



AGENDA AUDIT PANEL

Date: THURSDAY, 16 SEPTEMBER 2021 at 7.00 pm

Civic Suite Chambers

Enquiries to:

Telephone: 0208 314 8577 (direct line)

COUNCILLORS

Councillor James Rathbone
Councillor Joan Millbank
Councillor Susan Wise
Councillor Alan Hall
Councillor Leo Gibbons
Councillor Sakina Sheikh

Independent Members

Carole Murray
Ian Pleace
Stephen Warren

Members are summoned to attend this meeting

Kim Wright
Chief Executive
Lewisham Town Hall
Catford
London SE6 4RU
Date: 8th September 2021



The public are welcome to attend our committee meetings, however occasionally committees may have to consider some business in private. Copies of reports can be made available in additional formats on request.

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Agenda Item 1

MINUTES OF THE AUDIT PANEL MEETING

Wednesday 23 June 2021 at 7pm

Present: Councillor Rathbone, Councillor Millbank, Councillor Hall, Carole Murray and Stephen Warren

Present remotely: Councillor Wise and Councillor Sheikh

Apologies: Ian Pleace, Councillor Gibbons

1. Election of Chair and Vice-Chair

Councillor Rathbone was nominated and elected as Chair of the Panel. Councillor Hall was elected as Vice Chair.

2. Declarations of Interest

Councillor Wise and Councillor Millbank declared an interest in item 4 as being in receipt of Lewisham Council Pension.

Stephen Warren declared interest in Item 3. He stated he was engaged in PSAA to undertake work advising on the potential impact on the changes in auditing and accounting.

3. Minutes

The minutes of the last meeting are to be amended as follows:

Page 6- specify “New” Code of Audit Practice

Page 8- change “close out” to “to ensure they have been actioned”

4. External Audit

The Key Audit Partner for Grant Thornton presented this report. The following was discussed:

The Audit Plan had been finalised and agreed with Management. It set out the significant risks for the audit of the Council's financial statements and of the Council's Pension Fund.

This is the first year of use of the new Code of Audit Practice, which governs the work auditors do in terms of the financial statements and Value for Money (VFM) conclusion. From a financial statements perspective the code is unchanged, however, the new code requires greater scope and emphasis on the work for VFM.

There are also changes in auditing standards and ISA 540. The standards under assessment include the management judgements that inform value for assets, pension liability etc.

The significant risks were listed in the report. With the exception of incomplete or inaccurate financial information transferred to the new payroll system, the risks outlined are the same as prior years. This risk is year-specific and arose because the Council changed its payroll system. Because of the size of the payroll figures it is an inherent risk, but not abnormal.

Auditors have determined financial materiality at the planning stage at £16m for Council and £16.3m for the groups which equates to approximately 1.5% of the Council's prior year gross expenditure.

The report sets out the key areas of focus for VFM work which may increase in scope as further work is performed. This includes, the Council's arrangements in response to the pandemic and capitalising from the different models of service delivery; the arrangements for setting the medium term financial plan; the arrangements for service transformation and cultural change; and the arrangements for working with key partners to deliver services efficiently.

The audit and logistics team remains the same with an additional member leading the onsite team as Audit Incharge. The increase in audit fees include enhanced work and cost of VFM. The fees are in line with other authorities.

When asked about timescales for audits for other councils, it was stated that there is a statutory inspection period for the Council where all Councils are required to have the accounts ready for public inspection. During that period, any member of the public can question the Council, raise an objection, or ask questions of the auditor. For most Councils, they will be audited from July.

The report was noted.

5. Progress on the External Audit Action Plan

The report outlined the progress of the 19/20 action plan, stemming from the external audit recommendations for that year.

The main action plan identified the relevant risks. The draft financial statements provided for audit continued to contain more misstatements than expected. A robust management review in terms of the preparation for the accounts and significant time for review has been built in. A draft statement for the accounts has been prepared as a result.

There has been a good response to Member's declarations of interests form and only a handful outstanding at this point. The team have been supported by the Governance department in getting this completed.

Recommendations 6 and 7, which are both medium assessed risks, pertain to savings plans. These have been set out regularly in terms of the reports presented to the executive management team. The financial results report that went to Mayor & Cabinet on the 9th June provides great detail of the reasons why particular savings goals were not delivered, which vary from COVID-19 delays to delays of implantation of plans

The action plan appendix relating to Oracle and General IT controls details were provided by the Director of IT and Digital. One of the in progress observations outlined in the report was audit logging not being proactively monitored within Oracle. Despite best efforts from an organisational perspective, it is still in progress as the ongoing dialogue with Oracle will remain until such time.

Appendix C outlined the progress with the action plan on the Pension Fund accounts. There has been some delay in implementing this and it is expected that some third party support will be needed to enable completion. After the accounts have been settled and finalised, work will begin on its implementation.

It was asked if independent members should be receiving updates annually on the registers of interest.

Action: find out from auditors if Independent Member Interests are required for audit process

The report was noted.

6. Counter Fraud Annual Report

Due to the COVID-19 pandemic there was significant impact on the work of A-FACT.

Between April and June 2020 A-FACT was seconded to the COVID Action Team providing shielding calls and IT support. Only a skeleton service was left to provide a counter fraud response. In the remainder of the year the team's focus has been on the various COVID-19 support schemes.

Nonetheless, work that has continued for A-FACT include, employee checks, pre and post payment verification, and housing (although there has been less of it, due to the pandemic- ban on evictions and pause on face to face visits).

The Local Government Transparency Code requires all local authorities to publish data on their anti-fraud arrangements on at least an annual basis. The data for 2020/21 is outlined in the report, along with the two previous years for comparison. It should be noted that in the case of investigations into Business Rate grants only closed successful cases have been included due to the volume of checks conducted.

The A-FACT team have been accredited under the new cabinet office, bringing together individual and organisational counter-fraud learning from across the public sector. All investigators are now members, with the manager accreditation to follow in 2021/22.

The report was noted.

7. Internal Audit

The Interim Head of Internal Audit presented this report. She stated that the report provided a summary of the internal audit work that has been completed during the year and other sources of assurance which has enabled her to have an opinion on

the Council's arrangement for governance risk management and internal control. The following was discussed:

Based on the evidence gathered, satisfactory assurance can be placed on the accuracy and effectiveness of the Council's corporate system of internal control. The report set out the basis for that opinion with the caveat that the audit plan was reduced as a result of the planning around the pandemic, which caused the internal audit team to be unavailable for audit work for 4 months in the year. With the Audit Panel's agreement, the scope of work was reduced and the plan cut out the school audits but still identified 39 assignments for 2020/21 - this was previously 38 and 40 different areas were reviewed. 32 of these were provided an assurance opinion and analysis for that opinion was outlined in the report. It demonstrated that Substantial or Satisfactory assurance for 75% of the core internal audits completed was given and 25% had limited assurance opinions.

There were 214 areas for improvement for which recommendations were raised. 43 of those were assessed as high risk. The majority of issues identified (62%) were assessed as Medium risk (132 recommendations raised), with 20% (43 recommendations) assessed as High risk. Efforts were concentrated on the more risky areas of the Council.

To derive maximum benefit from internal audit work, agreed actions are to be implemented within reasonable timescales. Internal Audit confirm managers' progress with the implementation of improvements by two approaches; Follow-up reviews for all corporate service areas where a negative assurance opinion has been provided in the last audit; tracking of managers' self-assessments of progress with implementing High and Medium-rate actions via an internal SharePoint site.

Other sources of assurance in the Review of Human Resources (HR) Policies: reliance was placed on work undertaken as part of the HR Services' strategic review of HR and Organisational Development, which was reported to the Head of Paid Service; Post-implementation review of Oracle HR and Payroll – Security and Audit Trails; Review of Remote Working Security Arrangements; and Grant certifications.

Action: Panel to monitor the implementation of recommendations due to the deterioration of some of the audit assurances.

The report was noted.

8. Annual Assurance

The Interim Head of Internal Audit presented this report. The report outlined work that has been carried out for the year ended 31 March 2021, which supports the Head of Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for 2020/21.

Internal Audit is satisfied that sufficient internal audit work has been undertaken, albeit on a reduced audit plan. The Head of Internal Audit's opinion is that 'Satisfactory' assurance can be placed on the adequacy and effectiveness of the Council's corporate system of internal control. The detail of the audit plan was presented in Annex 1 in a chart in the report.

The internal charter is to formally establish the purpose and responsibility of the internal audit which was presented in Annex 2.

In terms of the progress with internal work since February 2021, 22 assignments have been completed with the assurance levels and number of recommendations raised.

Some audits from the 2021/22 plan have already been delivered.

The report was noted.

9. Strategic Risk Register

The Head of Corporate Resources presented this report. He gave a brief summary of the report. The following was discussed:

Cultural resistance to change negatively impacting employee relations has been added to the Strategic Risk Register as a new red risk since the last review by the Audit Panel. The Brexit risk has been deleted this quarter as the impacts are no longer specific to that event.

There is one score change in the Strategic Risk Register. Impact of Climate Change has increased from an amber rating (12) to a red rating (15).

The key risks anticipated for the next 12 months are recorded in the Strategic Register and key risks were demonstrated in the report.

Potential policy changes may introduce risks so this has been added to the Horizon Scan.

Action: Cultural Resistance Impacts Employee Relations and Info-Governance failure were submitted by the Chair for interrogation. There was no consensus reached by the Panel. After discussion it was agreed that Chair would discuss outside of the meeting with the Head of Corporate resources about which of the items on the risk register will be reviewed and interrogated by the Panel next.

The Panel noted the Risk Strategy attached to the report.

10. Report on the Redmond Review

The Head of Corporate Resources presented this report.

The Redmond Review was commissioned to address concerns over the regulations and audit environment for local public bodies. This followed concerns with the framework arrangements following the abolition of the Audit Commission and quality of assurance from the work of the audit firms. The review concluded with 22 recommendations which were outline in the report.

These first two recommendations (a new body, the Office of Local Audit and Regulation (OLAR), be created to manage, oversee and regulate local audit with the following key responsibilities; e current roles and responsibilities relating to local audit discharged) are under review by MHCLG and lead to the most significant impacts if agreed. The challenge is the scale of the oversight body required to be effective, without the need to recreate the equivalent of the former Audit Commission. In principle, a single body providing clarity on the regulations and responsibilities to be complied with and the means to manage the market in procuring quality audits is to be welcomed.

The new element to recommendation 4 is the requirement to prepare an annual report to be submitted to Full Council. This would help all areas of the Council and engage with the financial obligations on the Council as they impact its strategic objectives and plans. This would be a positive development.

Recommendations 6 and 10, are linked to provide the additional time at a cost to ensure the quality of financial and value for money audit work is of sufficient depth and effectively covers the Council's key risks. In addition to the contracted audit costs there will also likely be additional demands on officer time and resources to respond to the more in depth assurance work.

Recommendation 17 is related to making the accounts more accessible to users, more easily comparable to other authorities' performance, and aligned to the activities of the Council. A standardised report to enable better accessibility to Council's financial data would be valuable. Such reporting will need to allow for the local context and priorities to be positioned and explained to be relevant and meaningful.

The report was noted.

11. Report on Internal Control Risk

This item was restricted as a Part 2 report under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting.

Agenda Item 2

AUDIT PANEL		
Report Title	DECLARATIONS OF INTEREST	
Key Decision		Item No. 2
Ward		
Contributors	Chief Executive	
Class	Part 1	Date: 16 September 2021

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

1 Personal interests

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

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

2 Disclosable pecuniary interests are defined by regulation as:-

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

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

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

(3) Other registerable interests

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

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

(4) Non registerable interests

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

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

- (a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take not part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **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)



Audit Panel

Report title: Risk Management Update

Date: 16 September 2021

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: David Austin, Director of Finance, Karen Eaton, Group Manager, Insurance and Risk

Outline and recommendations

1. The purpose of this report is to update members of the Audit Panel on the Council's Strategic Risks, as detailed in the Strategic Risk Register, for the quarter ending 30 June 2021.
2. Audit Panel are recommended to:
 - (i) note this report

1. Recommendations

- 1.1 The Audit Panel are recommended to:
 - (i) note this report

2. Policy Context

2.1 The contents of this report are consistent with the Council's policy framework. It supports the priorities set out in the Corporate Strategy 2018-2022:

- Open Lewisham
- Tackling the housing crisis
- Giving children and young people the best start in life
- Building an inclusive local economy
- Delivering and defending: health, social care and support
- Making Lewisham greener
- Building safer communities

2.2 It supports all of the Council's priorities generally through effective risk management for all of its activities and duties.

3. Background

- 3.1 Risk is identified and managed in accordance with the Council's Risk Management Strategy. The Risk Management Strategy was reported to Audit Panel in June 2021. Updates to reflect the current reporting arrangements and extend the Strategy for a further year were agreed.
- 3.2 Risk was last reported to Audit Panel on 23 June 2021 (March 2021 registers) and to EMT on 28 July 2021 (June 2021 registers).
- 3.3 This report summarises the risks identified as at the end of June 2021, as reviewed and approved at EMT on 28 July 2021.

