



AGENDA AUDIT PANEL

Date: TUESDAY, 22 MARCH 2016 at 7.00 pm

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

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

COUNCILLORS

Councillor Helen Klier - Chair
Councillor Bill Brown
Councillor Mark Ingleby
Councillor Jim Mallory
Councillor Jonathan Slater - Vice Chair
Councillor Eva Stamirowski

Independent Members

Paul Dale
Richard King

Members are summoned to attend this meeting

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

Barry Quirk
Chief Executive
Lewisham Town Hall
Catford
London SE6 4RU
Date: 14 March 2016



INVESTOR IN PEOPLE

ORDER OF BUSINESS – PART 1 AGENDA

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Agenda Item 1

| AUDIT PANEL | | |
|--------------|-----------------|---------------------|
| Report Title | MINUTES | |
| Key Decision | | Item No. 1 |
| Ward | | |
| Contributors | CHIEF EXECUTIVE | |
| Class | Part 1 | Date: 22 March 2016 |

Recommendation

It is recommended that the Minutes of the meeting of the Audit Panel, which was open to the press and public, held on 8 December 2015 be confirmed and signed.

MINUTES OF THE AUDIT PANEL

Tuesday, 8 December 2015 at 7.00 pm

PRESENT: Councillors Helen Klier, Bill Brown, Mark Ingleby, Jim Mallory, Jonathan Slater, Eva Stamirowski and Richard King

ALSO PRESENT: Jamie Bewick, Manager Public Sector Assurance, Grant Thornton

Apologies for absence were received from Paul Dale

22. Minutes

Appointment of Independent Panel Members

Officers informed the Panel that they were still trying to fill the vacancies and this was proving difficult. The next step would be to advertise in a national newspaper.

Action >>>> Head of Financial Services and Head of Corporate Resources

Commissioning and Procurement Board

The Head of Corporate Resources told Panel members that he would circulate the handbook as promised, very soon.

Action >>>> Head of Financial Services and Head of Corporate Resources

RESOLVED that the minutes of the meeting held on 17 September 2015, which was open to the Press and Public, be confirmed and signed as a true record of the proceedings.

23. Declarations of Interests

None received.

24. Sedgehill School Deficit Update

The Head of Resources, Children and Young People introduced the report.

Councillor Mallory said it would be useful to have a covering report for every item, as this would clearly state the recommendations to be considered for the report. Councillor Mallory asked whether officers were confident that the outstanding recommendations for the school would be completed as stated, in January 2016, and was told officers were confident they would get done.

In response to Councillor Ingleby's question about changes in Senior Management staff, the Panel was informed that a Chief Executive had been appointed for

Sedgehill School, and in time staff changes would be done to support the new structure.

Richard King stated that information without a covering report was not helpful, and another item within the agenda did not have a covering report. The Chair requested that in future report authors should ensure all items on the agenda have a cover report.

Action >>>> Head of Corporate Resources, Head of Financial Resources

Panel members asked whether any lessons had been learnt from this experience. The Head of Resources, CYP said in future officers would look at schools' payrolls. Officers were also monitoring schools closely for trigger points, especially those that do not use the Council's payroll system. The Executive Director for Resources and Regeneration added that officers would also pay closer attention to the schools' returns.

The Chair asked whether the Council could have done more to prevent this, and was told by the Head of Resources, CYP that apart from checking the payrolls, officers could not have done more. He added that going forward officers would get financial data of the schools, and examine any changes in key personnel as this could be the trigger.

The Chair said it had come to light that Deptford Green school was also in deficit, and had been for over 18 months. The Head of Resources, CYP said he would be meeting with the School Bursar on Friday to discuss and set out reasonable steps that the school would need to follow through, adding that when the Headship of a school changes, this could pose a risk.

Councillor Mallory asked whether officers have access to Deptford Green's Payroll, and was told they did. It was also noted that the addition of a post sixteen provision to Deptford Green school would also add to their budget challenges as funding for post sixteen provision has gone down. In answer to the Chair's query, officers told the Panel that Deptford Green's Schools' deficit report would be going to Mayor and Cabinet in the New Year.

RESOLVED that the report be noted.

25. Annual Audit Letter 2014/15

Jamie Bewick, Manager Public Sector Assurance, Grant Thornton introduced the report. He highlighted that since the last meeting Lewisham's Accounts had been given an unqualified Value for Money conclusion, and the Audit Letter had been signed off.

Panel members asked whether they should be concerned that Lewisham's total level of reserves remains low in comparison to other councils, and was told that other Councils had added more funds to their reserves than Lewisham. Councillor Mallory asked for Jamie Bewick's advice on the matter. He advised that in the short term reserves could be utilised as Council's see fit but this would not be

sustainable in the longer term. Mr King said the adequacy of reserves was more important than comparison of reserves.

RESOLVED that the report be noted.

26. Budget Monitoring Financial Forecasts 2015-2016

The Head of Financial Services introduced the report. He highlighted that this report had been to Mayor and Cabinet, and other Committees.

Councillor Stamirowski asked whether officers were confident the Council would achieve its aim. The Head of Financial Services said following the Corporate Spending Review last week, officers had spent time working out what the implications could be. The Executive Director for Resources said the provisional settlement to be announced the following week would tell local authorities what their funding would be for next year, but for now officers would stay with their current plans.

Councillor Slater commented that officers should look at ways to generate income as the spending review would be on-going for the foreseeable future. The Executive Director for Resources & Regeneration said an income generation officer had been appointed to lead on this, and there were some options being considered.

Panel Members requested an update on the Better Care Fund, and the Public Health Budget.

Action >>> Head of Financial Services

The Chair said it had been 5 years since the launch of personal budget for Adult Social Care, and asked why the Council had not been able to bring the budget under control. Officers said the services were changing. The Chair asked whether savings would be made, and was told it would depend on the package used, and administration cost. It was noted that the full details were not yet known.

RESOLVED that the report be noted

27. Grant Thornton Audit Panel Update

Jamie Bewick introduced the report, which highlighted progress in delivering the External Auditor's responsibilities. It included a summary of emerging national issues, developments that would be relevant to the council, and questions that Panel Members might want to consider. Panel Members were informed that the final report would be brought back to their next meeting.

Jamie Bewick said he would provide access to the reports as requested by Panel Members.

Action >>>>> Jamie Bewick, Grant Thornton

RESOLVED that the report be noted.

28. Internal Audit Update

The Head of Corporate Resources introduced the report. He stated that work was underway on the 2015/16 audit plan. He said some of the audit recommendations to managers have not been agreed and the Executive Director for Resources and Regeneration, and the Internal Control Board would review these recommendations. Panel Members were also informed that the independent internal audit review would conclude in January 2016.

Panel Members questioned the number of overdue recommendations, and were told that some of them were related to the IT services, and as this contract was currently in transition it would not be effective if a representative were to be summoned to the meeting. Members were told that the IT Strategy was now in place.

The Chair asked officers about progress on the internal audit developments, and was told that officers were looking at different options carefully to ensure that the section gets the necessary professional support to enable efficient delivery of the service. The Chair said this seemed to be taking too long, and asked whether officers think the quality was improving. The Executive Director for Resources and Regeneration said officers think the quality of service had improved, and management were doing what they ought to do. Richard King said judging from the service provision available when he started as Panel member, he was convinced the quality of service was improving.

RESOLVED that the report be noted.

29. Anti-Fraud & Corruption Update

The Head of Corporate Resources introduced the report. He highlighted that Housing investigations continue to be important because of its impact on temporary accommodation. He also informed Panel Members that officers had been successful in securing a one off funding for counter fraud projects, and this had made provision to address some training needs.

Councillor Slater asked why the number of employee frauds had gone up, and was told that this could be as a result of effective preventive measures in the past when there had been adequate resources. Councillor Ingleby said the piece of work done for the 2 cases linked to No Recourse to Public funds was very helpful.

RESOLVED that the report be noted.

Meeting ended: 8.40

Chair.....

Agenda Item 2

| AUDIT PANEL | | |
|--------------|--------------------------|---------------------|
| Report Title | DECLARATIONS OF INTEREST | |
| Key Decision | | Item No. 2 |
| Ward | | |
| Contributors | Chief Executive | |
| Class | Part 1 | Date: 22 March 2016 |
| | | |

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

1 Personal interests

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

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

2 Disclosable pecuniary interests are defined by regulation as:-

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

- (f) Corporate tenancies – any tenancy, where to the member’s knowledge, the Council is landlord and the tenant is a firm in which the relevant person* is a partner, a body corporate in which they are a director, or in the securities of which they have a beneficial interest.
- (g) Beneficial interest in securities of a body where:-
- (a) that body to the member’s knowledge has a place of business or land in the borough; and
 - (b) either
 - (i) the total nominal value of the securities exceeds £25,000 or 1/100 of the total issued share capital of that body; or
 - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person* has a beneficial interest exceeds 1/100 of the total issued share capital of that class.

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

(3) Other registerable interests

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

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

(4) Non registerable interests

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

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

- (a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take no part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **Failure to declare such an interest which has not already been entered in the Register of Members' Interests, or participation where such an interest exists, is liable to prosecution and on conviction carries a fine of up to £5000**
- (b) Where a member has a registerable interest which falls short of a disclosable pecuniary interest they must still declare the nature of the interest to the meeting at the earliest opportunity and in any event before the matter is considered, but they may stay in the room, participate in consideration of the matter and vote on it unless paragraph (c) below applies.
- (c) Where a member has a registerable interest which falls short of a disclosable pecuniary interest, the member must consider whether a reasonable member of the public in possession of the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.
- (d) If a non-registerable interest arises which affects the wellbeing of a member, their, family, friend or close associate more than it would affect those in the local area generally, then the provisions relating to the declarations of interest and withdrawal apply as if it were a registerable interest.
- (e) Decisions relating to declarations of interests are for the member's personal judgement, though in cases of doubt they may wish to seek the advice of the Monitoring Officer.

(6) Sensitive information

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

(7) Exempt categories

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

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

Agenda Item 3

| AUDIT PANEL | | |
|---------------------|--|----------------------------|
| Report Title | Update on 2015/16 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: 22 March 2016 |

1. SUMMARY AND PURPOSE

- 1.1. This report provides an update to member of the Audit Panel on the preparations for the 2015/16 closing of accounts and statutory external audit.

2. RECOMMENDATION

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

3. 2015/16 EXTERNAL AUDIT

- 3.1. Grant Thornton began as the Council's external auditors on 1 November 2012. Therefore, the forthcoming external audit will be the fourth one to be carried out by them. Senior management and senior accountants in the Financial Services Division have met regularly with senior representatives of Grant Thornton since the conclusion of the 2014/15 external audit. They will ensure that the next external audit is equally successful.
- 3.2. Grant Thornton continue to progress with their interim audit. This was started in January 2016 and is expected to be completed by April 2016. The areas which are currently being covered as part of this interim process include, updating their review of the council's control environment, updating their understanding of the financial statements and doing some early work on emerging accounting issues.
- 3.3. Grant Thornton will begin their substantive work auditing the Council's annual accounts in June 2016.

4. 2015/16 CLOSING OF ACCOUNTS

- 4.1. The 2015/16 Closing of Accounts timetable, guidance notes and reporting deadlines have again been reviewed and updated. Members should note that the Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31st May and 31st July, respectively

by 2017/18 financial year. In anticipation of these forthcoming changes, officers will be working with the external auditors to enable them to substantially complete the audit of the financial statements by 31st July 2016 as a 'dry run' for discussion in August and sign-off in September.

