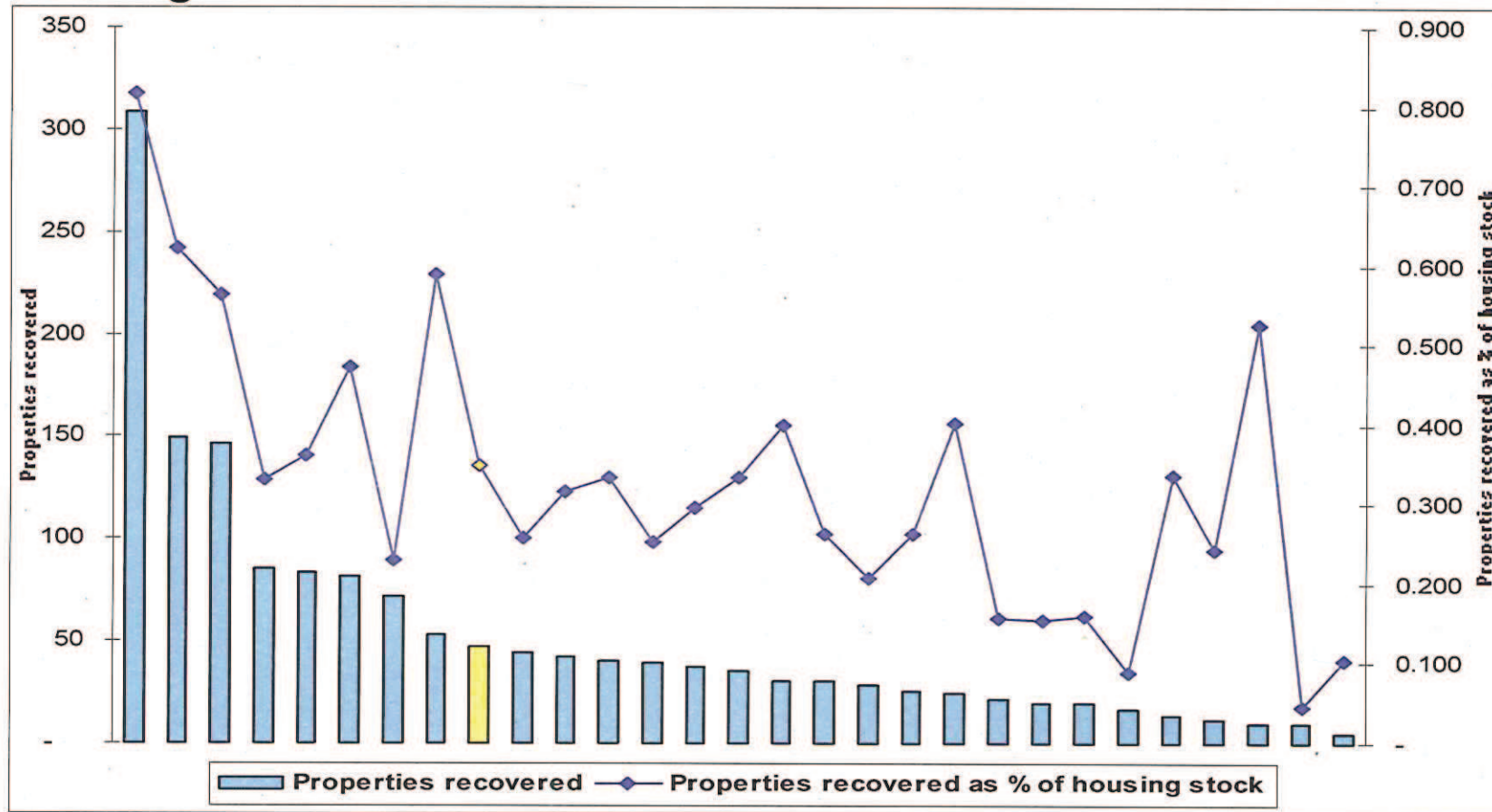

Lewisham detected: 1,610 cases, valued at £486,065

London average: 586 cases, valued at £201,451

London Boroughs with housing stock 2012/13
Social housing fraud
Properties recovered and properties recovered as a percentage of housing stock

Lewisham recovered: 47 properties

London average: 53 properties

London Borough of Lewisham
Other frauds

- Procurement: 1 cases, valued at £8,500
  (*Ave per London Borough: 1 case valued at £11,695*)