4. Summary of Strategic Risk Changes this quarter

- 4.1 One risk (6.A.1 Disruption to Council services from Brexit) has been deleted from the Strategic Risk Register this quarter and impacts will be noted within individual risks, as appropriate.
- 4.2 One new risk (4.B.2 Delivery of Building for Lewisham fails) has been added as a new risk, rated amber and within tolerance of target.
- 4.3 Cultural resistance to change negatively impacting employee relations (3.A.3) has been renamed 'Pace of change negatively impacts service delivery and employee morale' and has been downgraded from red to amber to more accurately reflect the current status.
- 4.4 The Covid emergency response risk ((5.B.2) has been downgraded from red to amber to reflect the Future Lewisham plans and work with partners.
- 4.5 Narrative and actions have been updated throughout the register, as detailed in the change log.

4.6 The key risks anticipated for the next 12 months are recorded in the Strategic Register and key risks are shown in the table below in order of the current risk ranking.

Key Risks	Ref	Title	Current	Target	Change
Red-Red High Risk and big variance current to target	1.A.1 Info Governance Failure 2.A.1 Internal Control 2.B.2 Cyber Security 5.A.1 Un-balanced budget	16 16 15 25	8 8 5 4	None None None None	
Amber-Red Medium Risk - big variance current to target	1.A.2 Implement service changes 1.B.1 Health & Safety 1.B.2 Legislative change 1.B.4 Impact of Climate Change 2.B.1 ICT infrastructure 3.B.1 Ineffective partnership working 3.B.2 Integrated models for health & care 4.A.1 Strategic supplies/procurement 4.B.1 Performance failure 5.A.2 Unforeseen expenditure	12 12 12 15 12 8 12 12 12	4 6 5 6 5 4 4 6	None None None None None None None None	
Red-Amber	2.A.3 Delivery of strategic change	15	10	None	
Red-Green	2.A.2 Failure in Child Safeguarding	25	20	None	

High Risk with minor variance to target	2.A.5 Serious Adult Safeguarding Concern	20	20	None
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5. Completion of Planned Actions

- 5.1 All actions in the Strategic Register are either completed or progressing satisfactorily in accordance with expected timescales, with the exception of those listed below where the dates have slipped or been extended largely due to the diversion of resources as a result of COVID-19.
- 1.A.1 Information governance actions are work in progress but completion dates are slipping.
 - 2.A.2 Child Safeguarding Workforce development, Supervision Policy and CSE Strategy slipped from September 20 to April 2021 – not updated due to diversion of resources to OFSTED inspection, the results of which will inform the next quarterly update.
 - 2.B.1 Planning system is deemed at risk as out of support but no firm timeline yet agreed to replace
 - 2.B.2 IT security and disaster recovery plans and recovery testing actions (including M365) have slipped to Sep 21

6. Horizon Scan – Future Risks

- 6.1 The following circumstances, identified through the PESTLE framework, may impact on the Council in the near future. Audit Panel will wish to assure themselves that there have been no changes in circumstances that would lead them to recommend that these risks should be added to the strategic risk register now or change an existing risk.

Political

- Integration of elements of the Health system – including commissioning.
- Changes to funding flows in respect of NNDR and CTax Benefit.
- Loss of Business Rates income from appeals &/or proposals to devolve to local level.
- Trend to free schools and academies and falling rolls.
- Governance and operational impact of Devolution agenda for London on Lewisham priorities and services.
- Potential policy changes following the Queen's speech

Economic

- Continuing austerity measures restricting work of local government.

- Catford and Lewisham regeneration/development, including Bakerloo line, new build priorities, organisation of housing service providers.
- Impact of migration on demand for services (short and medium term).
- Consequence of Brexit.
- Changes to National Funding Formula for schools and falling rolls.
- Recession and contraction of the economy as a result of the COVID-19 Pandemic.

Social

- Resourcing (skills) mix and staff churn from reorganisation changes.
- 2021 Census outcomes and predicted demographic changes.
- Consequence of Brexit.
- Consequence of COVID-19 and widening inequalities.
- Estate rationalisation and impact on ways of working.

Technological

- IT and digital strategy and fit for purpose systems to support changing ways of working.
- Impact of Universal Credit, Welfare Reform and Public Services legislation.

Legislation

- Scale and pace of statutory/legislative changes, e.g. Social Care changes.
- Flood and Water Management Act.

Environment

- Carbon Reduction Commitment.
- Environment Bill.

7. Internal Audit

- 7.1 An Internal Audit of the Council's Risk Management Arrangements was completed on 24 June 2021. The opinion was 'Satisfactory'.
- 7.2 The report makes 6 Medium and 2 Low recommendations. An action plan is in place and will be monitored with progress being reported to EMT and Audit Panel. Where a recommendation relates to a specific directorate, or need for reminders to be issued, this has been communicated to the relevant Executive Director/Officer.

8. Audit Panel

- 8.1. At their meeting in June the Audit Panel requested an update on the key financial risk – 5.A.1: Financial failure unable to maintain delivery within balanced budget – which continues to be rated red.
- 8.2. As set out in the action planned a number of the regular financial steps continue to be delivered – such as quarterly monitoring, presentation of the medium term financial strategy (MTFS), mid-year treasury management report, and revisions to the capital programme as schemes progress or are planned.
- 8.3. The risk continues to remain red for two main reasons: 1) the uncertainty of future funding arrangements for local government services complicated by the recovery from the Covid 19 pandemic; and 2) the challenges of delivering mitigations to keep the budget balanced on a timely and sufficient basis.
- 8.4. At present, as set out in the MTFS, the Council is assuming that local government funding will continue to face reductions. This is pending the Chancellor's budget now confirmed for the 27 October and the Local Government finance settlement which is expected to follow in December. In addition to the external funding risks, the Council continues to address those risks more directly its control that impact funding levels available for services. In particular the challenge of collecting monies owed to it for Council Tax, Business Rates, and for services provided to businesses and residents. This remains a particularly challenging task with the legacy of the Covid pandemic on business and household budgets, to which the Council remains sensitive.
- 8.5. When setting the budget for 2021/22 the Council agreed a number of measures to align overspending within budget and cuts to meet the available resources. Progress with delivering this these is reported in the monitoring reports which are currently showing a £9m service overspending position after use of £30m of one-off Covid funding. Work to address this overspending position is discussed regularly with the Councils senior leaders as teams work to implement the agreed changes. The position to be reported for September will determine the need for and scale of a cuts round. The officer proposals will be offered to select committees for scrutiny in November before being taken to Mayor & Cabinet for decisions to inform the build of the budget in January. These measures will be in addition to the £10m of cuts already agreed for the 2022/23 budget as continuation of work begun in this financial year.

9. Summary & Conclusions

- 9.1. The Council manages risk in accordance with its Risk Management Strategy 2017 – 2022.

- 9.2. The risk registers have been reviewed for the period ending 30 June 2021 and the Strategic Risk Register has been updated to reflect the current assessment of risk to the Council.
- 9.3. The June 2021 register was reviewed and approved at EMT at its meeting on 28 July 2021 and is appended to this report at Appendix A.
- 9.4. There has been one risk deleted (6.A.1 Disruption to Council services from Brexit) this quarter and impacts will be noted within individual risks.
- 9.5. One new risk (4.B.2 Delivery of Building for Lewisham fails) has been added as a new risk, rated amber and within tolerance of target.
- 9.6. Cultural resistance to change negatively impacting employee relations (3.A.3) has been renamed ‘Pace of change negatively impacts service delivery and employee morale’ and has been downgraded from red to amber to more accurately reflect the current status.
- 9.7. The Covid emergency response risk ((5.B.2)) has been downgraded from red to amber to reflect the Future Lewisham plans and work with partners.
- 9.8. The Risk Management Strategy will be updated during 2022, following completion of the Finance Restructure, resources permitting.

10. Financial Implications

- 10.1 There are no direct financial implications arising from this report. However, this report advises on the identification and management of risk with the objective of aiding management of those risks and thereby reducing unanticipated financial pressures.

11. Equalities Implications

- 11.1 There are none arising directly from this report.
- 11.2 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.

- foster good relations between people who share a protected characteristic and those who do not.

It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above.

The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for Mayor and Cabinet, bearing in mind the issues of relevance and proportionality.

Members must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

12. Legal Implications

- 12.1 The Authority has a duty to safeguard Council services and assets and seeks to meet that duty by having appropriate risk management arrangements in place.
- 12.2 The Audit & Accounts Regulations 2015 places a responsibility on relevant authorities to ensure that it has a sound system of internal control which:
 - (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

- 12.3 The Council's Risk Management Strategy 2017-2022 aims to ensure that the Council's arrangements reflect the current best management practice as detailed in *the Management of Risk in Government Framework* and the *HM Treasury Orange Book – Management of Risk – Principles and Concepts* and is compliant with the statutory requirements as defined in the Audit & Accounts Regulations 2015.

13. Climate change and environmental implications

- 13.1 There are none arising directly from this report however the impact of climate change (e.g. air quality, extreme weather, flooding, compliance with new requirements/standards for service delivery) is included in the Strategic Risk Register as a risk that is currently rated as amber.

14. Crime and disorder implications

- 14.1 There are none arising directly from this report however some of the risks recorded within the Strategic Risk Register have crime and disorder implications (e.g. 3.B.1 Multi-agency Governance).

15. Health and wellbeing implications

- 15.1 There are none arising directly from this report however some of the risks recorded within the Strategic Risk Register have health and wellbeing implications (e.g. Multi-agency Governance, Failure to agree with partners integrated delivery models for local health and care services) and others could impact indirectly.

Report Author

If there are any queries on this report, please contact David Austin, Director of Finance or Karen Eaton, Group Manager, Insurance & Risk.

Ref	Risk Category – levels 1 & 2		Lead	RAG	Change / Comment
1	COMPLY WITH THE LAW				
1A	Governance	1. Information Governance Failure	CR	R	Actions & notes updated
		2. Governance failings implementing service changes	CEO	A	Reviewed & updated
1B	Regulatory	1. Non-Compliance with Health & Safety	CEO	A	Actions updated
		2. Respond to legislative change	CEO	A	Reviewed & updated
		3. Impact of Climate Change	HRPR	A	Reviewed & unchanged
2	SECURE SERVICES TO USERS				
2A	Process	1. Adequacy of Internal Control	CR	R	Actions & notes updated
		2. Failure in Child Safeguarding	CYP	R	Last updated April 2021
		3. Non-delivery of transformational change	CEO	R	Reviewed & unchanged
		4. Elections not conducted efficiently or effectively	CEO	G	Narrative updated
		5. Serious Adult Safeguarding concerns	COM	R	Updated narrative June 21
2B	Technology	1. ICT not fit for purpose/does not meet business needs	CR	A	No change
		2. Cyber Security breaches corrupt or locks down systems or data	CR	R	No change
3	DEVELOP STAFF & PARTNERS				
3A	Workforce	1. Loss of constructive relations	CEO	A	Reviewed & unchanged
		2. Maintain sufficient management capacity & capability	CEO	A	Reviewed & unchanged
		3. Pace of change negatively impacts service delivery and employee morale	CEO	A	Title and score change red to amber
3B	Partnerships	1. Multi-agency governance leads to ineffective partnership working	CEO	A	Reviewed & unchanged
		2. Agree integrated delivery models for local health and care services	COM	A	Updated narrative June 21

Strategic Risk Register – June 2021

Ref	Risk Category – levels 1 & 2		Lead	RAG	Change / Comment
4	SERVICES REPRESENT VFM				
4A	Procurement	1. Failure to manage suppliers and procurement programmes.	CR	A	Actions updated
4B	Performance	1. Failure to manage performance leads to service failure	CEO	A	Reviewed & unchanged
		2. Delivery of Building for Lewisham fails	HRPR	A	New Risk
5	MANAGE WITHIN BUDGET				
5A	Financial	1. Financial failure unable to maintain delivery within balanced budget	CR	R	Actions & notes updated
		2. Unforeseen expenditure/loss of income from funding streams	CR	A	Actions updated
		3. Loss of income - debt collection	CR	A	Actions updated
5B	Bus. Continuity	1. Failure to contain impacts of emergency	CR	A	Narrative updated
	Covid	2. Contain the impacts of Covid-19 and deliver services	CR	A	Score change from red to amber
6	OTHER				
		1.			