5. 2015/16 STATEMENT OF ACCOUNTS

- 5.1. The Statement of Accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounts, as agreed by the Department for Communities and Local Government. The pre-audited Statement of Accounts is required to be completed and submitted for external audit by no later than the end of June 2016. The audited Statement of Accounts is required to be completed and approved by full Council by the end of September 2016.
- 5.2. As in previous years, both of these Statements will be submitted to the Audit Panel before the required deadlines. It is planned that the pre-audit Accounts will be submitted to the meeting of the Audit Panel on 16 June 2016. The audited Accounts will be submitted to the Audit Panel on 13 September 2016 and Council on 21 September 2016.

6. IMPLICATIONS

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

7. CONCLUSION

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

For further information on this report please contact:

Selwyn Thompson, Head of Financial Services, on 020 8314 6932
Paul Calnan, Acting Group Finance Manager – Accounting, on 020 8314 6167

Audit Panel Update

London Borough of Lewisham

Year ended 31 March 2016

March 2016

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

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Introduction

This paper provides the Audit Panel with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Panel may wish to consider.

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

- Making devolution work: A practical guide for local leaders
- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- All aboard? our local government governance review 2015
- Knowing the ropes: Audit Panel effectiveness review
- Reforging local Government: financial health and governance review 2015

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

Progress at March 2016

| Work | Planned date |
|--|--|
| <p>2015-16 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on Council's 2015-16 financial statements.</p> | <p>April</p> |
| <p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. | <p>January - April</p> |
| <p>2015-16 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2015-16 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. | <p>June – July</p> <p>The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 May and 31 July respectively by the 2017/18 financial year.</p> <p>We aim to substantially complete our audit of your financial statements by 31 July 2016 as a 'dry run' for discussion in August and sign off in September.</p> |

Progress at March 2016

| Work | Planned date |
|--|---------------------|
| <p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2015/16 VfM conclusion has recently been subject to consultation from the National Audit Office. The audit guidance on the auditor's work on value for money arrangements was published on 9 November 2015.</p> <p>Auditors are required to reach their statutory conclusion on arrangements to secure VfM based on the following overall evaluation criterion: <i>In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.</i></p> <p>To help auditors to consider this overall evaluation criterion, the following sub-criteria are intended to guide auditors in reaching their overall judgements:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties. <p>We will be required to report by exception if we conclude that we are not satisfied that the Council has in place proper arrangements to secure value for money in the use of its resources for the relevant period.</p> <p>The guidance is available at https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/</p> | <p>March – July</p> |

Progress at March 2016

| Work | Planned date |
|---|--------------|
| Annual Audit Letter We will issue the Annual Audit Letter in October. | October |
| Housing Benefit claim 2014/15 We issued our certificate in November 2015, and the claim was subject to both amendment and qualification. In accordance with the Department of Work and Pensions approach (HBCOUNT), where we identify errors we are required to carry out extended testing. There were 14 extended samples during 2014/15 compared to nine extended samples in 2013/14 (three during 2012/13). The Department requires extended testing as a basis to quantify and extrapolate errors on a consistent basis. It is worth noting however that none of the errors we reported were material in the context of the claim and cannot be isolated to one specific reason. However reasons will include increased case numbers, complexity, staffing and resource pressures at the Council although these issues are not unique to Lewisham. | completed |

Progress at March 2016

| Work | Planned date |
|--|--|
| <p data-bbox="215 438 582 470">Other grants work 2014/15</p> <p data-bbox="215 507 945 539">Our work on the 2014-15 grant claims is now completed.</p> <p data-bbox="215 579 689 611">GLA Decent Homes Backlog Fund</p> <p data-bbox="215 616 1173 647">We issued our opinion in February 2016. There were no significant issues.</p> <p data-bbox="215 687 719 719">Pooling of Housing Capital Receipts</p> <p data-bbox="215 724 1285 820">We issued our opinion on the DCLG 'logasnet' system in January 2016 after the DCLG fixed a national IT issue allowing auditors to certify the claim. There were no significant issues.</p> <p data-bbox="215 863 472 895">Teachers' pension</p> <p data-bbox="215 900 1182 932">We issued our opinion in November 2015, there were no significant issues.</p> | <p data-bbox="1326 443 1469 475">Completed</p> |

Reforging local government: Summary findings of financial health checks and governance reviews

Grant Thornton market insight

The recent autumn statement represents the biggest change in local government finance in 35 years. The Chancellor announced that in 2019/20 councils will spend the same in cash terms as they do today and that "better financial management and further efficiency" will be required to achieve the projected 29% savings. Based on our latest review of financial resilience at English local authorities, this presents a serious challenge to many councils that have already become lean.

Our research suggests that:

- the majority of councils will continue to weather the financial storm, but to do so will now require difficult decisions to be made about services
- most councils project significant funding gaps over the next three to five years, but the lack of detailed plans to address these deficits in the medium-term represents a key risk
- Whitehall needs to go further and faster in allowing localities to drive growth and public service reform including proper fiscal devolution that supports businesses and communities
- local government needs a deeper understanding of their local partners to deliver the transformational changes that are needed and do more to break down silos
- elected members have an increasingly important role in ensuring good governance is not just about compliance with regulations, but also about effective management of change and risk
- councils need to improve the level of consultation with the public when prioritising services and make sure that their views help shape council development plans.



Our report is available at <http://www.grantthornton.co.uk/en/insights/reforging-local-government/>, or in hard copy from your Engagement Lead or Engagement Manager.

CFO Insights— driving performance improvement

Grant Thornton and CIPFA Market insight

CFO insights is an online analysis tool that gives those aspiring to improve the financial position of their local authority instant access to insight on the financial performance, socio- economy context and service outcomes of every council in England, Scotland and Wales.

The tool provides a three-dimensional lens through which to understand council income and spend by category, the outcomes for that spend and the socio-economic context within which a council operates. This enables comparison against others, not only nationally, but in the context of their geographical and statistical neighbours. CFO Insights is an invaluable tool providing focused insight to develop, and the evidence to support, financial decisions.

We are happy to organise a demonstration of the tool if you want to know more.



CIPFA reports and publications

Local Government Issues

Audit Committees

In December 2015 the Chartered Institute of Public Finance and Accountancy (CIPFA) published its guidance on the establishment of auditor Committees.

Under the Local Audit and Accountability Act 2014 'relevant authorities' are able to appoint their own local auditors via an auditor panel. The Secretary of State for Communities and Local Government has decided to implement a phased introduction of the new local audit framework, with all health bodies and smaller local government bodies moving to the new framework as planned on 1st April 2017 and larger local government bodies a year later, on 1st April 2018. In practice, this means that smaller local authorities must have appointed their local auditors by 31st December 2016 and larger principal authorities by 31st December 2017.

The guidance sets out the options available to local authorities in England for establishing an auditor panel; what form such a panel can take; the operation and functions of the panel; and the main task of the Committee – that is, advising the authority in connection with the appointment of the local auditor

Better Care Fund

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Healthcare Financial Management Association (HFMA) have issued a joint report examining the progress that has been made six months into the implementation of the government's £5.3bn Better Care Fund (BCF) arrangements. While the report points out that the fund has already begun to produce improved working relationships between NHS bodies and local public services, it highlights that more needs to be done to ensure the success of the BCF. The report is based on the results of a CIPFA and HFMA joint finance staff survey of NHS bodies and local authorities representing almost a third of BCF sites, and is available from the CIPFA website - <http://www.cipfa.org/about-cipfa/press-office/latest-press-releases/better-care-fund-struggling-with-red-tape>.

Accounts - public rights of inspection and challenge

Local Government issues: National Audit Office

Council accounts: a guide to your rights

The NAO has published an updated version of Council accounts: a guide to your rights on its website. The guide has been updated to reflect the new requirements of the Local Audit and Accountability Act 2014, and applies to 2015-16 accounts. The document provides information on how people can ask questions and raise objections about the accounts of their local authority.

<https://www.nao.org.uk/code-audit-practice/council-accounts-a-guide-to-your-rights/>

Arrangements for the exercise of public rights:

The Accounts and Audit Regulations 2015 set out new arrangements for the exercise of public rights from 2015/16 onwards. A key implication of the Act is that the final approval of the statement of the accounts by an authority prior to publication cannot take place *until after the conclusion of the period for the exercise of public rights*. As the thirty working day period for the exercise of public rights must include the first ten working days of July, authorities will not be able to approve their audited accounts or publish before 15th July 2016.

Smaller authorities must also wait until the conclusion of the thirty working day period for the exercise of public rights before publishing their accounts and the auditor's report.

The Care Act and New Burdens

Local Government Issues: Public Accounts Committee Report

Further to the NAO reports on *Care Act first-phase reforms* and *Local government new burdens* both published in June 2015, and the hearing of the Public Accounts Committee (PAC) in October 2015 on the combined topics, the PAC has now published its report on the matter. The PAC report considers the additional cost burdens on, and uncertainty for, local councils. It also considers the government's ability to identify and respond to councils that are struggling.

Its main findings are as follows:

- following the decision to delay the second phase of the Care Act, there are concerns that people will have to pay more for their care for longer before the cap on care costs is implemented. However, as the government have announced that they will not claw back the £146m of funding that it provided to councils in 2015/16 to prepare for the second phase, local authorities will not have the financial burden that was anticipated
- the DCLG have failed to adequately identify and assess new burdens on local authorities and consider their impact, creating significant uncertainty for local authorities Councils are faced with 'unfunded pressures' which are making it 'more difficult for them to meet their statutory duties and will increase pressure on council tax'
- The report calls for the Spending Review and annual finance settlements for local authorities to 'take full account of the many cost pressures local authorities face, whether or not they meet the government's definition of a new burden'. Funding must be monitored to ensure that vulnerable people do not lose out

The full report can be found at <http://www.parliament.uk/business/Panels/Panels-a-z/commons-select/public-accounts-Panel/publications/>

Results of auditors' work 2014/15

Public Sector Audit Appointments

Following the closure of the Audit Commission on 31st March 2015, Public Sector Audit Appointments (PSAA) became responsible for appointing auditors to local Government bodies and for overseeing the delivery of consistent, high-quality and effective external audit services. The Audit Commission previously published Auditing the Accounts reports for Local Government bodies covering the 2012/13 and 2013/14 financial years. The reports summarised the results of the work of auditors appointed by the Commission at local bodies. This is the first such report published by PSAA, and it summarises the results of auditors' work at 509 principle bodies and 9,755 small bodies. The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors utilised their statutory reporting powers.

The timeliness and quality of financial reporting for 2014/15 remained broadly consistent with the previous year for both principal and small bodies, according to Public Sector Audit Appointments Limited's *Report on the results of auditors' work 2014/15: Local government bodies*.

- for principal bodies, auditors at 345 of 356 councils (97 per cent) were able to issue the opinion on the accounts by the statutory accounts publication date of 30th September 2015.
- 97 per cent of police bodies and fire and rescue authorities also received the audit opinion by 30th September 2015.
- for the second year in a row there have been no qualified opinions issued to date to principal bodies.
- the number of qualified conclusions on value for money arrangements has remained consistent with the previous year at 4 per cent (17 councils, one police body and one fire and rescue authority).

IFRS 13 'Fair value measurement'

Accounting and audit issues

The 2015/16 Accounting Code applies IFRS 13 'Fair Value Measurement' for the first time. The standard sets out in a single framework for measuring fair value and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

There is no public sector adaptation to IFRS13 but the Treasury and therefore the Code has adapted IAS 16 Property, Plant and Equipment so that operational assets (providing service potential) are no longer held at fair value but current value. As such IFRS 13 does not apply to operational assets. This new definition of current value means that the measurement requirements for operational property, plant and equipment providing service potential have not changed from the prior year.

However, surplus assets will need to be measured under the new definition of fair value, reflecting the highest and best use from the market participant perspective.

Other areas affected by the new standard include investment property, available for sale financial assets and those items where fair values are disclosed - for example, long term loans and PFI liabilities. IFRS 13 also introduces extensive disclosure requirements.

