

MINUTES OF THE AUDIT PANEL

Wednesday, 30 September 2020 at 7.00 pm

Present: Carole Murray, Ian Please, Stephen Warren, Councillor Rathbone (Chair), Councillor Davis, Councillor Hall, Councillor Maslin, Councillor Millbank, Councillor Wise

1. Declarations of Interest

No interests were declared.

2 Minutes

The minutes of the last meeting were agreed as an accurate record.

3 Internal Audit Update

The Interim Head of Internal Audit presented this report.

The Internal Audit Plan will be used through the next financial year. The Plan was put together using best practice through a risk based approach, reviewing the Council's risk registers and consulting senior management. The Plan is going deliver 504 audit days which include 20 days of follow up work and the remainder of corporate audits. There are 39 audits which cover all the directorates. The resource is available to cover these audits.

The reduction in audit days is due to the disruption of school audits and some of the wider work which would have been done on the core financials. Additionally, the team was fully redeployed this year to critical services, so there was some delay in work. The risk was considered lower as individual schools has not been operating as normal. The opportunity has been given to them to reset their processes, and go back to them in the new financial year.

Action: Officers to report on high level and financial impacts on Council due to COVID-19. Members to note that some of these have already been reported to various committees and links will be sent to Members in addition.
RESOLVED the report was noted.

4 Annual Assurance Report

The Director of Corporate Resources presented this report. The opinion on the overall adequacy and effectiveness of the arrangements for governance, risk management and internal control for the financial year 19/20 has been deemed satisfactory. The caveat to this rating is that there was a limitation on work the finance team was able to do. There was already a lack of resourcing which resulted in the late running of the program which COVID-19 further impacted and delayed.

Impact on the delivery of the audit plan was due to lack of resources. The Council's priority to deliver frontline services due to COVID-19, meant there was an impact on managing and closing out some of the planned audits in the period.

The reporting of risk is aligned from service plans, through Directorate risk registers, to the Strategic risk register and are aligned to the corporate priorities. Risks were reviewed quarterly by the Executive Management Team. Their reporting to members has been reviewed as part of a whole revamp of performance reporting aligned to the new corporate strategy.

The Redmond review, recommended that internal audit to take more account of its work. The recommendations aim to improve the working between external and internal audit. It is also the recommendation that the Panel formally become a full Committee. Officers will consider the recommendations and produce a summary for the next Audit Panel meeting.

Timeliness of responses to recommendations was not well structured during this COVID period due to other priorities, but new structures to be adopted should ensure this will improve even in the event of a second wave of COVID.

Action: Relevant officers to report on core financial audits 1, 3 and 4 and progress of recommendations as listed in the report at the next meeting
RESOLVED the report was noted

5 Annual Accounts Audit Report

This updated provided a progress report. The final report will be available at the next meeting.

Two objections had been outstanding for a few years- both of which have been concluded and reported to Council. There were no further actions to take.

The Council has responded well to lockdown working and the audit has been done remotely. The standard of assurance that ought to achieve each year has been the same this year.

The Council's and the Pension Fund's valuers have issued what is known as material valuation uncertainty". This exists because of the uncertainty in the economy as at 31st March 2020. The Council is addressing in the accounts the disclosures of those uncertainties, which will also be addressed in the final audit account report.

Testing has gone well. The Council has been asked to provide a surplus of assets which are required to be revalued each year, but had not been. The accounts are expected to be ready before the statutory deadline of 30th November 2020.

Action: Audit panel to receive the statements before final adoption so there is time to review. This should also be noted for next year's cycle. Officers agreed to circulate after the meeting

6 Counter Fraud Report

The Head of Corporate Resources presented this report.

There has been no material change in the way that the work is undertaken by the Anti-Fraud and Corruption Team (A-FACT) in the last financial year. It continues to help HR with any employment processes and staffing matters, whistleblowing or grievances that require investigation. There is also a significant amount of work with Lewisham Homes on housing matters.

A-FACT undertake proactive exercises jointly with the Blue Badge Team and Parking Enforcement to address misuse and individual cases of misuse. Internally, the

declarations of interests are completed by staff annually and whenever any procurement is being undertaken, in addition to pre-employment checks, it is ensured that nobody in the evaluation has any connection to bidders.

RESOLVED the report was noted.

7 Risk Register

The Head of Corporate Resources presented this report.

The risk register is built from the service plans which contain their own risks which create a directorate risk register. The Executive Management Team have asked that risk management reporting be reviewed so that they can be provided with options to see how they may be able to structure and carry out the risk register differently. There are no new risks and none for deletion in the Strategic Register. The narrative and actions have been updated throughout the register, as detailed in the change log.

The officer stated that cyber security and information and governance issues were most significant, and the relevant officer can attend a meeting to speak further on the matter.

Action: further reporting on the cyber security issues highlighted in the report be added to the agenda at the meeting after next

RESOLVED the report was noted

The meeting finished at 8.25pm