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Key

Scoring

5x5 Likelihood and Impact with 1 Low and 5 High. See Risk Management Strategy for guidance on assessing impact and likelihood

RAG rating

- △ Red
- Amber
- ★ Green

Direction of Travel

- ↗ Better
- Same
- ↘ Worse

Strategic Risk Register – June 2021

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Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
1. Comply with the Law: A. Governance										
1.A.1	Information Governance failure	⚠️	16	8	⚠️	➡️	Executive Director for Corporate Resources	Staff training modules developed Established policy framework Information Governance Board in place Information asset and security environment audits undertaken Regular EMT briefings - Director has been invited to and will attend EMT with an update on IG work and activities New SIRO and MD of shared service briefed and aware of past vulnerabilities	<ul style="list-style-type: none"> Roll out mandatory online information governance and security training for all staff Implement audit recommendations Complete transfer of the IG function to ITDS and review staff structures, processes and technology capabilities Focus on clearing backlog and improving timeliness of FOI and SAR response times (post Covid) now part of EMT performance monitoring. 	Dec 21 (slipped Dec 20) Jun 21 (slipped Dec 20) Sep 21 (slipped Dec 20) Next update Dec 21
	Impact		4	4						
	Likelihood		4	2						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
1. Comply with the Law: A. Governance										
1.A.2	Governance (opportunities and threats) in the implementation of service changes	●	8	8	★	➔	Director of Law, Corporate Governance	<ul style="list-style-type: none"> Corporate Strategy to 2022 adopted Member and Director finance training delivered and additional budget briefing sessions organised . This will continue for future years 21/22 budget agreed by Council following a new, themed approach New corporate programme management office established to ensure consistent approach to major programme and projects with grip and delivery central elements. 	<ul style="list-style-type: none"> Implementation of 21/22 service changes in line with Budget to live within financial limits. Readying the organisation for end of lockdown following Government's roadmap, Planning for "recovery" is taking shape, aligned with London Recovery Board and missions 	End of March 2022 Done April 12 th ; May 17 th and June 21 st Next 19 th July 2021 all subject to review by Govt
	Impact		4	4						
	Likelihood		2	2						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
1. Comply with the Law: B. Regulatory										
1.B.1	Non-compliance with Health & Safety Legislation	●	12	6	△	➔	Chief Executive	<ul style="list-style-type: none"> Corporate H&S manual. Regular prog. of audits reported to H&S Cttee Directorate H&S Working Group meets quarterly with representation from across all divisions and reports to Unions Full H&S programme of training available. H&S guidance is updated and staff briefed when working practices change Monitor OH referrals All DMTs reviewed annual self-assessments, incidents and audits Review approach to tree risk assessments and related work programme 	<ul style="list-style-type: none"> Implement changes to H&S governance as part of Corporate Resources Finance Review consultation H&S Board monitoring progress with fire risk works and statutory & planned building maintenance works Reviewing revisions to service H&S risks for assessments impact of Covid risks 	Sept 21 Quarterly Next meeting Jul 21 For the duration of the Covid response
	Impact		4	3						
	Likelihood		3	2						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
1. Comply with the Law: B. Regulatory										
1.B.2	Failure to anticipate and respond appropriately to legislative change	●	8	8	★	➡	Director of Law, Governance and HR	<ul style="list-style-type: none"> • Keeping up to date and engaged with relevant professional bodies and government departments • Data observatory established • Regular policy briefings prepared for review and to aid insight 	<ul style="list-style-type: none"> • If appropriate to provide reports to Council on changes necessary to reflect legislation. • Responding to Govt consultations and lobbying in various areas of political change • Update relevant documents to reflect legislative changes; provide training on any new legislative arrangements 	<p>Regularly reviewed in legal and policy teams</p> <p>Done June 2021 Next Sept 2021 Dec 2021 March 2222</p>
	Impact		4	4	★					
	Likelihood		2	2	★					

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
1. Comply with the Law: B. Regulatory										
1.B.3	Impact of climate change (e.g. air quality, extreme weather, flooding, compliance with new requirements/standards for service delivery).	●	12	6	△	➔	Executive Director for HRPR	<ul style="list-style-type: none"> Climate Emergency Strategic Action Plan published 2020, update approved by Mayor and Cabinet in March 2021 Continuing to work with Air Quality Management Area Plan and London, National and European strategies to improve Air Quality. Borough Resilience Forum has produced a Multi-Agency Flood Plan and held a flooding exercise in April 2021. Strategic Air Quality Board quarterly. 	<ul style="list-style-type: none"> Action Plan to be reviewed annually by Sustainable Development and M&C Lobbying Government and other for resources to deliver on the Climate Emergency Action Plan Update the Borough's Flood Risk Management Strategy and ensure Business Continuity Plans address service flood risks. Consult on new Air Quality Management Strategy 	Q3 21/22 Q4 21/22 Ongoing Q3 21/22 Q2 21/22
	Impact		4	3						
	Likelihood		3	2						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
2. Secure Services to Users: A. Process										
2.A.1	Adequacy of Internal Control Framework	⚠️	16	8	⚠️	➡️	Executive Director for Corporate Resources	<ul style="list-style-type: none"> Internal audit, risk & anti-fraud work – Anti-fraud, Anti-money laundering, whistle blowing policies and hot lines in place Annual National Fraud Initiative (NFI) & data matching Coordination/ joint working with central Govt. agencies (DWP, HMRC, BA), LH and other local housing providers. Quarterly reports to Exec Directors, ICB, Audit Panel monitoring trends & progress Implemented various phases of Oracle project - Finance, PBCS, payroll and self-service live. 	<ul style="list-style-type: none"> Next phase to get wider business improvements from Oracle to realise benefits of investment – HR PID and related finance dashboards to be built being finalised. Then project to be put into action Improvement plan for Liquid Logic (LAS/LCS and Controc) system and processes for CSC and ASC, aligned with service operating models and procedures. Systems live, project now monitoring BAU is stable before closing off in Jul 21 Internal Audit focussed ensuring recommendations implemented and on core financial audits for 21/22 and 21/22 plan agreed Counter fraud work focused on Covid grant assurance and data matching - ongoing 	Slipped - to Dec 21 Slipped to close perf & finance reporting Next milestone Sep 21 Reported to Audit Panel Jun 21. Next milestone Sept 21 Next milestone Sept 21
	Impact		4	4						
	Likelihood		4	2						

Strategic Risk Register – June 2021

Risk Name & Category		Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of Assurance	What are we planning to do	By when
FAILURE IN CHILD SAFEGUARDING	▲	25	20	★	→	ED CYP (PG) Dir. CSC (LH)	<ul style="list-style-type: none"> All cases risk assessed Thresholds for access to services linked to statutory requirements LCS system redesigned to improve recording and management oversight Virtual visiting introduced during lockdown but service has moved back to face to face visits Operational procedures revised Weekly critical safety panel created to review performance Quality assurance and performance framework in place to monitor practice. 	<ul style="list-style-type: none"> Improvement Programme 2018/19 - 2021/22 to drive up quality of practice to be consistently good. Strengthen performance framework Workforce Development strategy under development to strengthen recruitment, retention and training permanent workforce Re-launch of supervision policy to strengthen risk management Child Exploitation Strategy under development in the Safeguarding Partnership to manage risk to young people in the community Corporate Parenting strategy agreed to ensure there are appropriate services for children in care and care leavers – being shared with other Council services and partners so that they are also aware of their responsibilities 	April 2022 On track Through 2021 To be launched Feb 2021 To be launched Feb 2021 To be launched Apr 2021 To be launched Apr 2021
IMPACT		5	5	★	→				
LIKELIHOOD		5	4	★	→				

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
2. Secure Services to Users: A. Process										
2.A.3	Strategic programme to develop and implement transformation change does not deliver	⚠	15	10	●	→	Assistant Chief Exec	<ul style="list-style-type: none"> Assistant Chief Executive appointed Directorate PMO support in place initially to support delivery of cuts and then service transformation. Restructure underway to build Head of Service capacity focused on delivery of transformation and change, in addition to PMO Strategic programmes and projects agreed along with new governance structure New strategic change board arrangements in place and operational, and making a positive impact 	<ul style="list-style-type: none"> Develop an Organisational Development Strategy. Build focus and capacity to develop and implement change EMT strategic change board receives reports regularly on progress against milestones and OKRs 	<p>Reviewed and agreed at EMT by July 2021</p> <p>New structure implemented by June 2021 - Done</p> <p>Ongoing</p>
	Impact		5	5						
	Likelihood		3	2						

Strategic Risk Register – June 2021

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Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
2.A.4	Elections not conducted in line with law	★	5	4	★	➔	Returning Officer Director of Law, Corporate Governance Head of Elections	<ul style="list-style-type: none"> Preparing for London Mayoral and Assembly elections in May 2021 to be run in a Covid secure manner Acting on Directions from GLRO Preparing for four by elections May 2021 to be run in a Covid secure manner Overall project plan on track and in line with milestones currently Extensive staff training and engagement Census completed, awaiting feedback on completion rates. 	<ul style="list-style-type: none"> Deliver Covid safe elections 2021 - Done Implement Boundary Commission changes once confirmed New Target record for Local Elections – May 22 	Ongoing to May 2022
	Impact		5	4						
	Likelihood		1	1						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
2. Secure Services to Users: A. Process										
2.A.5	Serious Adult Safeguarding Concerns	⚠	20	20	★	➡	Executive Director for Community Services	<ul style="list-style-type: none"> There are reports provided regularly on practice, performance and activity data to the LSAB. Monthly case audits in place that identify any practice and performance issues. Monitoring of Performance is overseen by DMT. 	<ul style="list-style-type: none"> Scrutinised by the LSAB and DMT. Cases that meet the threshold for a statutory safeguarding audit review are referred to the Safeguarding adult review board that meets monthly. Deprivation of Liberty Safeguards applications continue to rise. To mitigate the risk of legal challenge for unauthorised detentions community DOLS are being processed on time and COP applications made. New system Liberty Protection safeguards will be implemented in April 2022 now that government legal sign off process has been completed. Task and Finish Group in place to monitor all actions from DHR's These are reviewed at Safeguarding Boards and Safer Lewisham Partnership 1 x new DHR has begun. 	<p>performance monitored monthly</p> <p>Monthly quality assurance and call over sessions are in place to monitor practice, trends and quality provision</p> <p>Quarterly</p> <p>Annually in March</p>
	Impact		5	5						
	Likelihood		4	4						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
2. Secure Services to Users: B. Technology										
2.B.1	ICT infrastructure is not fit for purpose and/or does not meet business needs (2)	●	12	6	△	➔	Executive Director for Corporate Resources	<p>Directorate participation in corporate PMO arrangements being introduced</p> <p>Review business continuity plans with emergency planning team</p> <p>Key line of business systems include:</p> <ul style="list-style-type: none"> Academy – revs & bens Ash – income collection Go Place – asset register Oracle – fin, HR, & payroll PBCS – oracle budget tool LCS/LAS and Controc - social care Icasework - customer serv. Microsoft office suite – all services 	<ul style="list-style-type: none"> Working with newly formed PMO in CX Directorate to ensure technology elements of change projects is aligned to objectives. Specific risk around Registrars running Lotus Notes – being replaced with RAFTS Specific Risk around planning system which is obsolete and not optimised for running on modern infrastructure 	Ongoing Sep 21 (slipped Mar 21) Not known
	Impact		4	3						
	Likelihood		3	2						

Strategic Risk Register – June 2021

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	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
2. Secure Services to Users: B. Technology										
2.B.2	Cyber Security breaches corrupt or locks down Council systems or data.	⚠️	15	5	⚠️	➡️	Executive Director for Corporate Resources	<p>External independent reviews of security arrangements and practices</p> <p>Documented systems to support PSN compliance</p> <p>24 hour Security surveillance implemented</p> <p>Local network remediated and vulnerabilities removed.</p> <p>Legacy 2003 servers removed from estate</p> <p>Improved controls implemented around administrator level access</p> <p>Cyber strategy and cyber response policy approved by EMT</p> <p>Offline back-ups delivered</p> <p>SICTS infrastructure plan to be funded in budget planning going forward</p>	<ul style="list-style-type: none"> Shared service to develop and test disaster recovery plan – delayed due to delivery of back-ups Move to cloud based authentication through MS365 project Scope and secure funding for an Applications and Data Security project 	<p>Sep 21 (slipped Mar 20)</p> <p>Sep 21 (slipped Mar 21)</p> <p>Sep 21 (slipped Mar 21)</p>
	Impact		5	5						
	Likelihood		3	1						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
3. Develop Staff and Partners: A. Workforce										
3.A.1	Loss of constructive employee relations	●	9	6	● ➔	Head of HR	<ul style="list-style-type: none"> Refreshed people management framework in the light of Covid 19 Continued employee assistance programme Extended Union engagement Launched Pulse surveys across a diagonal slice of staff Established and strengthened staff networks across the organisation 	<ul style="list-style-type: none"> Continue to run regular Pulse surveys for staff Review key HR policies to ensure they are fit for purpose and reflective of a modern, agile workforce. Refreshing Directorate Consultative Committees with Trade Unions Works Council to be reinstated Review the timing of the next Staff Survey 	Ongoing Completed by September 2021 By October 2021 By October 2021 By August 2021	
	Impact		3	3						
	Likelihood		3	2						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
3. Develop Staff and Partners: A. Workforce										
3.A.2	Failure to maintain sufficient management capacity & capability to deliver business as usual and implement transformation changes	●	12	6	△	➔	Chief Executive	<ul style="list-style-type: none"> All EMT posts filled with permanent appointments All Director level posts appointed to permanently with start dates agreed. 	<ul style="list-style-type: none"> Complete further transformational service changes and recruit as appropriate Additional spend and recruitment controls remain in place 	Ongoing Ongoing Next review June21
	Impact		4	3						
	Likelihood		3	2						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
3.A.3	Pace of change negatively impacts service delivery and employee morale	●	12	12	★	↗	ACE	<ul style="list-style-type: none"> Regular staff and manager communications from CEX on Council direction Together Lewisham staff staff engagement network empowering employee voice and opportunities for staff to influence and shape future direction and new initiatives Leading together Lewisham – all manager engagement on council priorities and direction of travel and expectations. Providing opportunity for managers to engage and give feedback Staff pulse surveys conducted to gain insight on how staff feel about new initiatives SLT engagement and opportunity to feedback and shape initiatives New appraisal process launched Outplacement support package for staff 	<ul style="list-style-type: none"> Training for managers on managing and leading through change – Future Working Roll out further 'Future Working' events to continue engagement with managers and staff to disseminate key messages Continue to work with TU colleagues to develop/improve working relationships People Management strategy developed as part of OD strategy (post Covid version) Manager induction programme All staff transformation / restructures programmes should be accompanied by a learning and development plan to support transition to new structure and staff development 	Next milestone – Sept 21 Next milestone – Sept 21 Quarterly Oct 21 Slipped to Oct 2021 Ongoing
	Impact		4	4						
	Likelihood		3	3						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
3. Develop Staff and Partners: B. Partnerships										
3.B.1	Multi-agency governance leads to ineffective partnership working - (See also 3.B.2 Health)	★	8	4	⚠	➔	EMT	<ul style="list-style-type: none"> Regular meetings and liaison in place between Council and key partners/stakeholders Met Police; VCS; LFB; TfL; Lewisham Homes; Registered Providers; OfSTED; schools/FE; etc. Ongoing strategic partnership boards in place and actively supported and engaged with 	<ul style="list-style-type: none"> Continue regular meetings and liaison in place between Council and key partners/stakeholders Met Police; VCS; LFB; TfL; Lewisham Homes; Registered Providers; OfSTED; schools/FE; etc Developing place based recovery plans in partnership with anchor institutions/key partners/stakeholders. Continue with ongoing strategic partnership boards 	Ongoing
	Impact		4	4						
	Likelihood		2	1						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
3.B.2	Failure to agree with partners integrated delivery models for local health and care services	●	12	4	△	➔	Executive Director Community Services	<ul style="list-style-type: none"> Partnerships in place across health and social care. Monitoring of initiatives takes place via DMT, S75 Board and HWBB. Integration planning continues with new joint posts agreed and recruited Developed the strategic commissioning function. Care at home leadership group has now been established. .Whole system recovery plan has been developed 	<ul style="list-style-type: none"> Continue to develop the Lewisham Health & Care partnership alliance arrangements whole system change. Care at home leadership group has now been established. Continue to develop strategic commissioning function. Proposals for Commissioning Alliance and provider alliances are being developed. Work with providers to develop an operational model for Care at Home and Adult Mental Health. Whole system recovery plan has been developed. Review of changes to Police/CRC + NPS/Fire 	<p>Monthly by Lewisham Health and Care Partners Board.</p> <p>Completed</p>
	Impact		4	2						
	Likelihood		3	2						