Local authorities need to:

- identify/ review their classification of surplus assets and investment properties
- discuss IFRS 13 with their property valuers and treasury advisers to ensure that fair values provided are produced in line with the new standard
- update accounting policies and disclosures to reflect the new standard.

Highways Network Assets

Accounting and audit issues

CIPFA announced at the recent Local Government Accounting Conferences some key messages with regards to changes in accounting for the Highways Network Asset from 2016/17. These included:

- Transport Infrastructure Assets will now be referred to as single asset, the Highways Network Asset (HNA)
- this will be measured at Depreciated Replacement Cost (DRC) using the Modern Equivalent Asset (MEA) basis of valuation from 1 April 2016 and will be applied prospectively rather than requiring a full retrospective restatement
- the new requirements only apply to authorities with assets meeting the definition of a single HNA asset

CIPFA's expects that the transport infrastructure assets held by district councils/ non-highways authorities will be scoped out of the new requirements as assets are unlikely to form a single interconnected network. However, district councils will need to consider the nature of their transport infrastructure assets to assure themselves and evidence that their transport infrastructure assets are not part of an interconnected network.

The 2016/17 Accounting Code which will include further details on these announcements is expected to be published in Spring 2016. Grant Thornton has produced a short briefing on these announcements which is available from your Engagement Lead and Engagement Manager and will provide further briefings as further details become available.

Better Care Fund

Accounting and audit issues

The Better Care Fund was launched on 1 April 2015 to ‘...drive closer integration and improve outcomes for patients and service users and carers’. The intention was to set up the fund as a pooled budget with NHS organisations and local authorities contributing into a single pot that is used to commission or deliver health and social care services.

In practice, different Better Care Fund agreements have different and sometimes complex arrangements. As a result determining the correct accounting can be difficult and there is no one size fits all approach. NHS and local government partners need to agree on accounting for such arrangements to ensure that not only are there no material errors in their own accounts but also that there are no material errors on consolidation into Whole of Government Accounts.

NHS and local government partners therefore need to consider the specific terms of their agreements and considering where the control and risks lie in line with the definition of control in IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements. Individual authorities also need to consider whether they are acting as a principal or an agent. Judgement may be required, and may therefore need to be disclosed as a critical judgement in the accounts.

Although the local government timetable is moving forward, the NHS timetable is still significantly earlier so local authorities will need to include dates in their closedown plan to give NHS colleagues the information they need to prepare their accounts in good time for these deadlines.

Unlodged non-domestic rate appeals

Accounting and audit issues

Last year, there were primarily no provisions for unlodged non-domestic rates appeals as appeals received on or after 1 April 2015 were only backdated to 1 April 2015. The effect of last years announcement was supposed to put authorities in the position as if the revaluation had been done in 2015 as initially intended before the extension to 2017. This was only a one year reprieve and so any unlodged appeals at 31 March 2016 will only be backdated to 1 April 2015 and therefore may not be material.

However, this year, local authorities will need to estimate a provision for unlodged appeals but as above it may not be material.

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and the Code it is in only extremely rare cases that a reliable estimate cannot be made. Therefore, if your local authority does have such an instance, the rationale needs backing up: both in terms of disclosures (as a contingent liability) and in providing evidence to those charged with governance as to why a reliable estimate for the provision cannot be made.

Website re-launch

Grant Thornton

We have recently launched our new-look website. Our new homepage has been optimised for viewing across mobile devices, reflecting the increasing trend for how people choose to access information online. We wanted to make it easier to learn about us and the services we offer.

You can access the page using the link below -
<http://www.grantthornton.co.uk/en/insights/?tags=local-government&q=sustainable+communities>





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Agenda Item 4

| AUDIT PANEL | | |
|---------------------|--|----------------------------|
| Report Title | Certification of work for London Borough of Lewisham for year ended 31 March | |
| Key Decision | No | Item No. 4 |
| Ward | All | |
| Contributors | Executive Director for Resources and Regeneration | |
| Class | Part 1 | Date: 22 March 2016 |

1. SUMMARY AND PURPOSE

- 1.1. This report provides an update on the certification work for the London Borough of Lewisham for year ended 31st March 2015.

2. RECOMMENDATION

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

3. CERTIFICATION WORK

- 3.1. The external auditors are required by the Public Sector Audit Appointments Limited (PSAA) to certify certain claims and returns submitted by Lewisham Council. This certification typically takes place six to nine month after the claim period and represents a final, but important part of the process to confirm the Council's entitlement to funding.

4. IMPLICATIONS

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

For further information on this report please contact:

Selwyn Thompson, Head of Financial Services, on 020 8314 6932
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17 February 2016

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Dear Janet

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Certification work for London Borough of Lewisham for year ended 31 March 2015

We are required by the Public Sector Audit Appointments Limited (PSAA) to certify certain claims and returns submitted by Lewisham Council ('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.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) have taken on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015.

We have certified the Housing benefit subsidy claim for the financial year 2014/15 on behalf of PSAA relating to expenditure of £233.6 million. Further details are set out in Appendix A and B.

We certified the housing benefits claim on 26th November 2015, in compliance with the Department of Work and Pensions deadline. As in previous years the claim was qualified and we have noted that error types have increased since the previous year. The main categories of error were:

- Incorrect classification of cases.
- Incorrect classification of overpayments
- Incorrect calculation or input of income (earnings, tax credits, pension)

In accordance with the Department of Work and Pensions approach (HBCOUNT), where we identify errors we are required to carry out extended testing. There were 14 extended samples during 2014/15 compared to nine extended samples in 2013/14 (three during 2012/13). The Department requires extended testing as a basis to quantify and extrapolate errors on a consistent basis.

As previously observed and reported the Council has a policy of disposing of records after six years meaning that in some cases the council no longer holds information to support the assessment performed and so is not able to demonstrate that benefit was correctly calculated. This related specifically to one sample during 2014/15. We reported this fact to the DWP during the previous three years since 2011/12 and the Department of Work and Pensions has to date taken no action after requesting and receiving explanations from the Council.

It is worth noting however that none of the errors we reported were material in the context of the claim and cannot be isolated to one specific reason. However reasons will include increased case numbers and complexity, staffing and resource pressures at the Council. Although these issues are not unique to Lewisham, we would recommend that benefit officers review the errors identified during 2014/15 to provide additional training to staff and focus quality assurance procedures to reduce their frequency.

The indicative fee for 2014/15 for the Council is based on the final 2012/13 certification fees, which reflects the amount of work required by the auditor to certify the claims and returns in that year (three instances of additional sampling). The indicative scale fee set by the Audit Commission for the Council for the 2014/15 housing benefits claim is £39,980. This is set out in more detail in Appendix B.

We have proposed a fee increase of £15,000 (£9,819 in 2013/14). This is because the number and types of benefits errors identified were significantly higher than those in the indicative fee (which uses 2012/13) requiring significantly more audit time than envisaged. There were 14 extended samples during 2014/15 compared to just three during 2012/13 (base year).

Yours sincerely



Darren Wells
For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for PSAA 2014/15

| Claim or return | Value (£) | Amended? | Amendment (£) | Qualified? | Comments |
|--------------------------------|------------------|-----------------|----------------------|-------------------|--|
| Housing benefits subsidy claim | 233,687,721 | Yes | +118 | Yes | As in previous years the claim was qualified. We noted that error types had increased since the previous year. |

Appendix B: Fees for 2014/15 PSAA certification work

| Claim or return | 2012/13 fee (£) | 2014/15 indicative fee (£) | 2014/15 proposed actual fee (£) | Variance (£) | Explanation for variances |
|--|----------------------------|---|--|-------------------------|--|
| Housing benefits subsidy claim (BEN01) | 39,978 | 39,980 | 54,980 | 15,000 | Additional work on housing benefits when compared with the base year. Significantly higher incidence of error which led to an additional 14 examples of extended testing compared with three in the base year, which had to be evaluated, agreed and reported in the Qualification letter. |
| Total | 39,978 | 39,980 | 54,980 | 15,000 | |

| AUDIT PANEL | | |
|---------------------|------------------------------|---------------------|
| Report Title | Internal Audit update report | |
| Key Decision | No | Item No. 5 |
| Ward | ALL | |
| Contributors | Head of Corporate Resources | |
| Class | Part 1 | Date: 22 March 2016 |

Urgency and Lateness:

With apologies, this report is late as officers required extra time for management discussions to complete the proposed internal audit plan for 2016/17 and consider how to resource it.

The report is urgent as members requested that it be tabled at this meeting (and not the next one in June) so that work on the plan can start promptly in the new financial year.

1. Purpose of the report

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

- Progress of the 2015/16 internal audit plan,
- Progress of implementation of internal audit recommendations,
- Draft outcome of the assessment of the Public Sector Internal Audit Standards (PISAS), and
- Draft internal audit plan for 2016/17.

2. Recommendations

2.1. It is recommended that the Audit Panel note the content of this report and approve the proposed internal audit plan for 2016/17.

3. Background

3.1. Internal Audit is a statutory service that provides management and members with independent assurance on control environment within the Council.

3.2. Currently, internal audit is resourced by both external private and public internal audit service providers.

3.3. At the time of writing this report, the in-house team consisted of the Head of Corporate Resources (Head of Internal Audit) and the Internal Audit Contract Manager.

4. Executive Summary

- **Internal audit progress update - 2015/16 audit plan** - The plan is under way with a total of 30 reports finalised, nine at draft and 21 'work in progress' to be concluded to draft report by the end of March. There are 12 reports yet to start. The contractor has committed to start these in March 2016.
- **Limited , No Assurance and Consultancy reports** - There was one Limited report issued since the last meeting – Accounts Receivable (Core)
- **High or Medium recommendations not agreed** – Management have agreed all High and Medium recommendations.
- **Progress on the implementation of recommendations** - There are 17 non-school and 77 school recommendations overdue. There were five follow-ups issued since the last meeting (covering 19 recommendations).
- **The Internal Audit Service** – The recruitment of three principal auditors is now underway. For 2016/17 the in-house team and contractors will be used.
- **Proposed Internal Audit plan for 2016/17** - the compiling of the risk based draft plan for 2016/17 is now complete.
- **Public Sector Internal Audit Service (PSIAS)** - the external independent assessment has taken place and the assessor's conclusion was - the Internal Audit Service is compliant with the requirements of the PSIAS.