- Insurance: no cases
  (*Ave per London Borough: 1 case valued at £35,274*)

- Social care: 4 cases, valued at £91,361
  (*Ave per London Borough: 2 cases valued at £10,067*)

- Economic & Third sector: no cases
  (*Ave per London Borough: 1 case valued at £16,846*)

- Internal fraud: 12 cases, valued at £79,204
  (*Ave per London Borough: 10 cases valued at £302,255*)

Correctly recording fraud levels is a central element in assessing fraud risk
It is best practice to record the financial value of each detected case

audit commission

Fighting Fraud Checklist for Governance

Protecting the public purse 2013

November 2013

audit commission

General	Yes	No
1. Do we have a zero tolerance policy towards fraud?	✓	
Previous action		
2013 Update		
2. Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with *Fighting Fraud Locally*?	✓	
Previous action		
2013 Update		
3. Do we have dedicated counter-fraud staff?	✓	
Previous action		
2013 Update		
4. Do counter-fraud staff review all the work of our organisation?		✓
Previous action		
2013 Update		
5. Does a councillor have portfolio responsibility for fighting fraud across the council?	✓	
Previous action		
2013 Update		
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	✓	
Previous action		
2013 Update		
7. Have we assessed our management of counter-fraud work against good practice?	✓	
Previous action		
2013 Update		

General	Yes	No
8. Do we raise awareness of fraud risks with:		
■ new staff (including agency staff);	✓	
■ existing staff;	✓	
■ elected members; and	✓	
■ our contractors?		✓

Previous action

2013 Update

9. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	✓	

Previous action

2013 Update

10. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	✓	

Previous action

2013 Update

11. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?	✓	

Previous action

2013 Update

12. Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative and receive reports on our outcomes?	✓	

Previous action

2013 Update

13. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	✓	

Previous action

2013 Update

General	Yes	No
14. Do we have effective arrangements for:		
■ reporting fraud?; and	✓	
■ recording fraud?	✓	
Previous action		
2013 Update		
15. Do we have effective whistle-blowing arrangements? In particular are staff:		
■ aware of our whistle-blowing arrangements?	✓	
■ have confidence in the confidentiality of those arrangements?	✓	
■ confident that any concerns raised will be addressed?	✓	
Previous action		
2013 Update		
16. Do we have effective fidelity insurance arrangements?	✓	
Previous action		
2013 Update		

Fighting fraud with reduced resources	Yes	No
17. Have we reassessed our fraud risks since the change in the financial climate?	✓	
Previous action		
2013 Update		
18. Have we amended our counter-fraud action plan as a result?	✓	
Previous action		
2013 Update		
19. Have we reallocated staff as a result?	✓	
Previous action		
2013 Update		

Current risks and issues	Yes	No

Housing tenancy

20. Do we take proper action to ensure that we only allocate social housing to those who are eligible? ✓

Previous action

2013 Update

21. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated? ✓

Previous action

2013 Update

Procurement

22. Are we satisfied our procurement controls are working as intended? ✓

Previous action

2013 Update

23. Have we reviewed our contract letting procedures since the investigations by the Office of Fair Trading into cartels, and compared them with best practice? ✓

Previous action

2013 Update

Recruitment

24. Are we satisfied our recruitment procedures:

- prevent us employing people working under false identities; ✓

- confirm employment references effectively; ✓

- ensure applicants are eligible to work in the UK; and ✓
- require agencies supplying us with staff to undertake the checks that we require? ✓

Previous action

2013 Update

Current risks and issues	Yes	No

Personal budgets

25. Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice? ✓

Previous action

2013 Update

26. Have we updated our whistle-blowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets? ✓

Previous action

2013 Update

Council tax discount

27. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible? ✓

Previous action

2013 Update

Housing benefit

28. When we tackle housing benefit fraud do we make full use of:

- National Fraud Initiative; ✓

- Department for Work and Pensions Housing Benefit matching service; ✓
- internal data matching; and ✓

- private sector data matching? ✓

Previous action

2013 Update

Emerging fraud risks	Yes	No
29. Do we have appropriate and proportionate defences against emerging fraud risks:		
■ business rates;	✓	
■ Right to Buy;	✓	
■ Social Fund and Local Welfare Assistance;	✓	
■ council tax reduction;	✓	
■ schools; and	✓	
■ grants?	✓	
Previous action		
2013 Update		

Source: Audit Commission (2013)