Strategic Risk Register – June 2021

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Risk	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
4. Develop Staff and Partners: A. Procurement										
4.A.1	Failure to manage strategic suppliers and related procurement programmes. (13)	●	12	6	△	➔	Executive Director for Corporate Resources	<ul style="list-style-type: none"> Published work on community wealth building as part of inclusive growth strategy development Growth in service for additional x2 posts Rolled out quarterly procurement training courses for all appropriate officers Fees and charges report published in 20/21 Current years Social Value report was published in Aug 20 Contract management toolkit and supporting training Contract management dashboard for performance tracking in place 	<ul style="list-style-type: none"> Work on memorandum trading accounts for priority services re commercial work Extend contract management training for all procurement and contract managers to embed use of toolkit and dashboard reporting 	Slipped due to Covid Next Sep 21 Next Sep 21
	Impact		4	3						
	Likelihood		3	2						

Ref	Risk	Current status	Current score	Target score	Current v target	Direct' n of travel	Responsibl e	What have we done & source of assurance	What are we planning to do	By when
4. Services Represent VFM: A. Performance										
4.B.1	Failure to manage performance leads to service failure	●	12	4	△	➔	Chief Executive	<ul style="list-style-type: none"> Transferred reporting of risk to Audit Panel Director sessions, as part of Senior Leadership Team (SLT) held regularly to improve alignment, embed collaborative working, help shape new policies and ways of working and monitor key service activity, forecasts etc Good collaborative work, and a One Council approach, evidenced during response to Covid19 and through themed approach to budget 21/22 development Following creation of a single corporate policy and performance team, service data & performance priorities have been revisited and updated performance reports are being reported to EMT regularly 	<ul style="list-style-type: none"> Continue to embed the programme and project management approach across the Council Continue to embed the culture of manager's being responsible for gripping their budgets and for delivery of agreed savings 	
	Impact		3	2						
	Likelihood		4	2						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct' n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
4.B.2	Delivery of the Building for Lewisham programme fails to make full use of available funding streams and/or exceeds the Council's financial parameters	●	12	8	●	➡	Executive Director HRPR	<ul style="list-style-type: none"> Held 3 x risk workshops with LH and LBL Split programme into tranches to consider risks appropriately; under construction, planning, approved pipeline, unapproved pipeline. Agreed changes to planning schemes to improve viability, including agreement to use of 40% RTB receipts. 	<ul style="list-style-type: none"> Urgent work to consider options to improve scheme viability, programme viability and provide clarity on deliverable social homes starts and completions on approved and unapproved pipeline schemes. Review Shared Ownership strategy including analysis of risk and exit strategy. Review RTB assumptions following revised Government guidance Review implications of first homes guidance on programme risk. 	Q2 2021/22 and ongoing Q2 2021/22 Q2 2021/22 Q2 2021/22
	Impact		4	4						
	Likelihood		3	2						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
5. Manage within Budget: A. Financial										
5.A.1	Financial Failure and inability to maintain service delivery within a balanced budget	⚠️	25	4	⚠️	➡️	Executive Director for Corporate Resources	<p>Audited financial statement and VFM – unqualified</p> <p>MTFS, regular monitoring of reserves and provisions, and balanced budget</p> <p>Financial planning addresses historic pressures, emerging demand / costs, and cuts needed in future years.</p> <p>Financial planning considers commitments across collection fund, general fund, schools, housing, pension fund, and capital plans</p>	<ul style="list-style-type: none"> Prepare work on 22/23 budget timetable and approach – HRA, DSG, Capital, TMS and delivery of cuts Review MTFS and treasury plans with updated capital strategy Monitor local government finance changes – covid and spending review – to ensure changes required are made in good time PMO/EMT to monitor cuts are implemented as agreed or alternatives found to keep budget balanced Unwind Covid funding from BAU service delivery to ensure budget remains balanced through recovery work 	<p>Next update Sep 21</p> <p>Done Jul 21</p> <p>Ongoing Next update Sep 21</p> <p>Reported in finance monitor Next update Sep 21</p> <p>Sept 21</p>
	Impact		5	4						
	Likelihood		4	1						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct'n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
5. Manage within Budget: A. Financial										
5.A.2	Lack of provision for unforeseen expenditure or loss of income in respect of Council's liabilities or funding streams	●	12	6	△	➔	Executive Director for Corporate Resources	<ul style="list-style-type: none"> Pension Fund triennial actuarial valuation underway Annual review of insurance provisions and claims Provision and Reserves strategy regularly reviewed to support monitoring and medium term financial planning positions Monitor and contribute to consultations on future of local government finance 	<ul style="list-style-type: none"> Prepare for Business Rates devolution – now on hold and London pool stopped Implement investments strategy following the Pension Fund valuation Assess impact of LGFS following the Chancellor's Autumn Budget. CSR & FFR with Autumn Chancellor's budget. Review bad debt provisions and write offs required post Covid to ensure return to effective income collection part of recovery planning – part of accounts 	As per Gov't timetable that has been delayed Done Jun 21 Next milestone on low carbon for Sept 21 Oct/Nov 21 Next Jul 21 (will follow accounts work)
	Impact		4	3						
	Likelihood		3	2						

Strategic Risk Register – June 2021

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Ref	Risk	Current status	Current score	Target score	Current v target	Direct' n of travel	Responsible	What have we done & source of assurance	What are we planning to do	By when
5. Manage within Budget: A. Financial										
5.A.3	Loss of Income to the Council – Failure to collect debt	●	12	9	★	➔	Executive Director for Corporate Resources	<ul style="list-style-type: none"> ASC charging now all on latest policy. All financial assessments re-done. Ash review for sundry debt concluded to move with a manual solution to: <ul style="list-style-type: none"> Avoid more IT risk & time Have immediate impact Realise Oracle & Controcc benefits Additional resource into debt collection team for support improved collection rates For 20/21 and into 21/22 due to impact of Covid-19 focused on monitoring of income collection positions for all types of debt. LL and Controc systems aligned to Oracle for ASC and CSC 	<ul style="list-style-type: none"> As part of wider consultancy review of ASC, look to improve finance assessment and self-funding recovery Review Collection Fund debt collection processes to improve performance as part of recovery work as part of unwinding Covid support and return to BAU 	Sept 21 Next Sept 21
	Impact		3	3						
	Likelihood		4	1						

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct' n of travel	Responsib le	What have we done & source of assurance	What are we planning to do	By when	
5. Manage within Budget: B. Emergency Planning and Business Continuity											
5.B.1	Failure to effectively contain the impacts of an emergency affecting the public, business, environment and/or organisation	●	10	8	★	➔	Executive Director Corporate Resources	<ul style="list-style-type: none"> On-call Emergency Planning rota Ongoing Training of all on-call staff London wide standardised training packages ensure consistency and reassurance if mutual aid is required Business Continuity Management Programme runs on annual basis Provide assurance of our capability through the Resilience Standards for London Borough Resilience Forum meets 4 times a year to maintain an overview of the Borough risks and to maintain partnership working Maintain the Borough risk register Maintain and review lessons learned document for all incidents both internal external and COVID related 	<ul style="list-style-type: none"> Current Covid response has put the Council on an incident response footing since Mar 20. Planned regular exercise are being tested through various lived examples. This continues with present lockdown restrictions and include: <ul style="list-style-type: none"> Run a Council Emergency Planning exercise annually Run an internal Business Continuity Exercise annually Provide table top exercises on BC and Emergency Planning throughout the year Run exercises around key risk themes through Borough Resilience Forum Restart Resilience Board to oversee arrangements and key issues. 	<p>Ongoing – although expected to wind down over the summer of 2021</p> <p>Ongoing to inform future planning</p>	Sept 21
	Impact		5	4							
	Likelihood		2	2							

Strategic Risk Register – June 2021

Ref	Risk	Current status	Current score	Target score	Current v target	Direct' n of travel	Responsib le	What have we done & source of assurance	What are we planning to do	By when
COVID- 19 Overall Risk										
5.B.2	Failure to effectively contain the ongoing impacts of Covid-19 and deliver services	●	10	9	★	↗	Chief Executive	<ul style="list-style-type: none"> Strategy and objectives. Covid risk register identifies key areas of concern and responsibilities Multi-agency partnership working following a command and control structure. Sub groups established to deal effectively with key areas of response Service priorities determined to support the critical functions of the council Support critical functions from non-critical services through Covid Action Team. Community Champions programme established to ensure communications are effectively reaching all areas of the community Communications strategy Targeted testing for identified critical key workers to limit the impacts. Provide support to the Vaccination Programme Weekly EMT Covid meetings led by Public Health, including London reporting 	<ul style="list-style-type: none"> Continue to respond to changes in guidance and legislation Continue to provide support to staff and residents through services and communications Move Covid emergency response management to 'business as usual' under Public Health from July 2021 Review need to sustain as separate risk or return to BAU 	Ongoing – with engagement of Members and Senior Leadership Team Done Quarterly
	Impact		5	3						
	Likelihood		2	3						



Audit Panel

Report title: Audit Progress Report and Sector Update

Date: 16 September 2021

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Executive Director for Corporate Resources

Outline and recommendations

The purpose of this report is to provide Audit Panel members with an overview of the progress being made on completing the 2020/21 external audit process. The paper also includes a summary of emerging national issues and developments which may be relevant to Lewisham as a local authority.

Members of the Audit Panel are asked to note the contents of the report.

1 Summary

- 1.1 This report provides an overview of the progress being made on completing the 2020/21 external audit process. It also provides a summary of emerging national issues and developments which may be relevant to Lewisham as a local authority.

2 Recommendation

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

3 Policy Context

- 3.1 The information set out in the financial accounts is consistent with the delivery of the Council's corporate priorities (contained within the Corporate Strategy 2018-22) and is particularly relevant to the Council's strong and resilient framework for prioritising action which has assisted the organisation in the face of austerity and ongoing cuts to local government spending.

4 2020/21 External Audit

- 4.1 The external auditors Grant Thornton are continuing to progress with the external audit of the Council's main accounts and Pension Fund for 2020/21. The audit process was started as planned in July 2021 and continues to be progressed. Achieving 30th September 2021 target for publishing the audited financial statements remains a significant challenge for all local authorities, including Lewisham. This is due to a number of reasons, as set out in the document appended to this summary report.
- 4.2 In revising our timelines Grant Thornton are now working with officers for an audit conclusion in October 2021. This is subject to officers providing any outstanding information by the end of September 2021. Again, further information on the progress to date is contained in the appended document to this summary report.

5 Implications

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

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London Borough of Lewisham Audit Progress Report and Sector Update

Year ending 31 March 2021

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Introduction	3	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 planning 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 the Council or all 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

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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 as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Audit Panel may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Panel can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk ..

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 Engagement Manager.

Progress at September 2021

Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in February to April 2021. In June we issued a detailed audit plan, setting out our proposed approach to the audit of the Council's 2020/21 financial statements. We began our work on your draft financial statements in July.

We received your draft financial statements on the 1 July 2021 in accordance with the statutory target date. The draft financial statements did not include the Pension Fund and Group accounts which followed on 6 July 2021. The working papers followed over the next two weeks.

Due to the pandemic the audit is being delivered remotely. The Council's finance team are well set up for remote working and we are able to deliver the audit as if we are on site by utilising video calling to watch the finance team run the required reports to gain assurance over the completeness and accuracy of information produced by the Council. However, as we have reported previously, auditing wholly remotely is significantly more time consuming than auditing on site. This, together with the significantly increased regulatory requirements, technical complexity and volume of work now required, is reflected in the longer duration required to complete an audit.