5. Internal audit progress update - 2015/16 audit plan

- 5.1. Of the 17 core audits due to be completed in this year's plan as at the 29/02/16:
- 3 are finalised
 - 4 are at draft
 - 5 are at the quality review stage
 - 2 have field work complete and are pending exit meetings
 - 3 are work in progress.
- 5.2. This position is evolving quickly as the auditors aim to complete their fieldwork by the end of March. In addition to the detail provided here, a verbal update on progress with the plan will be provided at the meeting.
- 5.3. There have been five non-school pieces of work, and six school audits finalised, since the last report. See table below.

| Dir. | Audit | Date of Final | Audit Opinion | Recs. Made | | |
|------|----------------------------------|---------------|---------------|------------|---|---|
| | | | | H | M | L |
| RRE | Risk Management | 17/12/15 | Satisfactory | - | 3 | 1 |
| RRE | Treasury Management (core) 15-16 | 09/02/16 | Substantial | - | 2 | - |
| RRE | Main Accounting (core)15-16 | 16/02/16 | Satisfactory | - | 2 | 3 |
| CUS | Accounts Receivable (core)15-16 | 15/01/16 | Limited | 2 | 4 | 1 |

| Dir. | Audit | Date of Final | Audit Opinion | Recs. Made | | |
|------|--|---------------|---------------|------------|----|----|
| | | | | H | M | L |
| COM | Domiciliary Care - Contract Management | 22/02/15 | Satisfactory | - | 5 | 1 |
| SCH | Bonus Pastor RC College | 15/12/15 | Satisfactory | 1 | 8 | 10 |
| SCH | Forster Park Primary | 03/02/16 | Substantial | - | 5 | 10 |
| SCH | Holbeach Primary | 03/02/16 | Satisfactory | - | 10 | 1 |
| SCH | Our Lady and Philip Neri RC | 04/02/16 | Satisfactory | 3 | 9 | 9 |
| SCH | Laucelot Primary | 23/02/16 | Satisfactory | - | 7 | 4 |
| SCH | Forest Hill | 25/02/16 | Satisfactory | - | 11 | 5 |

5.4. As expected, there continue to be minor changes to the plan during the year to reflect developments in the Council. These changes can include additional audits, change of directorate and dropped or deferred audits. Since the last meeting the changes were:

Additional Audits

- Freedom of Information Act - the DPA and FOI acts audit were split into two
- Speech, Language and Therapy - Contract monitoring audit split into two audits.
- Learning and Disability Respite - Contract monitoring audit split into two audits

Change of Directorate

- None

Dropped / Deferred Audits

- IT Audits - all were cancelled / deferred due to timing for the move to the new IT shared service and resources on the contract side. These areas will be revisited as a priority in 2016/17 and include:
 - Mobile / Home Working
 - Monitoring of Breaches, Spam and Malware, and
 - Public Sector Network Compliance.
- Some CYP Audits were deferred for the service to concentrate on recent Ofsted inspections. Assurance for 2015/16 will be derived from the conclusions of this Ofsted work with internal audits re-scheduled for 2016/17 to focus on supporting agreed improvement plans. The audits dropped as a result in 2015/16 were:
 - Archiving - CYP
 - School Improvement Inspection Reports - CYP
 - Special Educational Needs Reorganisation - CYP
 - Monitoring of Ad-hoc Payments to Children in Care and to Providers – CYP.

5.5. The table below shows the number of audits completed and their status, and takes into account the changes to the plan above. The plan is now 41% complete, with an additional 43% of the plan underway.

| Lead Dir. | Original Plan | Addtnl. Audits** | Dropped Audits** | Current Plan | Final Reports | Reports at Draft | ToR* Issued | Not Started |
|-----------|---------------|------------------|------------------|--------------|---------------|------------------|-------------|-------------|
| RRE | 16 | 1 | (4) | 13 | 4 | 1 | 7 | 1 |
| CUS | 17 | 3 | (4) | 16 | 3 | 5 | 6 | 2 |
| COM | 14 | 1 | (7) | 8 | 1 | 2 | 2 | 3 |
| CYP | 12 | 5 | (7) | 10 | 2 | - | 5 | 3 |
| Sub | 59 | 10 | (22) | 47 | 10 | 8 | 20 | 9 |
| SCH | 26 | - | - | 26 | 20 | 2 | 1 | 3 |
| Total | 85 | 10 | (22) | 73 | 30 | 10 | 21 | 12 |

*fieldwork started for schools.

** includes changes of directorate

- 5.6. Details of the 2015/16 audit plan can be found in Appendix 1. It shows the due date or date Terms of Reference issued, dates of reports issued, assurance opinion and number and categories of recommendations made

6. Limited , No Assurance and Consultancy reports

- 6.1. There was one 'Limited' opinion report issued since the last meeting, Accounts Receivable. The executive summary from this report can be found at Appendix 2.

7. High or Medium recommendations not agreed

- 7.1. Since the last meeting, management have agreed all High or Medium recommendations made by internal audit.

8. Progress on the implementation of recommendations.

Follow-ups

- 8.1. Non-school reviews with High or Medium recommendations are followed-up within nine months of the final report. School audits with a negative assurance opinion (i.e. 'Limited' or 'No assurance') also receive a follow-up review.
- 8.2. There were five follow up reviews completed since the last report, all non-school. The results were:

| Implemented | In Progress | Superseded | Not Implemented | Total Recs |
|-------------|-------------|------------|-----------------|------------|
| 11 | 7 | - | 1 | 19 |
| 58% | 37% | - | 5% | 100% |

- 8.3. Details of the follow-up review can be found in Appendix 3.

Re-occurring recommendations

- 8.4. The core financial reviews for this year are now being finalised. The follow up reviews are completed at the same time. Where it is found that a previous recommendation has not been implemented in full, and the same recommendation is made again in the next annual audit, this is classed as a re-occurring recommendation.
- 8.5. The previous recommendation is subsequently closed down, and the new recommendation is shown as a re-occurring recommendation with the year it was originally raised identified. This makes it easier to track recommendations which are taking longer to implement.
- 8.6. Below are the re-occurring recommendations that have been identified since the last meeting.
- Accounts Receivable - three recommendations from 2014/15
 - Treasury Management - one recommendation from 2014/15
- 8.7. Superseded
- 8.8. No recommendations were superseded since the last report.

Implementation of recommendations

- 8.9. The table below shows the status of high and medium recommendations made by Internal Audit as at the 29/02/16.

| Lead Dir. | Previous o/due recs. | Current o/due recs at 29/02/16 | Current recs with 2+ changes | Previous no. of open recs at 30/11/15 | Recs re-opened since 30/11/15 | New recs since 30/11/15 | Rec closed since 30/11/15 | Current open recs at 29/02/16 |
|-----------|----------------------|--------------------------------|------------------------------|---------------------------------------|-------------------------------|-------------------------|---------------------------|-------------------------------|
| RRE | 5 | 10 | 1 | 12 | 2 | 7 | (5) | 16 |
| CUS | 19 | - | 7 | 47 | 1 | 6 | (28) | 26 |
| COM | 9 | 4 | - | 13 | 2 | - | (8) | 7 |
| CYP | 2 | 3 | 5 | 9 | - | - | - | 9 |
| Tot | 35 | 17 | 13 | 81 | 5 | 13 | (41) | 58 |
| SCH | 57 | 77 | 3 | 93 | 1 | 36 | (17) | 113 |
| Tot | 94 | 94 | 16 | 174 | 6 | 49 | (58) | 171 |

- 8.10. The percentage of overdue recommendations to open ones for all areas is 55%. This is slightly up from the 54% reported last time. This is broken down by:
- Non-schools - 29% a decrease from the 45% reported last time.
 - Schools - 68% which is an increase from the 63% reported last time.
- 8.11. Of the non-school recommendations that are taking a long time to close a number are in respect of the key financial audits. The implications of this will be picked up in the annual assurance opinion for the next Audit Panel. Other areas, such as IT and

Procurement, reflect the on-going work to reshape how the Council provides these corporate services. These areas all feature in the planning for 216/17 to keep the focus on improvement in the controls for these risks.

- 8.12. The school position remains of concern but also the responsibility of the schools and their governors to act on them. The position will be reported again to schools forum to highlight the level of late implementation of internal audit recommendations.

9. The Internal Audit Service

- 9.1. During 2015/16 the provision of internal audit services continues to operate drawing on resources from the Royal Borough of Greenwich and the London Borough of Croydon internal audit framework.
- 9.2. For 2016/17 the Royal Borough of Greenwich advise that may no longer be able to conduct all if the school internal audits planned. This will also be the final full year of the Croydon framework pending its re-procurement for 2018.
- 9.3. The Head of Internal Audit has therefore reviewed the options for provision of the whole internal audit service; including discussions with neighbouring boroughs and alterative outsource frameworks. The options were considered from the perspectives of cost, value, skills, and flexibility.
- 9.4. The plan is to recruit a small in-house team, retain the skills and flexibility through the Croydon Framework, work with RBG to transition the schools audits back, and continue discussions with other Boroughs on possible sharing or joint procurement options for the future. These discussions to include the Counter Fraud work as well as internal audit.
- 9.5. The recruitment of three Internal Auditors for the in-house team is under way and it is hoped they will be in place before June 2016. The service will be supported by the Croydon Framework, who will continue to conduct our core financial and IT audits as a minimum. The framework will also benefit the service by having the option to procure specialist service and extra days if and when required.
- 9.6. The plan to have trainees remains but not until 2017/18 to ensure that the in-house team are fully established first.

10. Internal audit plan for 2016/17

- 10.1. The proposed internal audit plan for 2016/17 can be found in Appendix 5. It details the audit title, indicative scope and the link to the relevant corporate risk (where applicable).
- 10.2. The plan will be resourced as explained above and kept under review throughout the year. With any changes being reported to the Audit Panel for their consideration.
- 10.3. The plan was prepared with reference to:
 - Review of the Corporate and Directorate risk registers reported to the Internal Control Board (to prioritise assurance work to areas of particular concern);
 - Discussion with all Heads of Service to review their service plans (to consider changes to the control framework);

- Assessment of available assurances from other sources – external audit, inspectors, accreditations, etc.. (to limit duplication and extend audit coverage); and
 - Professional judgements in the knowledge of results from current assurance work – core financials (to focus on key controls).
- 10.4. The plan is made up of approximately 1,000 days to provide over 90 audits and 50 follow-up reviews. There is also a small contingency to retain some flexibility in the plan. The plan covers the following areas:
- Core Financial audits - 244 days (17 audits) or 24%
 - IT audits - 69 days (9 audits) or 7%
 - Specific Contract type audit - 89 days (7 audits) or 9%
 - General audits - 375 days (34 audits) or 37%
 - Schools audits - 136 days - (27 audits) or 14%
 - Grant - 6 days (1 reports) or 1%
 - Follow up - 54 days and (54 follow-up reports) or 5%
 - Contingency - 31 days (TBC) or 3%.
- 10.5. There are three pieces of consultancy types of work within the plan (i.e. not grants or assurance). The pieces of work are:
- Risk Maturity Review,
 - Sundry Debtors System and Suspense Controls, and
 - PayPal Project (Advice).
- 10.6. There are also two pieces of work that may need to be conducted or jointly procured as the Council has an interest in them through shared governance arrangements. They are:
- London Collective Investment Vehicle (CIV) – As the Council (via the Pension Investment Committee) considers transitioning its pension mandates to the CIV, it should also confirm what internal, external or other (e.g. Financial Control Authority) assurances are available on the operation of the CIV.
 - OneOracle - There has been an audit of the local controls in OneOracle (the Council's financial management system). However, there has not been an audit, for and on behalf of the Council's sharing the system, of the common controls within the system that all the Councils can rely on. Discussions are underway with partners to establish how best to obtain this assurance.

11. Public Sector Internal Audit Standards (PSIAS)

- 11.1. As previously reported, the external assessment of the internal audit service is due in 2015/16. The assessment took place on the 23 and 24 of February.
- 11.2. The conclusion from the assessor in their draft report was “We are pleased to report that the external assessment has concluded that the LBL Internal Audit Service is compliant with the requirements of the PSIAS”.
- 11.3. The assessor has made some recommendations to improve the service. Stating, the implementation of these recommendations is not a condition of the compliance with the standard but advisory to assist with continuous improvement.

11.4. The Head of Corporate Resources and the Internal Audit Contract Manager are preparing management comments (what, who and when) in response to each of the recommendations and will provide the full and final report to the Audit Panel at the next meeting.

12. Legal implications

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

13. Financial implications

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

14. Equalities implications

14.1. No direct equalities implications have been identified, in terms of adverse impact, with respect to the Council's obligations under the Equality Act 2010.