Through effective partnership working with the finance team and the new Executive Director of Corporate Resources, we have made good progress within the context of the above. We are marginally ahead of where we were at this time last year. At this stage in the audit we have not identified any adjustments to the financial statements that have resulted in amendment to the Council's General Fund position.

We have been in daily communication with the finance team and management over the list of items requiring attention, and requested management to prioritise those of most importance throughout the audit. We have also shared weekly updates and have regular meetings with the Executive Director of Corporate Resources to explain progress and challenges.

Both teams are utilising a query log to track and resolve outstanding items, which is shared by the audit team on a daily basis. Weekly meetings are held with senior finance staff to highlight key outstanding issues and findings to date, ensuring that the audit process is as smooth as possible.

The audit is progressing and we have completed our work (subject to final management review) in the following areas:

- Going Concern
- Housing Revenue Account
- PFI
- Expenditure and Income testing to month 11
- Payroll analytics and starters and levers testing
- Loans and interest payable
- Audit fees
- Remuneration disclosures

The residual sections of the financial statements remain in progress. Management and officers have worked hard to ensure that information is provided in the required timeframes. Inevitably, working in remote conditions with key staff suffering sickness during the summer has caused delays in obtaining the provision of items required for testing and responses to queries. Obtaining information from the wider organisation remains a challenge and when information is requested from other departments, we encounter significant delays. We continue to work closely in partnership with your finance team and leadership to seek to recover as many of the delays as possible in the completion of the audit with updated plans and revised arrangements. We are working with officers for an audit conclusion in October, subject to the receipt of all required outstanding information in September. This date is likely to be significantly ahead of the majority of local government audits.

Achieving the 30 September 2021 target for publishing audited financial statements remains a significant challenge for all local authorities. Achieving this for an organisation of your size and complexity, with a relatively lean finance team, some sickness absence issues, and with a key member of the finance team leaving the Council prior to closedown, is particularly difficult. The challenge has been further compounded this year with continued remote working, restructuring of your finance team and the transition of your payroll system onto Oracle Cloud, which increases the amount of audit work required in this area. Management and officers have worked hard to mitigate these factors as far as possible, including identifying and utilising additional resource within the Council and responding dynamically and swiftly to local resource crunch-points. Within this context, the progress made to date is positive, and the responses from the Council are welcome and appropriate.

Progress at September 2021

Financial Statements Audit continued

In addition to completing our sample testing in a number of areas, we have identified some presentational adjustments during the testing which management has agreed to amend. Management is also working through our technical review of the financial statements which is likely to result in a few more presentational and disclosure adjustments. All of the adjustments that we are required to report will be included in the Audit Findings Report that we will present to the next Audit Panel.

At this stage the amendments are smaller in volume than previous years and it is clear that management completed a more robust review of the financial statements prior to them being submitted to audit than in previous years.

Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of the work on arrangements to secure value for money and focus resources firstly on the delivery of the opinions on the financial statements. This is intended to help ensure as many as possible could be issued as early as possible. The extended deadline for the Annual Auditor’s Report (our VFM work) is now no more than three months after the date of the opinion on the financial statements.

We will commence this work after we have give the opinion on the financial statements.

Other areas

Certification of claims and returns

We certify the Authority’s annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2020/21 claim is due to begin in October. We will report our findings to the Audit Panel in our progress report in January 2022.

We certify the Authority’s annual Teachers’ Pensions return in accordance with procedures agreed with Teachers’ Pensions. The certification work for the 2020/21 is due to begin in October.

We also certify the Authority’s annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Ministry of Housing, Communities & Local Government (MHCLG). The Council is currently involved in a reconciliation process and we are awaiting updated returns for the last 3 years. Once received we will commence the certification work.

Meetings

We meet with key Finance Officers regularly and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also meet regularly with your Finance Director and held our latest meeting with your Chief Executive in July to discuss the Council’s strategic priorities and plans.

Events

We provide a range of workshops, along with network events for officers and publications to support the Council. Your officers attended our Financial Reporting Workshop in February, which helped to ensure that members of your Finance Team were up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Panel setting out our proposed approach in order to give an opinion on the Council's 2020/21 financial statements and the Auditor's Annual Report on the Council's Value for Money arrangements.	June 2021	Complete
Audit Findings Report The Audit Findings Report will be reported to the September Audit Panel	October 2021	In progress
Auditors Report This is the opinion on your financial statements.	October 2021	Dependent on responses to our queries and finalising the Audit Findings Report, we are aiming to be able to issue the opinion by the end of October.
Whole of Government Accounts work This is our work on the Council's Whole of Government Account consolidation pack.	November 2021	Not yet due
Auditor's Annual Report This report communicates the key issues arising from our Value for Money work.	3 months from the date of the audit opinion	Not yet due
Grant Certification work Audit of the Council's Housing Benefits, Teachers Pensions' and Pooling of Capital Receipts Returns.	January 2022	Not yet due

What can be learned from Public Interest Reports? – Grant Thornton

2020 will be remembered as a tumultuous year in local government, with the pandemic creating unprecedented pressure on the sector. It also saw the appearance of two Public Interest Reports (PIRs), followed by another in January this year – the first to be issued in the sector since 2016. PIR's can be issued by local auditors if there are significant concerns around council activity, such as major failings in finance and governance.

The recent PIRs have made headlines because, up to this point, very few have ever been issued. But, as our latest report “Lessons from recent Public Interest Reports” explores, all three illustrate some of the fundamental issues facing the wider sector and provide a lesson for all local authorities around: weaknesses in financial management; governance and scrutiny practices; and council culture and leadership; which, when combined, can provide fertile ground for the kind of significant issues we might see in a PIR.

The COVID-19 pandemic highlighted four essential factors we probably always knew about local government, have often said, but which are now much better evidenced:

- 1) Local government has provided fantastic support to its communities in working with the NHS and other partners to deal with the multifaceted challenges of the pandemic.
- 2) Britain's long centralised approach to government has been exposed to some degree in terms of its agility to tailor pandemic responses to regional and local bodies. This is recognised by the current government who continue to pursue the options for devolution of powers to local bodies. Track and Trace delivered centrally has not been as successful as anticipated and, according to government figures, local interventions have had more impact.

- 3) Years of reduced funding from central government have exposed the underlying flaws in the local authority business model, with too much reliance on generating additional income.
- 4) Not all authorities exercise appropriate care with public money; not all authorities exercise appropriate governance; and not all authorities have the capability of managing risk, both short and long term. Optimism bias has been baked into too many councils' medium-term plans.

The PIRs at Nottingham City Council (August 2020), the London Borough of Croydon (October 2020), and Northampton Borough Council (January 2021) are clear illustrations of some of the local government issues identified above. The audit reports are comprehensive and wide-ranging and a lesson for all local authorities. Local authorities have a variety of different governance models. These range from elected mayor to the cabinet and a scrutiny system approach, while others have moved back to committee systems. Arguments can be made both for and against all of these models. However, in the recent PIR cases, and for many other local authorities, it's less about the system of governance and more about how it operates, who operates it and how willing they are to accept scrutiny and challenge.

There are a number of lessons to be learned from the recent PIR reports and these can be broken down into three key areas which are explored further in our report:

- 1) The context of local government in a COVID-19 world
- 2) Governance, scrutiny, and culture
- 3) Local authority leadership.

The full report is available here:

[Lessons from recent Public Interest Reports | Grant Thornton](#)

Annual Transparency Report - Grant Thornton

As auditors of several listed entities as well as nearly one hundred major local audits, we are required as a firm to publish an annual transparency report.

The report contains a variety of information which we believe is helpful to audit committees as well as wider stakeholders. The Financial Reporting Council (FRC) in their thematic review of transparency reporting noted that they are keen to see more Audit Committee Chairs actively engaging and challenging their auditors on audit quality based on the information produced in Transparency reports on a regular basis. We agree with the FRC and are keen to share our transparency report and discuss audit quality with you more widely.

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The transparency report provides details of our:

- Leadership and governance structures
- Principle risks and Key Performance Indicators
- Quality, risk management and internal control structure
- Independence and ethics processes
- People and culture
- Compliance with the Audit Firm Governance code and EU Audit directive requirements

We have made significant developments in the year as part of our Local Audit Investment Plan to improve our audit quality. We welcome an opportunity to discuss these developments and our transparency report should you wish.



Transparency report

Grant Thornton UK LLP year ending 31 December 2020

April 2021

The full report is available here:

[Transparency report 2020 \[grantthornton.co.uk\]](https://www.grantthornton.co.uk)

Local government finance in the pandemic – National Audit Office

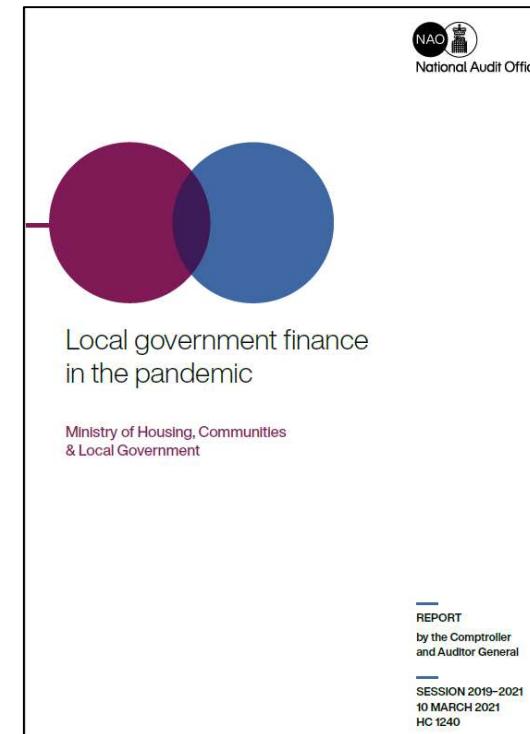
The National Audit Office (NAO) report, published in March, notes “The COVID-19 pandemic has been an unprecedented public health and economic emergency. Local authorities in England have made a major contribution to the national response to the pandemic, working to protect local communities and businesses, while continuing to deliver existing services. The pandemic has in turn placed significant pressure on local authorities’ finances, which in many cases were already under strain going into the pandemic.”

The NAO report examines if the Department’s approach to local government finance in the COVID-19 pandemic enabled it to assess and fund the costs of new services which local authorities have been asked to deliver. It also examines whether the Department fulfilled its responsibilities in securing financial sustainability across the sector.

The NAO report concludes “Steps taken by the government, led by the Department, have supported local authorities in the COVID-19 pandemic response. The Department’s successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government. Action by the Department and wider government to support the sector has averted system-wide financial failure at a very challenging time and means that the Department has managed the most severe risks to value for money in the short term.

However, the financial position of local government remains a cause for concern. Many authorities will be relying on reserves to balance their 2020-21 year-end budgets. Despite continuing support into 2021-22 the outlook for next year is uncertain. Many authorities are setting budgets for 2021-22 in which they have limited confidence, and which are balanced through cuts to service budgets and the use of reserves.”

The NAO report found that “the combined impact on spending and non-tax income in 2020-21 is £9.7bn – equivalent to 17.6% of revenue expenditure. So far the government has announced £9.1bn of financial support, leaving a deficit of £605m.”



The full report can be obtained from the NAO website:

[Local government finance in the pandemic - National Audit Office \(NAO\) Report](#)

Local authority Covid-19 pressures – MHCLG

Outturn figures from the Ministry for Housing, Communities and Local Government (MHCLG) show that local authorities in England reported additional cost pressures of £12.8bn relating to Covid-19 in 2020-21. Overall, local authorities spent £7.2bn responding to the pandemic last year, with the largest share of additional expenditure going on adult social care services at £3.2bn.

Additional expenditure due to COVID-19 by class and service area (£ millions) (2020-21)						
	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Adult Social Care – total	0.473	1,254.880	848.656	663.404	413.842	3,181.254
Children's social care - total (excluding SEND)	0.000	94.933	131.127	89.799	62.987	378.846
Housing - total (including homelessness services) excluding HRA	63.129	5.254	74.949	42.281	112.971	298.584
Environmental and regulatory services - total	33.564	68.097	67.512	66.704	63.556	299.433
Finance & corporate services - total	48.222	53.445	83.984	76.923	78.284	340.858
All other service areas not listed in rows above	184.550	634.578	584.924	564.737	395.137	2,363.926
Total	329.937	2,111.187	1,791.153	1,503.848	1,126.777	6,862.902



Income losses due to COVID-19 by class and source of income (£ millions) (2020-21)						
	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Business rates	276.498	0.000	194.192	207.351	537.667	1,215.708
Council tax	399.037	0.000	217.633	191.219	232.727	1,040.616
Sales fees and charges	516.426	194.923	553.907	396.745	475.728	2,137.728
Commercial income	82.448	24.159	120.629	204.211	52.154	483.600
Other	33.494	39.947	27.163	53.664	45.166	199.435
Total	1,307.903	259.029	1,113.524	1,053.190	1,343.441	5,077.087

The figures are available in full here:
<https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information>

CIPFA Financial Resilience Index

The Chartered Institute of Public Finance & Accountancy's (CIPFA) Financial Resilience Index is a comparative tool designed to provide analysis on resilience and risk and support good financial management.

CIPFA note "CIPFA's Financial Resilience Index is a comparative analytical tool that may be used by Chief Financial Officers to support good financial management, providing a common understanding within a council of their financial position.

The Index shows a council's position on a range of measures associated with financial risk. The selection of indicators has been informed by extensive financial resilience work undertaken by CIPFA over the past five years, public consultation and technical stakeholder engagement.

Section 151 officers may also use the index in their annual report to the council setting out the proposed budget for the year and medium-term financial strategy.

While the impact of COVID-19 resulted in a delay to the publication of the index, it is still able to provide a comprehensive pre-COVID baseline, illustrating the financial resilience of authorities as they entered the pandemic."

CIPFA found that "there was a real-terms reduction of £800m in the level of reserves in 2020 compared with the previous year. At the end of March 2020 council reserves levels stood at £24.6bn, around 3% lower than £25.4bn recorded at the same period in 2019."

CIPFA note "The index is made up of a set of indicators. These indicators take publicly available data and compare similar authorities across a range of factors. There is no single overall indicator of financial risk, so the index instead highlights areas where additional scrutiny should take place in order to provide additional assurance. This additional scrutiny should be accompanied by a narrative to place the indicator into context."



The Financial Resilience tool is available on the CIPFA website below:

<https://www.cipfa.org/services/financial-resilience-index-2021?crdm=0>

Good practice in annual reporting – National Audit Office

The National Audit Office (NAO) state that the guide, launched in February, “Sets out our good practice principles for good annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance

The NAO also state that the guide “provides further examples where bodies have made their context more understandable to the reader through use of graphics and clear language and signposting.”

However, The NAO observe ”Done well, reporting in the public sector enables the public and Parliament to understand – with ease and confidence – an organisation’s strategy and the risks it faces, how much taxpayers’ money has been spent and on what, and what has been achieved as a result.”

Further, the NAO note “The significant impacts of the pandemic emerged in the UK in mid-March 2020. This means that, for many organisations, the reporting impact will be greater in 2020-21 than in the prior year. Transparent annual reporting will help stakeholders understand the impact of COVID-19 on an organisation’s strategy, plans and operational and financial performance.”

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Examples of good practice from the public sector

Good practice in annual reporting

February 2021



Our interactive guide sets out our good-practice principles for good annual reporting and provides illustrative examples taken from public sector organisations we think are leading the way in this area.

We are the UK's independent public spending watchdog

External Relations
DP Ref 11971-001

The full report can be obtained from the NAO website:

<https://www.nao.org.uk/report/good-practice-in-annual-reports-february-2021/>

Government response to Redmond review – MHCLG

Government has published an update on the Ministry of Housing, Communities & Local Government response to Sir Tony Redmond's independent review into the effectiveness of external audit and transparency of financial reporting in local authorities.

The MHCLG press release states "The Audit, Reporting and Governance Authority (ARGA) – the new regulator being established to replace the Financial Reporting Council (FRC) – will be strengthened with new powers over local government audit, protecting public funds and ensuring councils are best serving taxpayers.

 The new regulator, which will contain a standalone local audit unit, will bring all regulatory functions into one place, to better coordinate a new, simplified local audit framework.

ARGA will continue to act as regulator and carry out audit quality reviews as the FRC does now. It will now also provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice – the guidelines councils are required to follow.

The government has confirmed that the Public Sector Audit Appointments (PSAA) will continue as the appointing body for local audit, in charge of procurement and contract management for local government auditors.

In the immediate term, MHCLG will set up and chair a Liaison Committee, which will comprise senior stakeholders across the sector that will oversee the governance of the new audit arrangements and ensure they are operating effectively."

The press release goes on to state the "measures finalise the government's response to Sir Tony Redmond's independent review into local audit, carried out last year.

The government has already announced £15 million to support councils with additional costs in audit fees, and recently consulted on the distribution of this funding. Government is also consulting on improving flexibility on audit fee setting and has extended the deadline for when councils must publish their audited accounts.



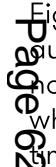
The press release can be found here:

<https://www.gov.uk/government/news/government-publishes-update-to-audit-review-response>

2019/20 audited accounts – Public Sector Audit Appointments

In December 2020 Public Sector Audit Appointments (PSAA) published figures relating to the audit of 2019/20 local authority financial statements.

PSAA report “Audit arrangements in local councils, police, fire and other local government bodies are continuing to exhibit signs of stress and difficulty. In the latest audit round, focusing on 2019/20 financial statements and value for money arrangements, fewer than 50% of bodies’ audits were completed by the revised target of 30 November.

 Figures compiled by PSAA, the organisation responsible for appointing auditors to 478 local bodies, reveal that 55% (265) of audit opinions were not issued by 30 November. This is a further deterioration on 2018/19 audits when 43% of opinions (210 out of 486) were delayed beyond the then target timetable of 31 July.”

By 30 November, Grant Thornton had signed 113/208 audits (a 55% completion rate), meaning that only 45% of audit opinions were not signed by 30 November, compared to the 55% all firms average.

PSAA go on to note “This year’s timetable has been deliberately eased by Ministers in recognition of the underlying pressures on the audit process and the significant added complications arising from the Covid-19 pandemic. The pandemic has posed practical challenges for bodies in producing accounts and working papers, and for auditors to carry out their testing. Both sets of staff have had to work remotely throughout the period, and the second national lockdown came at a critical point in the cycle.

Questions and concerns about the potential implications of the pandemic for some bodies have meant that both finance staff and auditors have needed to pay particular attention to the financial position of each entity. Additionally, following a series of increasingly challenging regulatory reviews, auditors have arguably been more focused than ever on their professional duty to give their opinion only when they are satisfied that they have sufficient assurance.”



The news article can be found here:

[News release: 2019/20 audited accounts – PSAA](#)

Consultation on 2023-24 audit appointments – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) is consulting on the Draft prospectus for 2023 and beyond.

PSAA state “Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

The objectives of the procurement are to maximise value for local public bodies by:

- P**age 63
 - securing the delivery of independent audit services of the required quality;
 - awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;
 - encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
 - encouraging audit suppliers to submit prices which are realistic in the context of the current market;
 - enabling auditor appointments which facilitate the efficient use of audit resources;
 - supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and
 - establishing arrangements that are able to evolve in response to changes to the local audit framework.”

The plans include proposals to adjust the procurement ratio between quality and costs from an equal 50:50 to 80:20, as well as trying to bring new suppliers in to the market.

The consultation on the PSAA’s proposals closes on 8 July.



The news article can be found here:

<https://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/draft-prospectus-for-2023-and-beyond/page/7/>

Councils given power to build more homes for first time buyers and for social rent – MHCLG

The Ministry of Housing, Communities & Local Government (MHCLG) has announced that councils in England will have more freedom on how they spend the money from homes sold through Right to Buy to help them build the homes needed in their communities.

The MHCLG press release states the “package will make it easier for councils to fund homes using Right to Buy receipts, including homes for social rent, and give them greater flexibility over the types of homes they provide to reflect the needs of their communities.

It will also give councils more time to use receipts and to develop ambitious building programmes. The government wants homes supplied using Right to Buy receipts to be the best value for money, and to add to overall housing supply, to help towards delivering 300,000 new homes a year across England by the mid-2020s.”

The press release goes on to note “New measures include:

- extending the time councils have to spend Right to Buy receipts from 3 years to 5 years
- increased cap on the percentage cost of new homes councils can fund from Right to Buy receipts raised from 30% to 40% per home, making it easier to build replacement homes
- allowing receipts to be used for shared ownership, First Homes, as well as affordable and social housing, to help councils build the homes their communities need
- introducing a cap on the use of Right to Buy receipts for acquisitions to help drive new supply.”



The press release can be found here:

<https://www.gov.uk/government/news/councils-given-power-to-build-more-homes-for-first-time-buyers-and-for-social-rent>

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Agenda Item 5



Audit Panel

Report title: Progress on 2019/20 External Audit Action Plan

Date: 16 September 2021

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Executive Director for Corporate Resources

Outline and recommendations

The purpose of this report is to provide an update to members of the Audit Panel on the 2019/20 action plan arising from the audit process for that year. This includes the action plans for the main accounts, Pension Fund and Oracle and general IT controls.

Members of the Audit Panel are asked to note the contents on the report.

1 Summary

- 1.1 This report provides an update to members of the Audit Panel on the action plans pertaining to the main accounts, and Pension Fund for 2019/20 and Oracle and general IT controls.

2 Recommendation

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

3 Policy Context

- 3.1 The information set out in the financial accounts is consistent with the delivery of the Council's corporate priorities (contained within the Corporate Strategy 2018-22) and is particularly relevant to the Council's strong and resilient framework for prioritising action which has assisted the organisation in the face of austerity and ongoing cuts to local government spending.

4 Action Plans

- 4.1 The officers' updates to the action plans are attached as follows:

- Appendix A – Main Accounts
- Appendix B – Oracle and General IT
- Appendix C – Pension Fund

5 Implications

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

6 Conclusions

- 6.1 The appended documents provide Audit Panel members with updates on officers' progress in implementing recommendations arising from the 2019/20 external audit.

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Audit Findings Report 2019/20 – Appendix A – Assessment Issue and Risk Recommendations
Officer Action Plan for Main Accounts – Updated for Audit Panel 16th September 2021

Assessment (GT)	Issue and Risk (GT)	Recommendations (GT)	Responsible Officer (LBL)	Officer Action (LBL)	Target Date (LBL)	Completed Date (LBL)
1) High	The draft financial statements provided for audit continued to contain more misstatements than expected. A robust management review may have identified and corrected some of these misstatements prior to submission for audit.	Ensure that sufficient time is built into your closedown processes to enable a robust management and quality review to be completed prior to the financial statements being submitted for audit.	Acting Group Finance Manager (Core Accounting)	<ul style="list-style-type: none"> Closing timetable for 2020/21 was revised, updated and agreed. It makes clear of the intention for the draft statement of accounts and associated working papers to be circulated to members of the senior finance leadership team on 18th June. There then follows two extended 'page turn' review sessions with this team on 21st and 28th June. This period of time from 18th June, including these two dedicated sessions allow sufficient review time for senior management before the draft accounts are formally submitted to the external auditors on 30th June 2021 	<ul style="list-style-type: none"> Completion of initial draft by 18/06/21 Senior Finance Leadership Team review meetings on 21/06/21 and 28/06/21 Submission to GT and proposed start of the public inspection period 	Draft completed by 18/06/21 and in depth review meetings held with senior managers as planned. Submission made on time to GT and the Public Inspection Period ran from 6 th July to 19 th August 2021
2) Medium	The Council did not request their external valuers' to undertake a valuation of all their surplus assets in accordance with International Financial Reporting Standards.	Check that the instructions given to your external valuers' are in line with the Accounting Standards.	Acting Group Finance Manager (Core Accounting)	<ul style="list-style-type: none"> Terms of engagement sent to valuers' on 22/01/21. Checked that these are in line with Accounting Standards. 	22/01/21	Completed 22/01/21
3) Medium	Our sample cut-off testing from bank statements in April and May 2020	All officers of the Council need to be	Acting Group Finance Manager	- Officers to be reminded of this requirement via updated closing guidance notes	- Update and issue guidance	Completed by 30 th June 2021

	<p>identified 4 expenditure items totalling £175k that related to 2019/20 that had not been accrued. This error extrapolated to £1,811k.</p> <p>Similarly our sample testing of invoices received in April and May 2020 identified expenditure items totalling £346k that related to 2019/20 that had not been accrued. We extended our testing and did not find any more errors. This error extrapolated to £4,842k.</p> <p>Your cut-off procedures need strengthening to ensure that expenditure is coded in the year in which it relates.</p>	<p>reminded of the importance of coding expenditure to the year in which it relates. Review processes need to be enhanced to identify any potential unrecorded liabilities.</p>	(Core Accounting)	<ul style="list-style-type: none"> - This reminder will be reinforced as part of the annual 'all finance staff' meeting dedicated to the close down and audit process in early March 2021. - Extensive review work has been carried out during the closing process. 	<p>notes by 19/02/21</p> <ul style="list-style-type: none"> - Review work by 04/06/21 	
4) Medium	<p>The Council requires Members to declare any interests at the beginning of meetings and to update their declarations if there are changes to their existing circumstances. These declarations are held in a central database and the Council's website updated accordingly. However, the Council does not have in place an annual declaration form for Members to complete as part of the accounts process.</p>	<p>All Members should be required to complete a year end declaration of interest form.</p> <p>Nil returns should be mandatory.</p>	Head of Governance Support & Acting Group Finance Manager (Core Accounting)	<ul style="list-style-type: none"> - Send form to all Members at year-end - Ensure that all forms are returned, including nil returns 	<p>- Sent form by 01/04/21</p> <ul style="list-style-type: none"> - Most members have responded, including all new members - Reminder sent week commencing 14th June - All to be returned by 25th June 	<p>Return completed with the exception of one form which continues to be actively sought.</p>

	There is a risk that related party disclosures could be missed.					
5) High	<p>Our testing of IT General Controls identified the following findings which have been reported in detail to management:</p> <ul style="list-style-type: none"> • System Administrator accounts with excessive elevated business responsibilities • End-users with critical IT privileges within Oracle • Lack of defined IT processes for Oracle Fusion • Minimal password security within Oracle • Audit logging is not proactively monitored within Oracle • Lack of Periodic Third-Party Service Assurance Report Review for Oracle, ResourceLink and Academy • End-users, IT managers and leavers with Security Administration Rights within Academy, ResourceLink and Active Directory • Periodic Employee Acknowledgement of InfoSec Policy Requirements • Removing Leavers' Access Rights within Academy and Active Directory 	<p>Management should implement the recommendations raised in the IT General controls report.</p>	Director for IT and Change	<p><i>Please note – detailed update attached at Appendix B</i></p>	<p><i>Please note – detailed update attached at Appendix B</i></p>	