15. Crime and disorder implications

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

16. Environmental implications

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

17. Background papers

17.1. There are no background papers.

If there are any queries on this report, please contact David Austin, Head of Corporate Resources, on 020 8314 9114, or email him at: david.austin@lewisham.gov.uk

Appendix 1 -2015/16 Audit Plan Status

| Lead Dir. | Name of Audit | Date Due / ToR Issued | Draft issued | Final Issued | Opinion | No. Recs H | No. Recs M | No. Recs L |
|-----------|---|-----------------------|--------------|--------------|--------------|------------|------------|------------|
| RRE | Main Accounting 15-16 (Core Financial Audit) | 26/10/15 | 08/01/16 | 16/02/16 | Satisfactory | - | 2 | 3 |
| RRE | Treasury Management 15-16 (Core Financial) | Qrt 3 | 07/01/16 | 09/02/16 | Substantial | - | 2 | - |
| RRE | Risk Management | 15/09/15 | 03/12/15 | 17/12/15 | Satisfactory | - | 3 | 1 |
| RRE | Corporate Health and Safety audit framework | 07/07/15 | 22/09/15 | 23/09/15 | Satisfactory | - | 4 | 5 |
| RRE | Budget Monitoring 15-16 (Core Financial Audit) | 09/10/15 | 16/02/16 | | | | | |
| RRE | Adherence to the Local Government Transparency Code 2014 | 25/02/16 | | | | | | |
| RRE | Commissioning and Procurement Board | 19/02/16 | | | | | | |
| RRE | PFI monitoring | 04/08/15 | | | | | | |
| RRE | Capital Expenditure 15-16 (Core Financial Audit) | 10/12/15 | | | | | | |
| RRE | Non-Current Assets 15-16 (Core Financial Audit) | 08/02/16 | | | | | | |
| RRE | Payroll 15-16 (Core Financial Audit) | 19/01/16 | | | | | | |
| RRE | Pensions for LGPS 15-16 (Core Financial Audit) | 18/01/16 | | | | | | |
| RRE | Anti-fraud and Corruption Team (AFACT) | TBC | | | | | | |
| CUS | Accounts Receivable 15-16 (Core Financial) | 19/10/15 | 22/12/15 | 15/01/16 | Limited | 2 | 4 | 1 |
| CUS | Contract Management - Recycling & Incineration Arrangements | 20/07/15 | 20/10/15 | 10/11/15 | Satisfactory | - | 4 | - |
| CUS | Registrars | 24/08/15 | 16/10/15 | 16/10/15 | Satisfactory | - | 3 | 1 |
| CUS | Housing Register and offers | 08/01/16 | 16/02/16 | | | | | |
| CUS | Banking 15-16 (Core Financial Audit) | 27/10/15 | 15/02/16 | | | | | |
| CUS | In-house bailiff service / Enforcement Agency | 14/01/16 | 10/02/16 | | | | | |
| CUS | Council Tax 15-16 (Core Financial Audit) | 06/11/15 | 28/01/16 | | | | | |
| CUS | NNDR 15-16 (Core Financial Audit) | 30/10/15 | 28/01/16 | | | | | |

Appendix 1 -2015/16 Audit Plan Status

| Lead Dir. | Name of Audit | Date Due / ToR Issued | Draft issued | Final Issued | Opinion | No. Recs H | No. Recs M | No. Recs L |
|-----------|--|-----------------------|--------------|--------------|--------------|------------|------------|------------|
| CUS | Appointeeships, deputyships and safeguarding of clients assets (both physical and financial) | 26/02/16 | | | | | | |
| CUS | Data Protection Act - (DPA) Compliance Audit | 24/02/16 | | | | | | |
| CUS | Housing - Bed and Breakfast, Hostels and temporary accommodation | 12/01/16 | | | | | | |
| CUS | Client Contribution for Care Provision 15-16 (Core Financial) (now CUS from COM) | 10/11/15 | | | | | | |
| CUS | Housing Benefit & CTRS 15-16 (Core Financial) | 06/11/15 | | | | | | |
| CUS | Accounts Payable 15-16 (Core Financial Audit) | 16/10/15 | | | | | | |
| CUS | Freedom of Information Act (FOIA) compliance audit | TBC | | | | | | |
| CUS | Disaster Recovery / BCP | TBC | | | | | | |
| COM | Domiciliary Care - Contract management | 19/10/15 | 15/01/15 | 22/02/15 | Satisfactory | - | 5 | 1 |
| COM | IT backup and BCP for Adult Social Care System | 11/12/15 | 26/02/16 | | | | | |
| COM | Learning and Disability Respite - Contract management | 04/11/15 | 12/02/16 | | | | | |
| COM | Environmental Health | 03/02/16 | | | | | | |
| COM | Payments to Adult Care Providers 15-16 (Core Financial Audit) | 05/10/15 | | | | | | |
| COM | Direct Payments 15-16 (Core Financial Audit) | Qrt 3 | | | | | | |
| COM | Public Health - Statutory services and providing services back to the NHS and CCG | TBC | | | | | | |
| COM | Better Care Fund Framework | TBC | | | | | | |
| CYP | Troubled Families Programme - Last claim for phase 1 | N/A | N/A | 22/05/15 | Grant | N/A | | |
| CYP | Troubled Families Programme - grant claims | N/A | N/A | 29/09/15 | Grant | N/A | | |

Appendix 1 -2015/16 Audit Plan Status

| Lead Dir. | Name of Audit | Date Due / ToR Issued | Draft issued | Final Issued | Opinion | No. Recs H | No. Recs M | No. Recs L |
|-----------|--|-----------------------|--------------|--------------|--------------|------------|------------|------------|
| CYP | Speech Language and Therapy - Contract Management | 15/02/16 | | | | | | |
| CYP | Children's Social Care - Children Centre Contracts | 14/01/16 | | | | | | |
| CYP | Children's Social Care Data and Section 47s | 18/12/15 | | | | | | |
| CYP | Processes for Payment to Main Providers | 16/10/15 | | | | | | |
| CYP | Employer Agents: Pupils Places Programme - Contract Management - | 12/10/15 | | | | | | |
| CYP | Payments to Care Provider and Foster Carers for Looked After Children 15-16 (Core Financial Audit) | Qrt 4 | | | | | | |
| CYP | Arrangements for 18+ Children in Care | Qrt 4 | | | | | | |
| CYP | School Policies - thematic review | Qrt 4 | | | | | | |
| SCH | Trinity CE Through School | Oct 15 | 29/10/15 | 13/11/15 | Substantial | 2 | 6 | 2 |
| SCH | Chelwood Nursery | Sep 15 | 16/10/15 | 19/10/15 | Satisfactory | 1 | 12 | 3 |
| SCH | Sydenham Secondary | Nov 15 | 13/11/15 | 27/11/15 | Substantial | - | 6 | 7 |
| SCH | St Michael's CE Primary | Oct 15 | 16/10/15 | 19/10/15 | Substantial | - | 4 | 8 |
| SCH | Deptford Green Secondary | Sep 15 | 08/10/15 | 15/10/15 | Satisfactory | - | 8 | 4 |
| SCH | Conisborough College | Sep 15 | 25/09/15 | 15/10/15 | Substantial | - | 2 | 13 |
| SCH | Fairlawn Primary | Sep 15 | 24/09/15 | 02/10/15 | Substantial | - | 4 | - |
| SCH | Edmund Waller Primary | Jul 15 | 04/08/15 | 18/09/15 | Satisfactory | - | 11 | 10 |
| SCH | Abbey Manor College | Jul 15 | 02/09/15 | 16/09/15 | Satisfactory | 1 | 8 | - |
| SCH | Addey and Stanhope Secondary | Jun 15 | 26/06/15 | 19/08/15 | Substantial | - | 2 | 2 |
| SCH | Adamsrill Primary | Jun 15 | 14/07/15 | 26/08/15 | Limited | 1 | 15 | 6 |
| SCH | Watergate | Jun 15 | 23/07/15 | 11/08/15 | Limited | 1 | 12 | 10 |

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Appendix 1 -2015/16 Audit Plan Status

| Lead Dir. | Name of Audit | Date Due / ToR Issued | Draft issued | Final Issued | Opinion | No. Recs H | No. Recs M | No. Recs L |
|-----------|---|-----------------------|--------------|--------------|--------------|------------|------------|------------|
| SCH | Kender Primary School | May 15 | 08/06/15 | 06/07/15 | Satisfactory | - | 7 | 2 |
| SCH | St Mary Magdalen's Catholic | May 15 | 26/06/15 | 02/07/15 | Substantial | - | 5 | 1 |
| SCH | Holbeach Primary | Sep 15 | | | | | | |
| SCH | Kilmorie Primary | Oct 15 | | | | | | |
| SCH | Launcelot Primary | Oct 15 | | | | | | |
| SCH | Athelney Primary | Nov 15 | | | | | | |
| SCH | Bonus Pastor Catholic College | Nov 15 | | | | | | |
| SCH | Forster Park Primary | Dec 15 | | | | | | |
| SCH | Forest Hill Secondary | Jan 16 | | | | | | |
| SCH | St Joseph's Catholic Primary | Jan 16 | | | | | | |
| SCH | Prendergast Hilly Fields College (Secondary) | Jan 16 | | | | | | |
| SCH | Sedgehill Secondary | Feb 16 | | | | | | |
| SCH | Prendergast Ladywell Fields College (Secondary) | Feb 16 | | | | | | |
| SCH | Prendergast Vale College (Secondary) | Mar 16 | | | | | | |

Appendix 2 - Executive Summaries from Limited, No Assurance or Consultancy Reviews

Executive Summary for Accounts Receivable 2015-16



| Internal Audit Assurance Opinion | ▲ Limited | Direction of Travel | ← | Risk Headings | H | M | L | |
|--|-----------|---------------------|---|---------------|------------------------------------|----------|----------|----------|
| ★ Substantial ● Satisfactory ▲ Limited ■ No Assurance. (See glossary for definitions). | | | | ★ | 1. Completeness of Income | - | - | - |
| Introduction The background for this internal audit including the agreed scope and risks identified, are included in the Terms of Reference (ToR) which can be found on page 15. The findings in this report are by exception. This means only those areas where further management action is required to improve internal control are mentioned. | | | | ▲ | 2. Documentation and Authorisation | 1 | - | 1 |
| Key findings that need attention (**identified in previous audit) | | | | ▲ | 3. Income Recording | 1 | - | - |
| <ul style="list-style-type: none"> **The suspense account had a credit balance of £792,552.13 as at 31 September 2015 relating to un-applied receipts, un-identified receipts and un-applied receipts on account. This has a significant impact on debt recovery as it is difficult to distinguish between overdue debts and unallocated receipts; There is no functionality within AIMS to validate customer reference numbers when debtors make payments; **The functionality to automatically notify staff when instalment payments are not received is yet to be implemented; **Debtors Collection Team Stats' reports can not be generated on the new Oracle system; Individual members of the Financial Transaction Team are able to raise and cancel invoices; and Monthly reports to monitor reminder letters being taken out of the 'dunning' process (i.e. debt suppression) are not being produced. | | | | ▲ | 4. Debt Recovery | - | 4 | - |
| | | | | | Total | 2 | 4 | 1 |

| Follow up status of previous High & Medium recommendations | | | |
|--|-------------|------------|-----------------|
| Implemented | In Progress | Superseded | Not Implemented |
| 3 | 3 | 0 | 1* |

*The 'Not implemented' recommendation was originally disagreed, but the ICB met in November 2015 and decided that this recommendation should be actioned. This was too late to include in this follow up.

The follow up for this audit will take place at the next annual review.

Management are required to update the progress any High or Medium recommendations on the Recommendations SharePoint site.

Changes to the scope

This audit was conducted in line with the agreed Terms of Reference.