	<ul style="list-style-type: none"> • Inadequate Minimum Password Length Enforcement within ResourceLink • Lack of Policies, Processes and Security for Batch Processing 					
6) Medium	Brief explanations are provided within reports, explaining reasons why individual savings programmes have not delivered. The reports would be further enhanced by explaining the action the Council is taking to bring the savings back on track and highlighting progress of alternative programmes to mitigate the under-delivery.	Explain in savings monitoring reports action the Council is taking to bring under-performing savings programmes back on track and the progress of alternative programmes which are mitigating the under-delivery.	Director of Corporate Services	<ul style="list-style-type: none"> - This is currently set out in the 2019/20 financial forecasts reports (which are presented to EMT monthly) and the Financial Results report presented to M&C on 9th June - RAG rated assessment of the delivery of achieved savings have been introduced as part of monthly reporting. - Continued improvement of the explanations form part of the month by month improvements of reporting on savings plans with support from the newly re-formed PMO. 	This is under continual review and a comprehensive assessment of savings delivery was provided as part of the 2020/21 financial results report in June 2021	This is as per the update to Audit Panel in June in that this activity remains under continual review.
7) Medium	A third of the proposed savings were not delivered. This indicates potential weaknesses in the arrangements for identifying suitable and realistic savings schemes and / or arrangements for ensuring effective implementation. The need to understand the reason for under-delivery is particularly important given the increased savings	Review processes for identifying suitable savings schemes and ensuring proposals are appropriately scrutinised, risk rated and achievable. Review processes for effective implementation of approved savings schemes to ensure they can be	Director of Corporate Services	<ul style="list-style-type: none"> - Wider and continued engagement with Executive Directors and Directors as part of the Senior Leadership Team meetings and networks - A process has now been developed where savings proposals are considered as being Director led and owned. - Review meetings of 'at risk' proposals by the CE and S.151 officer. 	<ul style="list-style-type: none"> - Following review of 20/21 experience review of process for 21/22 and future years in line with MTFS agreed. - New approach 	<p>Preparations completed for 3 February 2021</p> <p>Focus will now move to implementing the cuts and reporting on delivery via</p>

	<p>requirements built into your future financial plans.</p>	<p>implemented effectively and within the agreed timescales.</p>			<p>has ensured strong EMT engagement and thematic focus for identifying service and cross-cutting opportunities aligned to Covid recovery plans</p> <ul style="list-style-type: none"> - New Project Management Office resource invested in to coordinate the delivery of agreed cuts – linked to CX/s151 reviews - This work has been scrutinised as part of the cuts proposals and the approach confirmed in the draft budget 	<p>regular monitoring</p>
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Audit Findings Report 2019/20

Appendix B – Update on action relating to Oracle and General IT controls – Updated for Audit Panel 16th September 2021

Officer Action Plan – Oracle Technical

No.	Observation	Recommendation	Response
4.1.1 Completed	Our testing of IT General Controls identified the following findings which have been reported in detail to management: <ul style="list-style-type: none">• System Administrator accounts with excessive elevated business Responsibilities	A detailed review should be undertaken of all responsibilities in use that are allocated to the Lewisham environment. Access to functions and data should be based on a least privileged principle. The scope of this review should include Lewisham users and responsibilities that have been copied from default responsibilities.	System Administrator accounts with excessive elevated business responsibilities – this level is a prerequisite for system administration. Please see response to those individuals with “IT Security Manager”. There are currently 4 named accounts in use, and these are the essential members of the Oracle Systems Administration team, and are required to have this level of access in supporting the system. Note, whilst there are 3 generic accounts within the system (Interface User; Lewisham Buyer; Lewisham Scheduler) These are used internally only within the system processes and are therefore required for specific Cloud processing – these accounts are not available for an individual user to be able to access. The remainder of any generic accounts that were in use during development and implementation have been removed as recommended. Access will be reviewed monthly – Process has been agreed with Evosys. SR is maintained to ensure this process. SR#106237
4.1.2 Completed	End-users with critical IT privileges within Oracle	Access to critical IT security privileges within Oracle should be transferred to IT system administrators who do not perform end-user duties. All security access rights within Oracle granted to end-users should be revoked.	End-users with critical IT privileges within Oracle Lewisham will arrange a 6 monthly review of user access, whereby managers sign off on their staffs role access, including elevated access integral to the service areas'
No.	Observation	Recommendation	Response

			Self-management of the system. This review process is now scheduled for early Feb 21.
4.1.3 Completed	Lack of defined IT processes for Oracle Fusion	<p>Processes should be established for Oracle in BAU and there should be a formal handover to the Oracle Systems Team.</p> <p>As a minimum, formal processes should be established and enforced around:</p> <ul style="list-style-type: none"> • User Access Management • Access rights review • Change Management 	<p>User Access Management</p> <ul style="list-style-type: none"> • There is a formal process in place for ERP for allocating roles, approved by the group finance manager, director of service & director of financial services or executive director for corporate services. • For HR/Payroll a similar process is in place for allocating roles, approved by Data owners for HR and Payroll respectively. <p>Access rights review:</p> <ul style="list-style-type: none"> • Lewisham have arranged a 6 monthly review of user access, whereby managers sign off on their staffs role access, including elevated access integral to the service area's self-management of the system nb., any leaver will have all roles revoked automatically by HR on termination. <p>Change Management</p> <ul style="list-style-type: none"> • Lewisham now have a process to sign off and document the formal process for recording and approving significant changes to the Oracle Cloud system is in place now. Oracle CAB is held weekly to manage Oracle changes.
4.1.4 Completed	Minimal password security within Oracle	<p>Management should enable account lockout controls within Oracle to address the risk of password cracking.</p> <p>Users should be forced to change their passwords a maximum of every 90 days.</p> <p>Password complexity should be introduced.</p>	<p>Lewisham Oracle users use the Council's single sign on (SSO) policy and therefore do not use username/password at sign in.</p> <p>SSO has a complex password and expiry rules, contravention of which will lock out Oracle access.</p>
No.	Observation	Recommendation	Response
			<ul style="list-style-type: none"> • These are currently: Passwords may not contain the user's AccountName (Account Name) value or entire displayName (Full Name value). Both checks are not case sensitive. • The password contains characters from three of the following categories: o Uppercase letters of European languages (A

			<p>through Z, with diacritic marks, Greek and Cyrillic characters)</p> <ul style="list-style-type: none"> - Lowercase letters of European languages (a through z, sharps, with diacritic marks, Greek and Cyrillic characters) - Base 10 digits (0 through 9) - Non-alphanumeric characters (special characters): (~!@#\$%^&*_-+=` \(\){}[];"<,.?/) Currency symbols such as the Euro or British Pound are not counted as special characters for this policy setting. - Any Unicode character that is categorized as an alphabetic character but is not uppercase or lowercase. This includes Unicode characters from Asian languages. - Enforce Password history; 20 passwords remembered - Maximum password age; 90 days; - Minimum password age; 1 day - Minimum password length; 9 chars - Password must meet complexity requirements; enabled
No.	Observation	Recommendation	Response
4.1.5 Completed 16/9/2021 UPDATE: This should have the status of 'Completed' given the last UPDATE on this item	Audit logging is not proactively monitored within Oracle	Given the criticality of data accessible through Oracle, logs of information security events (i.e., login activity, unauthorised access attempts, access provisioning activity) created by these systems should be proactively, formally reviewed for the purpose of detecting inappropriate or anomalous activity. These reviews should ideally be performed by one or more knowledgeable individuals who are independent of the day-to-day use or administration of these systems.	<p>1) login activity Lewisham AMT (Cloud systems support) will identify requisite report(s) by Sept 2020 and request Internal Audit to review on an interval agreed by them.</p> <p>UPDATE: Only standard report available provides data on last date a user has logged in, rather than all login activity.</p> <p>2) unauthorised access attempts Lewisham AMT (Cloud systems support) will identify requisite report(s) by Sept 2020 and request Internal Audit to review on an agreed interval</p> <p>UPDATE: Unauthorised access is not possible, or the control does not exist at Oracle app level.</p>

		<p><i>Access is via single sign-on, linked to Active Directory. If a user is not authenticated on the network then they cannot access Oracle. If they can access Oracle then they must have been 'authorised' via SSO (single sign on via Active Directory) and hence through their network access/credentials.</i></p> <p>3) access provisioning activity) There is a formal process in place for ERP for allocating roles, approved by the group finance manager, director of service & director of financial services or executive director for resources & regeneration. For HR/Payroll a similar process has been signed off post HyperCare period (Sept 2020). Both will have the necessary audit trail.</p> <p>UPDATE: Processes in place for both Finance and HCM</p>
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General IT Controls

No.	Observation	Recommendation	Response
4.2.1 In progress	Lack of Periodic Third-Party Service Assurance Report Review for Oracle, ResourceLink and Academy.	We recommend management implement a process to periodically (for example annually) obtain a SOC or ISAE 3402 Assurance report. The report should then be formally reviewed, and any ineffective controls / auditor findings assessed for local relevance and impact. Consideration should also be given to identifying any user entity controls specified within the report and ensuring those are implemented locally and operating effectively.	<p>Oracle Cloud: Lewisham will obtain yearly SOC's from Oracle and formally review recommendations, For ERP & HR/Payroll this will commence post HyperCare (Sept 2020)</p> <p>UPDATE: This remains in progress and the Director of IT and Digital is considering employing a third party to conduct reviews subject to cost.</p> <p>16/9/2021 UPDATE: Oracle Cloud This still remains in progress. An update will be sought from the Director of IT and Digital re employing a third party to conduct reviews, subject to cost or detailing an alternative approach.</p> <p>ResourceLink: Mitigated, as RL is now an archive system</p>

			Academy (Thanh Ngo): Regular service assurance is provided by Capita CST, with whom the Council has a support contract for the Academy system. Capita CST provide monthly reports and, in addition, monthly service review meetings are held with them.
4.2.2 Completed	End-users, IT managers and leavers with Security Administration Rights within Academy, ResourceLink and Active Directory	The responsibility of administering security within Academy, ResourceLink and Active Directory should be transferred to IT system administrators who do not perform end-user duties. All security administration rights within Academy, ResourceLink and Active Directory granted to end-users or leavers should be revoked.	<p>ResourceLink :</p> <p>Mitigated as ResourceLink is now a read-only, archive system. Within the system administration there is an added layer of security with only IT system administrators gaining access with a secure password. An option to prevent users from accessing their own record is available. An option exists to create a new security profile. If system was live.</p> <p>Active Directory:</p> <p>The shared service would not be responsible for managing the security within the Academy and ResourceLink applications. The shared service is responsible for managing Active Directory however. The users in the domain admins group is now reviewed regularly by the Enterprise Support team within the shared service. It is true that the Head of Operations has a domain admins account (in addition to a standard account) but this is required for dealing with priority 1 issues that occur outside of business hours (8am to 6pm Monday to Friday) as there is currently no formal out of hours support offered by the shared service.</p>
No.	Observation	Recommendation	Response

4.2.3 In progress	Periodic Employee Acknowledgement of InfoSec Policy Requirements	<p>Management should introduce a process whereby existing employees are required to periodically (at least annually) formally acknowledge that they have read, understand, and will abide by requirements outlined in the organisation's information security policies. Documentation of these acknowledgements should be retained on file for future reference.</p>	<p>Information Governance Team (Tressina Jones): The Council has purchased a new system called Meta Compliance. This monitors, tracks and reports on completion and acceptance of all training and policies and we can include the council's security policy, or any other policy required to meet this audit requirement; i.e. it would ensure that the Council have a periodic employee acknowledgement / acceptance of council policy / procedure in place that is tested regularly. Due to resourcing issues the introduction of new policies/training into the system has been put on hold until the service is back to full FTE, at which point the above will be planned and implemented.</p> <p><i>UPDATE: 16/09/21</i></p> <p><i>Information Security & Governance will be upgrading Meta-compliance by the end of October 2021. Once completed, it will allow:</i></p> <ul style="list-style-type: none"> • <i>Meta Compliance to pull staff data from Azure AD which has recently been synced with data held in Oracle.</i> • <i>Allow us to introduce a communications plan which will include pushing IT security policies out to staff and getting their acceptance</i> • <i>Accurately report on take up rate/non-compliance and for future reference.</i>
4.2.4 This is no longer applicable	Removing Leavers' Access Rights within Academy and Active Directory	<p>All logical access within financially critical systems belonging to terminated personnel (i.e. "leavers") should be revoked in a timely manner (preferably at time of termination). Security administrators of financially critical applications</p>	<p>Academy : Academy Benefits is accessed via SSO, based on the user's network credentials. Therefore access is cease with immediate effect as soon as AD account is disabled by SICTS, following the completion of the leaver form by the user's line manager. This process is</p>