Appendix 3 - Follow up Reviews Completed.

| Lead Dir. | Audit | Opinion | Final Rpt Date | F/up Rpt Date | Impl'd | In Progress | Supers'd | Not Impl'd | Total |
|--------------|-------------------------------------|--------------|----------------|---------------|-----------|-------------|----------|------------|-----------|
| RRE | Insurance - In-house processes | Substantial | 08/06/15 | 19/01/16 | 1 | 1 | - | - | 2 |
| RRE | Main Accounting 2014-15 | Satisfactory | 16/06/15 | 16/02/16 | 2 | 1 | - | - | 3 |
| RRE | Treasury 2014-15 | Substantial | 11/06/15 | 09/02/16 | 1 | 1 | - | - | 2 |
| CUS | Accounts Receivable 2014-15 | Limited | 18/06/15 | 15/01/16 | 3 | 3 | - | 1* | 7 |
| CYP | School Catering - Client Monitoring | Satisfactory | 09/07/14 | 11/02/16 | 4 | 1 | - | - | 5 |
| Total | | | | | 11 | 7 | - | 1 | 19 |

*Not tested as originally not agreed by management. ICB overturned this after testing had ended.

Appendix 4 - Status of Recommendations

| Dir. | Name of Audit | Opinion | Final Report Date | Recs Overdue | 2+ chgs | Re-opened at F/up | Re-occurring recs core audits only | Comment |
|------|---|--------------|-------------------|--------------|---------|-------------------|------------------------------------|--|
| RRE | Capital Expenditure 14-15 | Satisfactory | 24/06/15 | 1 | | | | |
| RRE | Contract Management for Joint Street Lighting PFI | Satisfactory | 26/06/13 | 1 | | | | |
| RRE | Corporate Health and Safety | Satisfactory | 23/09/15 | 1 | | | | |
| RRE | Main Accounting 14-15 | Satisfactory | 18/06/15 | 1 | 1 | | | Changed 2 times |
| RRE | Payroll 14 -15 | Satisfactory | 12/05/15 | | | 1 | | ICB reopened rec |
| RRE | Pension Fund 14-15 | Satisfactory | 31/03/15 | 1 | | 1 | | |
| RRE | Procurement 14-15 | Satisfactory | 24/07/15 | 3 | | | | |
| RRE | Risk Management | Satisfactory | 17/12/15 | 1 | | | | |
| RRE | Treasury Management 14-15 | Satisfactory | 11/06/15 | 1 | | | 1 | |
| CUS | Accounts Payable 14-15 | Limited | 11/06/15 | | 2 | | | Changed 2 times |
| CUS | Accounts Receivable 14-15 | Limited | 18/06/15 | | | 1 | | ICB reopened rec |
| CUS | Accounts Receivable 15-16 | Limited | 15/01/16 | | | | 3 | |
| CUS | Business Continuity Plans - ICT and Telephony | Satisfactory | 06/07/15 | | 1 | | | Changed 2 times |
| CUS | Disaster Recovery for ICT Infrastructure | Limited | 19/04/13 | | 3 | | | 1 - Changed 2 times 2 - Changed 3 times |
| CUS | Payments Centre | Satisfactory | 26/09/13 | | 1 | 1 | | Changed 4 times |
| COM | Client Contributions for Res and Dom care 14-15 | Limited | 30/06/15 | 1 | | | | |

Appendix 4 - Status of Recommendations

| Dir. | Name of Audit | Opinion | Final Report Date | Recs Overdue | 2+ chgs | Re-opened at F/up | Re-occurring recs core audits only | Comment |
|------|--|--------------|-------------------|--------------|---------|-------------------|------------------------------------|----------------------|
| COM | Payments to Adult Care Providers 2014-15 | Satisfactory | 18/06/15 | | | 1 | | ICB reopened rec |
| COM | South London and Maudsley NHS (SLaM) | Satisfactory | 14/07/15 | 3 | | | | |
| CYP | Estate Management Statutory Maintenance | Satisfactory | 06/12/13 | | 1 | | | Changed 6 times. |
| CYP | Payments for 2-4 year olds | Substantial | 24/06/15 | | 2 | | | Changed 2 times |
| CYP | Payments to Care Providers and Foster Carers 14-15 | Satisfactory | 09/06/15 | 3 | 1 | | | Changed 2 times |
| CYP | School Catering Contract - client monitoring | Satisfactory | 09/07/14 | | 1 | | | Changed 3 times |
| SCH | Abbey Manor College 15/16 | Satisfactory | 16/09/15 | 3 | | | | |
| SCH | Adamsrill Primary School 15/16 | Limited | 26/08/15 | 4 | | | | Follow up due Jun 16 |
| SCH | All Saints Primary 14-15 | Satisfactory | 11/03/15 | 1 | | | | |
| SCH | Bonus Pastor College 15-16 | Satisfactory | 15/12/15 | 9 | | | | |
| SCH | Brent knoll Special School | Satisfactory | 19/12/14 | | 1 | | | Changed 2 times |
| SCH | Chelwood Nursery 15-16 | Satisfactory | 22/10/15 | 1 | | | | |
| SCH | Coopers Lane Primary 14-15 | Substantial | 26/02/15 | 1 | | | | |
| SCH | Deptford Park Secondary School | Satisfactory | 15/10/15 | 5 | | | | |
| SCH | Edward Waller 15-16 | Substantial | 20/09/15 | 3 | | | | |
| SCH | Elfrida Primary School 14-15 | Limited | 05/03/15 | | | 1 | | |

Appendix 4 - Status of Recommendations

| Dir. | Name of Audit | Opinion | Final Report Date | Recs Overdue | 2+ chgs | Re-opened at F/up | Re-occurring recs core audits only | Comment |
|--------------|---|--------------|-------------------|--------------|-----------|-------------------|------------------------------------|--|
| SCH | Forster Park Primary | Substantial | 27/01/16 | 4 | | | | |
| SCH | Grinling Gibbons 14-15 | Satisfactory | 30/11/15 | 1 | | | | |
| SCH | Holbeach School 15-16 | Satisfactory | 03/02/16 | 3 | | | | |
| SCH | Kender School 15-16 | Satisfactory | 06/07/15 | 1 | | | | |
| SCH | Lucas Vale School 13-14 | Satisfactory | 22/11/13 | 2 | 2 | | | 1 - Changed 2 times 1 - Changed 3 times |
| SCH | Our Lady and St Philip Neri 15-16 | Satisfactory | 04/02/15 | 7 | | | | |
| SCH | St James Hatcham 14-15 | Satisfactory | 26/02/15 | 9 | | | | |
| SCH | St Mary Magdalen's Catholic Primary 15-16 | Satisfactory | 02/07/15 | 1 | | | | |
| SCH | St Michael's Cof E Primary School | Substantial | 30/11/15 | 2 | | | | |
| SCH | St Saviours RC Primary School 14-15 | Substantial | 30/04/15 | 2 | | | | |
| SCH | Sydenham Schools 15-16 | Substantial | 27/11/15 | 2 | | | | |
| SCH | Torridon Junior School 13-14 | Substantial | 07/04/14 | 1 | | | | |
| SCH | Trinity Through School 15-16 | Satisfactory | 13/11/15 | 6 | | | | (Just issued in Nov) |
| SCH | Turnham Primary School 13-14 | No Assurance | 31/07/14 | 9 | | | | |
| Total | | | | 94 | 16 | 6 | 4 | |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|-----------|---|---|--|
| RRE | Budget Monitoring 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •Budget monitoring of individual budget holders •Virements •Budget setting | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| RRE | Capital Expenditure 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •Project management of capital projects / programmes •Payments accuracy / authorisation etc •Budget monitoring •Governance of corporate project board, •Expenditure monitored for closed projects. | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| RRE | Main Accounting 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •Feeder systems •Reconciliations •Suspense / holding accounts •Access / separation / limits etc of the financial system. •Journals •Changes to budgets •Exception reports •Virements •Final Accounts reconciliation | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| RRE | Non-Current Assets 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •Additions, depreciations, valuation and Verification of assets •Right to buy and other disposals •Reconciliations •Leases •Transfer of assets to community | 6. Financial Failure and inability to maintain service delivery within a balanced budget |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|-----------|---|---|---|
| RRE | Payroll 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •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, petty cash claims •BACS and non-BACS payment controls •Starters / Leavers •Reconciliations •Exception reports / Monitoring | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| RRE | Pensions for LGPS and TPS 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •Contributions (including AVC) •Benefits payable (including abroad and benefits paid to dependents) •Auto enrolment - 2nd round of auto enrolment due in 16/17 for current employees •Transfers in or out of the scheme •Investments •Management Fees •Governance of the Scheme (PSP Act 2013) including the pension board •DPA •Teachers pension scheme, to include schools with own payroll / contracted out. | 8. Lack of provision for unforeseen expenditure or loss of income in respect of Council's liabilities or funding streams. |
| RRE | Treasury Management 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •Review investment transactions for completeness, accuracy, compliance etc. •Reconciliations to GL •Forecasting •Cash flow •Borrowing •Investments •Performance monitoring •Monitoring of broker contract •Strategy | 8. Lack of provision for unforeseen expenditure or loss of income in respect of Council's liabilities or funding streams. |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|-----------|--|---|--|
| RRE | Budget Savings and Decision Making Framework | To review the framework in relating to the budget savings only (core financial controls will be looked at separately). To take a sample of saving proposals and follow them through from initial proposal of individual budget savings, agreement and monitoring of the savings proposals, and reporting of the outcomes. | 24. Failure to maintain sufficient management capacity & capability to deliver business as usual and implement transformational changes. |
| RRE | Pre contract and Tendering | To review the controls around the pre-contract arrangements (due diligence, assessment of bidders, code of practice, living wage etc). To attending tendering openings, and review the controls around making the assessments and notifying the bidders. | 13. Failure to manage strategic suppliers and related procurement programmes. |
| RRE | General Election Preparation | To review the project team placed with preparing for the General Election. To include arrangements with Greenwich in shared constituency. Potentially look at the IT system to ensure it is secure and has sufficient Business Continuity Plans in place. | 29 Failure to implement Individual Electoral Registration (IER) |
| RRE | Key Performance Indicators (KPIs) and Departmental Service Plans. | To review how the KPIs are agreed, measured, monitored and reported. To include a review of the completion, monitoring and reporting of departmental service plans. | 10. Failure to manage performance leads to service failure. |
| RRE | Regeneration and Capital Programme Boards | To review the governance of the board/s, review minutes, agreeing and monitoring of actions plans, and overall decision making process. To include the controls around referring and reporting of major projects. | 13. Failure to manage strategic suppliers and related procurement programmes. |
| RRE | Income Generation Scheme / Project | To review how the income was identified, if it legal and achievable. To include measuring, monitoring and reporting of the outcomes. | 9. Loss of income to the Council |
| RRE | Apprenticeships, Graduates and other Professional Training Schemes | To review the monitoring and support of trainees on the different training schemes that the council participates in. To include, where applicable, recovery of income of professional fees where leavers leave the scheme early. To include the preparation of the changes to apprentices due to come in. | 19. Loss of constructive employee relations |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|-----------|---|--|--|
| RRE | Gifts and Hospitality and Declaration of Interests - Officers and Members | To review the compliance and policy for Gifts and Hospitality and Declaration of Interests, for both members and Officers. To include a review of the effectiveness of the process. | 7. Adequacy of Internal Control. |
| RRE | Financial Regulations / Constitution | To review the Financial Constitution to see if it is fit for purpose and has no conflicting guidance. | 7. Adequacy of Internal Control. |
| RRE | Building Control Approval | To review the framework (from application to sign off / non approval) round the types of building control -e.g. building notice, full plans and regularisation (retrospective). | 5. Failure to anticipate and respond appropriately to legislative change. |
| RRE | Risk Maturity Review | To assess the risk maturity of the council. | 7. Adequacy of Internal Control. |
| RRE | Procurement Card Expenditure | To review the spend on procurement cards to see if they limits are adhered to, reporting and action of non-adherence, issuing and stopping of cards, reasonableness of purchases, and physical assets location (where applicable). | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| RRE | Expenses reimbursed by payroll and Procurement card. | To review the expenditure, authorisation, adherence to procurement and HMRC regulations, process of checking expenses through payroll and corporate card. (Not key control audit) | 7. Adequacy of Internal Control. |
| CUS | Accounts Payable 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •New suppliers and bank amendments •Payment of invoices (both PO and Non PO) •Late interest payments •Monitoring of PIs •Reconciliations •Exception Reports •Queries, complaints monitoring and processes •BACS and Non BACS payments •Authorisation / separation of duties / cash limits •DEP/ CEP adherence (Local Expenditure Panel) | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| CUS | Accounts Receivable 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •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 | 9. Loss of income to the Council |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|-----------|--|---|--|
| CUS | Banking 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •NEW - Might be doing recurring card payments in 16/17 •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 card payments, Bar-coded post office payments, SMS card payments and pre-paid cards. •Direct Debit Payments and Authorisation (assuming they do it in this section) | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| CUS | Client Contribution for Care Provision 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •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. •Information about help with contributions (i.e. Publications, website etc), how the resident is informed about the charges. Easiness of how to complete and read the form. •Deferred contribution scheme - how it is implemented and monitored (if applicable). •Legal Charges on Properties. •Access to system. | 9. Loss of income to the Council |
| CUS | Council Tax 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •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 •Valuation Office List •Liability •Voids •DPA •Write offs and Refunds | 9. Loss of income to the Council |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|-----------|---|---|--|
| CUS | Housing Benefit 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •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 dependents or are on benefits •Monitoring of exception reports. •Separation of duties from assessing to approving and authorising payments. •Overpayment recovery. •Reconciliation •Quality Assurance •Appeal Processes •Discretionary housing payments •DPA compliance •BACS - approving and amending bank details. •Amendments to local procedures etc. | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| CUS | Business Rates 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •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 / charity / hardship / small business / community amateur sports clubs /) •Valuation Office List •Liability •Voids •DPA •Write offs and Refunds | 9. Loss of income to the Council |
| CUS | Flagship Care Scheme for Older People accommodation | To review the building contracts in relation to extra care scheme. To review issuing of contracts, payments and monitoring. To include a review of the project management and contractual / tendering arrangements | 13. Failure to manage strategic suppliers and related procurement programmes. |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|-----------|--|--|--|
| CUS | Monitoring of Lewisham Homes Management Agreement | To review the monitoring of the new agreement with Lewisham Homes, including the new responsibilities that LH are / will be responsible for. | 5. Failure to anticipate and respond appropriately to legislative change. For example: |
| CUS | Local Support Scheme | To review the controls surrounding emergency loans, support grants and Starting Work Awards (SWA). To include controls around data and investigations. | 5. Failure to anticipate and respond appropriately to legislative change. For example: |
| CUS | Private Rented Sector Licensing Scheme. | To review the controls and adherence to the scheme, including identifying properties and landlords, billing and collecting of licence fees. . | 4. Non-compliance with Health & Safety Legislation |
| CUS | Blue Badges, Freedom Passes, Discretionary Passes and Taxi cards | To review the controls surrounding the issuing and monitoring of the badges, passes and cards. | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| CUS | Mobile Devices (Contract Monitoring) | To review the controls around issuing, monitoring call charges, monitoring of lost / stolen devices, and allocation of devices since centralisation. | 13. Failure to manage strategic suppliers and related procurement programmes. |
| CUS | House in Multiple Occupation (HMO) | To review the licence fee arrangements, issuing of licences and monitoring of any conditions needed to comply and identification of HMO properties. | 4. Non-compliance with Health & Safety Legislation |
| CUS | ICT Governance Arrangements with Brent | To review the contract / governance Arrangement with LB Brent supply ICT to LBL. | 2. ICT infrastructure is not fit for purpose and/or does not meet business needs |
| CUS | Business Continuity Plans for ICT and the LB of Brent | To review the BCP / DRP in the share service. To review if both parties can securely hold the data and can restores each other's data successfully. | 1. Failure to maintain minimum service continuity during and quickly recover from a disaster |
| CUS | Payment Card Industry Data Security Standard (PCI DSS) | To review if the council can comply with the PCI DSS with the new Share service in place. | 9. Loss of income to the Council |
| CUS | IT and Digital Strategy | To review the strategies (if separate) to see the rational, | 30. Strategic programme to develop and implement transformational |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|------------|--|---|--|
| | | | change does not deliver |
| CUS | Compliance with the Code of Connection (CoCo) and Public Sector Network (PSN). | To review framework on how the council is adhering to the CoCo. Also PSN | 2. ICT infrastructure is not fit for purpose and/or does not meet business needs |
| CUS | Data Breaches - detection, reporting and Network Security | To review how the council detects, reports and following any action plans in relation to ICT Data Breaches. To include Spam Mail/ Malware and Denial of Service attacks. To review the security of the network to include intrusion detection and prevention service (IDS / IPS), Firewalls, Anti-virus and malware | 21. Information governance failure. |
| CUS | BACS testing | To review if the Bankers' Automated Clearing Services (BACS) controls at the council are secure. | 7. Adequacy of Internal Control. |
| CUS | Virtual Private Network (VPN) / Mobile Working | To review the security of the new VPN (mobile working systems with Brent. | 21. Information governance failure. |
| CUS | Sundry Debtor System and Suspense Controls | To review the controls around the debtor system to review duplication of work, extracting information for departments. To include the follow up on independent recommendations. | 9. Loss of income to the Council |
| CUS | Vehicle Fleet - Purchase, Maintenance and Fuel Tank maintenance at Wearside | To review the H&S, controls around fuel consumption, procurement and maintenance of council owned vehicles Wearside. | 15. Loss of a strategic asset or premises through failure to maintain it in a safe and effective condition |
| CUS | PayPal Project | To liaise and provide advice on the use of PayPal within the council. | 30. Strategic programme to develop and implement transformational change does not deliver |
| CUS | Lewisham Website and Intranet Content Usability | Non-IT audit. To review for usability, accessibility, use of links, accuracy of content (i.e. is it up to date) for both the intranet and the Council website. | 24. Failure to maintain sufficient management capacity & capability to deliver business as usual and implement transformational changes. |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|-----------|--|--|---|
| CYP | Payments to Care Provider and Foster Carers for Looked After Children 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •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. •Monitoring of exception reports (invoices). | 8. Lack of provision for unforeseen expenditure or loss of income in respect of Council's liabilities or funding streams. |
| CYP | Troubled Families Programme Grant Submission | To review the submission for the TFP claims | N/A |
| CYP | Children looked after and achieving permanence (Adoption / Experiences and progress of care leavers) - Ofsted Framework Rolling Plan | To review this area or parts of this areas part of a three year. Specific areas to be agreed with management at the time of the review. | 18. Failure of safeguarding arrangement. |
| CYP | Leadership Management and Governance - Ofsted Framework - Rolling Plan | To review this area or parts of this areas part of a three year. Specific areas to be agreed with management at the time of the review. | 18. Failure of safeguarding arrangement. |
| CYP | Children who need help and protection - Ofsted Framework Rolling Plan - | To review this area or parts of this areas part of a three year. Specific areas to be agreed with management at the time of the review. | 18. Failure of safeguarding arrangement. |
| CYP | Schools' Catering Contract | To review the contract monitoring, payment received from schools and payments to the supplier, H&S adherence and complaint management. | 13. Failure to manage strategic suppliers and related procurement programmes. |
| CYP | Minor Works Programme (Schools) | To review the expenditure, tendering / procurement process and monitoring of small works projects for schools. | 15. Loss of a strategic asset or premises through failure to maintain it in a safe and effective condition |
| CYP | No Recourse to Public Funds (NRPF) Case Framework | To review the framework surrounding No Recourse to Public funds to ensure that the controls in place after the initial pilot is now complete. To look at the casework system. | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| CYP | Monitoring of Child Care Providers | To review the monitoring of Child Social Care Providers (non-financial) if: The properties are fit for purpose (secure/maintained), staff are trained and security checked (DBS / police checks), registered social workers on site etc. | 18. Failure of safeguarding arrangement. |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|------------------|--|---|--|
| CYP | Project Management Review Framework and Training | To review the framework for project management including training across the council. | 30. Strategic programme to develop and implement transformational change does not deliver |
| COM | Direct Payments 16-17 (Core Financial) | <ul style="list-style-type: none"> •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 cash part). •DPA compliance between the client and council. •Budget monitoring | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| COM | Payments to Adult Care Providers 16-17 (Core Financial Audit) | <ul style="list-style-type: none"> •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 providers •Monitoring of exception reports (invoices). •Budget monitoring •Information about help with payments to clients in homes. | 6. Financial Failure and inability to maintain service delivery within a balanced budget |
| COM | Business Continuity Plans for Adult Social Care Providers | To review the BCP in relation to Adult Social Care provision in the event of company failure. | 28. Failure to agree with partners integrated delivery models for local health and care services. |
| COM | Broadway Theatre | To review the Programme / Project management for redevelopment / restoration the Broadway Theatre. | 15. Loss of a strategic asset or premises through failure to maintain it in a safe and effective condition |
| COM | Safe Guarding and Assurance Adults - Proactive Monitoring of Referrals | To review the framework of the referral process in relation to institutional abuse (historic and present). To include linking back to the strategy, assessment process of the referrals, monitoring of the referrals and action plans and complaints process | 18. Failure of safeguarding arrangement. |
| COM | Public Health - Target based payments to GPs | To review monitoring of the targets and payments of outputs / outcomes to GP (i.e. smoking, obesity). | 12. Multi-agency governance failure leads to ineffective partnership working |
| COM | Community Budget with Southwark and Lambeth | To review the governance, pooled budgets, budget monitoring and outcomes of the Community Budget. | 28. Failure to agree with partners integrated delivery models for local health and care services. |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|-----------|--|---|--|
| COM | Licensing | To review the controls around application and approval of licences, payments for licences, reporting of decisions, and removal of licences for applicable areas (liquor, gambling, entertainment etc). | 12. Multi-agency governance failure leads to ineffective partnership working |
| COM | Supporting People | To review the controls / contract management in relation to supporting people. Area to be confirmed but could include single homeless with needs, / alcohol / offenders / domestic violence / mental health issues / older people with needs, | 12. Multi-agency governance failure leads to ineffective partnership working |
| COM | Home Care Provision | To review the commissioning and / or monitoring of the re-commissioned Home Care Service | 18. Failure of safeguarding arrangement. |
| COM | Adult Learning Lewisham | To review income, refunds, discounts around course payments and payments to Tutors. To include compliance with DPA. (If applicable), recruitment of tutors, staff, and governance. | 10. Failure to manage performance leads to service failure. |
| COM | Mental Capacity Act (MCA) and Deprivation of Liberty Safeguards (DOLS) | To review the controls and safeguards around using the MCA and DOLS. | 18. Failure of safeguarding arrangement. |
| SCH | Brindishe Green Primary | Standard Schools' Programme | Various |
| SCH | Brindishe Manor | Standard Schools' Programme | Various |
| SCH | Clyde Nursery | Standard Schools' Programme | Various |
| SCH | Dalmain Primary | Standard Schools' Programme | Various |
| SCH | Deptford Park Primary | Standard Schools' Programme | Various |
| SCH | Drumbeat School (Special) | Standard Schools' Programme | Various |
| SCH | Good Shepherd Catholic School | Standard Schools' Programme | Various |
| SCH | Holy Cross Catholic Primary | Standard Schools' Programme | Various |
| SCH | Horniman Primary | Standard Schools' Programme | Various |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|------------------|---------------------------------|-----------------------------|---------------------------------------|
| SCH | John Stainer Primary | Standard Schools' Programme | Various |
| SCH | Lucas Vale Primary | Standard Schools' Programme | Various |
| SCH | Marvels Lane Primary | Standard Schools' Programme | Various |
| SCH | Myatt Garden Primary | Standard Schools' Programme | Various |
| SCH | Rangefield Primary | Standard Schools' Programme | Various |
| SCH | Rathern Primary | Standard Schools' Programme | Various |
| SCH | Rushey Green Primary | Standard Schools' Programme | Various |
| SCH | Sandhurst Infant | Standard Schools' Programme | Various |
| SCH | Sandhurst Junior | Standard Schools' Programme | Various |
| SCH | St Augustine's Catholic Primary | Standard Schools' Programme | Various |
| SCH | St Joseph's Catholic Primary | Standard Schools' Programme | Various |
| SCH | St Mary's CE Primary | Standard Schools' Programme | Various |
| SCH | St Stephen's CE Primary | Standard Schools' Programme | Various |
| SCH | Stillness Infant | Standard Schools' Programme | Various |
| SCH | Stillness Jnr | Standard Schools' Programme | Various |
| SCH | Torridon Infant | Standard Schools' Programme | Various |
| SCH | Torridon Junior | Standard Schools' Programme | Various |

Appendix 5 - Draft Internal Audit Plan for 2016/17

| Lead Dir. | Name of Audit | Indicative Scope | Linked to which Corporate Risk |
|--|---|--|--------------------------------|
| SCH | Turnham Primary | Standard Schools' Programme | Various |
| Follow ups | | | |
| SCH | Watergate school | Follow up on school recommendations | n/a |
| SCH | Adamsrill School | Follow up on school recommendations | n/a |
| RRE | Non-Core Financial Follow ups | Follow-up on 15-16 Non - core financials | n/a |
| RRE | Core Financial Follow-up | Follow-up on 15-16 core financials | n/a |
| COM | Non-Core Financial Follow ups | Follow-up on 15-16 Non - core financials | n/a |
| COM | Core Financial Follow-up | Follow-up on 15-16 core financials | n/a |
| CYP | Non-Core Financial Follow ups | Follow-up on 15-16 Non - core financials | n/a |
| CYP | Core Financial Follow-up | Follow-up on 15-16 core financials | n/a |
| CUS | Non-Core Financial Follow ups | Follow-up on 15-16 Non - core financials | n/a |
| CUS | Core Financial Follow-up | Follow-up on 15-16 core financials | n/a |
| TBC. May be independent audit / joint audit with respective partners / LBL audit. | | | |
| CUS | Oracle - annual audit | To review the arrangement for auditing the security of Oracle in relation to all boroughs (i.e. joint with other boroughs). To see if the Governance, Risk & Control part of the solution is now in operation. | |
| RRE | Pension Collective Investment Vehicle (CIV) | To review the arrangements for the auditing of / or audit the Collective Investment Vehicle as a Financial Control Authority registered company of which the Council is a shareholder. | |

Agenda Item 6

| AUDIT PANEL | | |
|--------------|---|---------------------|
| Report Title | ANTI FRAUD AND CORRUPTION TEAM (A-FACT) UPDATE | |
| Key Decision | NO | Item No. 6 |
| Ward | ALL | |
| Contributors | Head of Corporate Resources A-FACT Group Manager | |
| Class | Part 1 | Date: 22 March 2016 |

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 | 2015/16 | 2014/15 | Change | | 2014/15 | 2013/14 |
|--|---------|---------|--------|-----|---------|---------|
| | P9 YTD | P9 YTD | Number | % | FY | FY |
| b/f | 45 | 30 | 15 | 50% | 30 | 41 |
| New | 80 | 71 | 9 | 13% | 97 | 79 |
| Closed | (99) | (56) | 43 | 77% | (82) | (91) |
| c/f | 55 | 45 | 10 | 22% | 45 | 30 |
| Of which | | | | | | |
| E'ee cases | 12 | 12 | 0 | 0% | 19 | 27 |
| - resulting in action | 8 | 5 | 3 | 60% | 10 | 16 |
| Other cases | 87 | 44 | 43 | 98% | 63 | 64 |
| - resulting in action | 17 | 16 | 1 | 6% | 31 | 22 |

- 3.2. "Other Cases" include applications for support by those who have No Recourse to Public Funds and claims for Direct Payments for Care as well as other non employee related fraud and enquiries to assist other organisations or Boroughs with their investigations. The five cases successfully concluded in the most recent period included

- Two cases where evidence proved that applications for No Recourse to Public Funds had no entitlement from Lewisham due to not having links with the borough.
- A case where Direct Payments for Care had been in place a number of years however when challenged the applicant failed to demonstrate that these payments had been used appropriately.

- Misuse of a Blue disabled parking badge where, due to the circumstances, a warning was issued rather than prosecuting.
- A resident reported that he had been telephoned by someone purporting to be from Lewisham Council. The caller said that his Council Tax would be reduced in return for setting up a direct debit and paying an upfront fee. Warnings were issued via the Lewisham website and social media to warn other residents. Further enquiries have found this to be a nationwide issue.

Employee Related cases

- 3.3. Of the 99 cases closed in the last nine months twelve concerned employees and eight resulted in action. These cases are included in the year to date figures shown below.

| Analysis of employee fraud | 2015/16 | 2014/15 | Change | | 2014/15 | 2013/14 |
|---|----------|----------|----------|------------|-----------|-----------|
| | P9 YTD | P9 YTD | Number | % | FY | FY |
| Dismissed/resigned & Convicted | 0 | 0 | 0 | 0% | 0 | 1 |
| Convicted & recommended disc. action | 0 | 0 | 0 | 0% | 2 | 5 |
| Resigned/Dismissed incl agency staff | 4 | 2 | 2 | 100% | 1 | 6 |
| Other disciplinary (incl. not employed) | 3 | 1 | 2 | 200% | 2 | 0 |
| Monies repaid | 0 | 1 | -1 | -100% | 2 | 2 |
| Management action | 0 | 1 | -1 | -100% | 2 | 2 |
| Identity issue cleared | 1 | 0 | 1 | 100% | 1 | 0 |
| Total | 8 | 5 | 3 | 60% | 10 | 16 |

- 3.4. The three cases where action was taken in the last period were:
- A written warning following action being taken for the misuse of a Blue disabled parking badge.
 - Dismissal due to undisclosed criminal conduct not related to their employment.
 - A case where the employee resigned whilst under investigation due to concerns about their activities whilst off sick.
- 3.5. Quarterly reports continue to be issued to each Executive Director with a summary of all cases being dealt with by Special Investigations in their Directorate. This ensures that the risk of fraud is considered in the context of the demands of the service, priorities are agreed, and progress on investigations communicated.

Lewisham Homes

- 3.6. A-FACT continues to undertake investigation work on behalf of Lewisham Homes under a Service Level Agreement which has now been extended for 2016/17. This equates to just under one full time equivalent member of staff and a proportion of the police officer's time. The outcome of these investigations is reported by Lewisham Homes to their Audit Committee.

Pre-employment Checks

- 3.7. 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 | 2015/16 | 2014/15 | Change | | 2014/15 | 2013/14 |
|----------------------------------|---------|---------|--------|------|---------|---------|
| | P9 YTD | P9 YTD | Number | % | FY | FY |
| Checks completed | 278 | 208 | -32 | -17% | 270 | 274 |
| Action taken | 28 | 23 | 5 | 22% | 25 | 20 |

- 3.8. The five cases in the last three months that were flagged for further action all related to potential employees having either business interests or secondary employment. In all cases it was possible for their employment to be confirmed once it was assessed that there were no conflicts of interest.

4 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 of Housing App Investigations | 2015/16 | 2014/15 | Change | | 2014/15 | 2013/14 |
|---------------------------------------|---------|---------|--------|------|---------|---------|
| | P9 YTD | P9 YTD | Number | % | FY | FY |
| b/f | 42 | 39 | 3 | 8% | 38 | 76 |
| New | 22 | 30 | -8 | -27% | 46 | 67 |
| Closed | (24) | (50) | -29 | -52% | (65) | (107) |
| c/f | 40 | 19 | 21 | 111% | 19 | 36 |
| Resulting in action | 15 | 40 | -25 | -63% | 42 | 50 |

- 4.1 This officer has continued to be involved in a number of detailed investigations for Lewisham Homes which has reduced the team's capacity. However, a total of nine applications for housing have been refused this quarter on the basis that the applicants have provided false information.
- 4.2 The cases resulting in action included:
- A person who applied to both Southwark and Lewisham but had failed to notify Lewisham that Southwark had housed them.
 - A case where the applicant was found to already have a social tenancy in another borough.
- 4.3 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 fifteen cases so far this year, representing a saving of £270,000.

5 DCLG Housing Bid funding

- 5.1 Since January 2012, grants from the DCLG have funded an investigator based within A-FACT to work with local housing partners to tackle fraud related to social housing.

| Summary of DCLG Housing Investigations work | 2015/16 | 2014/15 | Change | | 2014/15 | 2013/14 |
|---|---------|---------|--------|-------|---------|---------|
| | P9 | P9 | Number | % | FY | FY |
| b/f | 176 | 33 | 143 | 433% | 33 | 9 |
| New | 50 | 173 | -123 | -71% | 269 | 111 |
| Closed | (207) | (118) | 89 | 75% | (126) | (83) |
| c/f | 19 | 88 | -69 | -78% | 176 | 37 |
| Tenancies recovered | 14 | 27 | -13 | -48% | 38 | 33 |
| Breakdown by RSL | | | | | | |
| L & Q | 1 | 17 | -16 | -94% | 20 | 19 |
| Pinnacle | 9 | 5 | 4 | 80% | 10 | 6 |
| Brockley Co-Op | 2 | 0 | 2 | 200% | 1 | 4 |
| Lewisham Homes | 0 | 1 | -1 | -100% | 3 | 2 |
| Hexagon | 2 | 3 | -1 | -33% | 3 | 1 |
| Family Mosaic | 0 | 1 | -1 | -100% | 1 | 1 |

- 5.2 In the last period two tenancies were recovered, both of which were two bedroom flats.
- 5.3 The officer that deals with this area has been dealing with two complex cases which we anticipate will result in prosecutions under the Prevention of Social Housing Fraud Act. Such cases slow the work down in terms of overall numbers but do serve to demonstrate the Council's commitment to pursuing abuse of the system.
- 5.4 On the basis of the Audit Commission figures for the value of social housing as detailed in para 4.3. The recovery of the fourteen tenancies to date equates to £252,000 plus the right to buy that was prevented (£103,900 discount saved).

6 Update for Jan and Feb

- 6.1 This report only details cases up to the end of December 2015. In the last two months A-FACT have also;
- Concluded two successful prosecutions for misuse of disabled Blue Badges
 - Detected an additional ten fraudulent applications for housing.
 - Completed the recovery of £153,689 (to be split with the Royal Borough of Greenwich) following a successful joint investigation, prosecution and action under the Proceeds of Crime Act. The Lewisham element of this recovery will be reinvested in 2016/17, when the DCLG grant monies will no longer be available, to continue to pursue housing tenancy frauds.
- 6.2 Further details on these and the cases to the end of March will be included in the year end report at the next Audit Panel.

7 Publicity

- 7.1 There have been no cases suitable for investigation in this period.

8 Fraud Awareness Training

- 8.1 In this period A-FACT have delivered three Fraud Awareness Sessions. This included training front line staff from other boroughs who are working in partnership with Lewisham to tackle fraudulent claims by those with No Recourse to Public Funds.

9 Projects

- 9.1 In late 2014/15 A-FACT were successful in securing one-off funding for 15 months for four counter fraud projects. There were in the areas of procurement, training, housing, and no recourse to public funds. Results from this work will be reported in future updates as they come through.

10 Metropolitan Police Seconded

- 10.1 Detective Constable Norris is on secondment to A-FACT from the Metropolitan Police.
- 10.2 As Lewisham 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 Seconded continues to enable the team to deal with cases that we wouldn't otherwise be able to progress.

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.

If there are any queries on this report, please contact

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

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