		<p>should be provided with (a) timely, proactive notifications from HR of leaver activity for anticipated terminations and (b) timely, per-occurrence notifications for unanticipated terminations.</p> <p>Security administrators of financially critical applications should then use these notifications to either (a) end-date user accounts associated with anticipated leavers or (b) immediately disable user accounts associated with unanticipated leavers.</p>	<p>outside the scope of the Benefits Control Team it is reliant on the user's line manager to submit the leaver form in a timely manner for SICTS to complete the process. Therefore remedy would have to come from a review/improvement of the corporate.</p> <p>Leavers' process, not from within Revs & Bens.</p> <p>Active Directory : The leavers' process is currently being reviewed but part of that process is that the account is disabled and should therefore remove access to all systems that use Active Directory for authentication. The shared service does not manage security within applications themselves.</p> <p>UPDATE: 16/09/21</p> <p><i>On review, the corporate leavers' process is completely outside of Oracle. Managers input resignations only onto Oracle to terminate the HR record for HR/Pay purposes, but for all leavers (redundancy, dismissals etc., and including resignations) they should be completing the online leavers form available on the intranet which is what tells STS to disable the network account, which should then end access to any systems that use Single Sign On.</i></p>
4.2.5 Completed	Inadequate Minimum Password Length Enforcement within ResourceLink	The organisation should enable minimum password length restrictions within ResourceLink to a value in-line with best practices.	ResourceLink: On recommendation password minimum length increased to eight characters with a minimum of three character types required.
4.2.6 Completed	Lack of Policies, Processes and Security for Batch Processing	Documented policies and processes should be established and disseminated for batch processing.	Oracle Cloud: There are documented processes in place and the 2 examples provided by the auditor of batch processing in Oracle Cloud have been demonstrated (evidence was emailed separately April 2020) They are 1) 3 1 3 - Oracle -

			<p>Scheduled process error logs - F59D6451 2) 3 1 2 - Oracle - AP Liability Reconciliation DEC 2019-20 (Cloud). These processes are the responsibility of Lewisham Core Accounting, Financial Services Group.</p> <p>ResourceLink :</p> <p>Responsibility and main contacts for this would be with Lewisham's Payroll Team. This is now mitigated as RL is now an archive read- only system.</p> <p>Academy :</p> <p>Capita CST, with whom the Council has a support contract for the Academy system, are responsible for all Academy batch processing.</p>
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Audit Findings Report 2019/20 – Appendix C – Assessment Issue and Risk Recommendations

Officer Action Plan for Pension Fund Accounts – Updated for Audit Panel 16th September 2021

Assessment (GT)	Issue and Risk (GT)	Recommendations (GT)	Responsible Officer (LBL)	Officer Action (LBL)	Target Date (LBL)	Completed Date (LBL)
1) Medium	The current set-up of the general ledger is not conducive for financial reporting. This results in management having to make several significant adjustments each year outside of the ledger to consolidate the pension fund financial statements. This makes the process more time-consuming and increases the potential for errors/omissions to occur.	Management should reconfigure the ledger so that it is in line with external reporting and minimizes (or eliminates) the need for manual adjustments.	Director of Corporate Services	<p>None taken as yet – requires external custodian to reconfigure reporting (which has been discussed but exercise yet to be undertaken) and ledger adjustments to historical balances, also yet to be completed.</p> <p>The fund is undertaking a significant number of mandate changes and transition of funds. The team is also experiencing significant personnel changes currently which has slowed plans for this work. This action will be picked up once the above are stabilised.</p> <p>Discussions with custodian to align this work remain ongoing as reported in June 2021.</p>	<p>Slipped from 31/12/2020</p> <p>Will now be post 2020/21 audit – Sept 2021</p>	



Audit Panel

Report title: Risk Assessment – Management Responses

Date: 16 September 2021

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Executive Director for Corporate Resources

Outline and recommendations

The purpose of this report is to contribute towards the effective two-way communication between the London Borough of Lewisham Council's and Pension Fund's external auditors and the London Borough of Lewisham Council's and Pension Fund's Audit Panel, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Panel under auditing standards.

1 Summary

- 1.1 The purpose of this report is to contribute towards the effective two-way communication between the London Borough of Lewisham Council's and Pension Fund's external auditors and the London Borough of Lewisham Council's and Pension Fund's Audit Panel, as 'those charged with governance'.

2 Recommendation

- 2.1 The Audit Panel are asked to consider whether these responses (attached in the appended document) are consistent with its understanding and whether there are any further comments it wishes to make.

3 Policy Context

- 3.1 The information set out in the financial accounts is consistent with the delivery of the Council's corporate priorities (contained within the Corporate Strategy 2018-22) and is particularly relevant to the Council's strong and resilient framework for prioritising action which has assisted the organisation in the face of austerity and ongoing cuts to local government spending.

4 Background

- 4.1 Under International Standards on Auditing (UK), (ISA (UK)) auditors have specific responsibilities to communicate with the Audit Panel. ISA (UK) emphasise the importance of two-way communication between the auditor and the Audit Panel and also specify matters that should be communicated.
- 4.2 This two-way communication assists both the auditor and the Audit Panel in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Panel and supports the Audit Panel in fulfilling its responsibilities in relation to the financial reporting process.
- 4.3 As part of our risk assessment procedures there is an understanding of management processes and the Council's and Pension Fund's oversight of the following areas:
- General Enquiries of Management
 - Fraud,
 - Laws and Regulations,
 - Related Parties, and
 - Accounting Estimates.

5 Implications

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

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Informing the audit risk assessment for the London Borough of Lewisham Council and Pension Fund 2020/21

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between the London Borough of Lewisham Council's and Pension Fund's external auditors and the London Borough of Lewisham Council's and Pension Fund's Audit Panel, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Panel under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Panel. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Panel and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Panel in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Panel and supports the Audit Panel in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Council's and Pension Fund's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from the London Borough of Lewisham Council's and Pension Fund's management. The Audit Panel should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?	These will be disclosed in full in the suite of financial statements for 2020/21. Therefore, there are no significant issues or events other than those to be disclosed in the statements. Nonetheless some of the key issues will be the financial effects of the Covid-19 pandemic; change of s151 officer; Covid-19 procurement rule changes – more extensions; withdrawal of NHS FT claim for charitable status on business rates; new ISA/IFRS requirements and enhanced VFM work, asset valuations and related capital calculations.
2. Have you considered the appropriateness of the accounting policies adopted by the London Borough of Lewisham Council and Pension Fund?	Yes – the current accounting policies of the Council are considered to be appropriate.
Have there been any events or transactions that may cause you to change or adopt new accounting policies?	No – there are no such events or transactions; although length of depreciation on assets currently at 40 years will likely be considered as part of development programme as to whether for HRA and/or GF this should move to 50 years.
3. Is there any use of financial instruments, including derivatives?	Not in the main accounts. There are level 3 investments in the pension fund. There are no significant investments held by group entities.
4. Are you aware of any significant transaction outside the normal course of business?	There are existing loans to Lewisham Homes (ALMO) to acquire houses – circa £37 million. In addition, Covid-19 work has required business rates system to be used out of context and push out reliefs and grants when usually used to collect tax. Also we have pushed money through care provider contracts and as grants to support the Covid response, terminated the Fusion leisure contract early and paid into the London mortuary arrangements.

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	Not in the council single entity accounts; but in the group accounts CRPL are at the limits of borrowing secured against value of assets, as valuations have dropped due to Covid-19.
6. Are you aware of any guarantee contracts?	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	Any such contingencies will be disclosed in the 'contingent liabilities' note to the accounts – there are no others to be disclosed.
8. Other than in house solicitors, can you provide details of those solicitors utilised by the London Borough of Lewisham Council and Pension Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The Legal Team uses support from external Counsel and external legal firms when needed. In relation to term-time working cases, advice was sought from Counsel.

General Enquiries of Management

Question	Management response
9. Have any of the London Borough of Lewisham Council's or Pension Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No frauds reported, but following judgements on McCloud and Goodwin cases additional retrospective work is required to be completed to address any gender and age discrimination in payment of pensions.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	We have consulted PWC with regard to housing and regeneration schemes, and also for VAT advice. For Treasury we use Link Asset Services for advice (they were used for regular benchmarking and interest rate and general economic forecasting in support of TMS and MTFS) and for Pensions we use Hymans Robertson as consultant and advisors (used for all investment strategy and risks, mandate advice and actuarial services).

Fraud

Issue

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Panel and management. Management, with the oversight of the Audit Panel, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Panel should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As the London Borough of Lewisham Council's and Pension Fund's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Panel regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Panel oversees the above processes. We are also required to make inquiries of both management and the Audit Panel as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the London Borough of Lewisham Council's and Pension Fund's management.

Fraud risk assessment

Question	Management response
1. Have the London Borough of Lewisham Council and Pension Fund assessed the risk of material misstatement in the financial statements due to fraud?	Yes
How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?	The Council has good arrangements including a counter fraud team, policies and procedures – overseen by the Audit Panel. The Council also has a whistleblowing policy with cases reported by the monitoring officer to the Standards Committee. These are set out in the Anti-Fraud and Corruption Team (AFACT) updates to the Audit Panel. No frauds have been identified which would be material to the Accounts; a number of housing and benefits cases have arisen and a small number of staffing cases. These are reported to EMT quarterly and annually to the Audit Panel and online as per the requirements of the Transparency Code.
How do the Council's and Pension Fund's risk management processes link to financial reporting?	Service managers raise risks which may relate to finances which feed into Service Plans, Directorate and Corporate risk registers. Through the monthly financial monitoring process to EMT (quarterly to M&C) risks from business activity and change are discussed.
2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	Treasury management activity and the Financial Transactions Team activity which includes accounts payable. A further class of activity would include Pension Fund valuations and transactions, hence the appointment of a custodian.

Fraud risk assessment

Question	Management response
3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the London Borough of Lewisham Council and Pension Fund as a whole or within specific departments since 1 April 2020?	No frauds have been identified which would be material to the Accounts; a number of housing and benefits cases have arisen and a small number of staffing cases.
As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	All fraud is reported in the annual report to Audit Panel – this is scheduled for June 2021. In addition, the Internal Audit Manager provides a regular update to each meeting of the Audit Panel. The Director for Corporate Services presents the Counter Fraud reports noted above.
4. Have you identified any specific fraud risks?	No
Do you have any concerns there are areas that are at risk of fraud?	No
Are there particular locations within the London Borough of Lewisham Council and Pension Fund where fraud is more likely to occur?	As already stated, there is theoretically a greater risk of fraud within the Treasury Management and the Financial Transactions teams, because of their payment activities. Appropriate controls are in place to mitigate these risks. The change of payroll and pensions administration system is an added risk for 20/21 – also now subject to extended internal audit checks.
5. What processes do the London Borough of Lewisham Council and Pension Fund have in place to identify and respond to risks of fraud?	From a fraud perspective, the internal audit process is relied on to identify significant weaknesses (apart from Covid-19 funding activities, where there is a proactive programme to prevent fraud). If an investigation highlights a significant weakness, work is undertaken with the service area to resolve and make audit aware so this could be factored into future audits.

Fraud risk assessment

Question	Management response
<p>6. How do you assess the overall control environment for the London Borough of Lewisham Council and Pension Fund, including:</p> <ul style="list-style-type: none"> • the existence of internal controls, including segregation of duties; and • the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>The risk of fraud is managed within the general financial control framework: Financial Regulations, Anti Fraud & Corruption Policy, Whistle-blowers policy etc. All of these policies, procedures and guidelines are reviewed on a regular basis and are submitted for approval to the Audit Panel or - if more appropriate - the Constitutional Working Party, the Standards Committee and/or the Public Accounts Select Committee.</p> <p>In the case of weaknesses resulting in fraud or the risk of fraud, any outstanding actions would also be reported to Audit Panel. In addition, the Anti-Fraud & Corruption Manager has a direct reporting line to the Director of Corporate Resources if immediate action was to be needed.</p> <p>Staff training regarding ethical business practices and regarding the general financial control framework.</p> <p>We are not aware of any such override of controls.</p>
7. Are there any areas where there is potential for misreporting?	No

Fraud risk assessment

Question	Management response
8. How do the London Borough of Lewisham Council and Pension Fund communicate and encourage ethical behaviours and business processes of its staff and contractors?	The Director of Law, Governance & HR delivers an annual training session on ethical matters. Such matters are also covered as part of the fortnightly meetings of the DMT. The Council has an officers' code of conduct and related policy documents that all new staff are required to sign up to. These documents are available on the Council's intranet for officers to view. In addition to this, awareness training sessions are held for officers on the code of conduct, fraud and financial procedures.
How do you encourage staff to report their concerns about fraud?	Staff are encouraged to report their concerns via their line manager or via the whistle-blowing policy.
What concerns are staff expected to report about fraud?	Staff are expected to report any concerns about fraud if they have any suspicions about a colleague's actions in this respect or if they see a potential weakness in a financial control.
Have any significant issues been reported?	No significant concerns have been reported.
9. From a fraud and corruption perspective, what are considered to be high-risk posts? How are the risks relating to these posts identified, assessed and managed?	Chief Executive and Executive Management Team, Deputy s151, Director of Financial Services and Head of Payroll and Pensions, Procurement and Accounts Payable teams, Housing services and Benefits team, contract managers. Risks are identified and addressed through the Council's constitution, control framework, and service plans and procedures. The Constitution covers financial and procurement regulations, rules on decision making and delegations to ensure transparency, segregation of duties, and scrutiny. These in practice are then implemented through operational controls – procedures and systems – with records kept of decisions and transactions.
10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? How do you mitigate the risks associated with fraud related to related party relationships and transactions?	No Amongst the anti-fraud policy material, there are specific documents relating to: contract procedure rules; members' code of conduct; and code of corporate governance; plus the register of interests and checks via procurement when letting and managing contracts.

Fraud risk assessment

Question	Management response
11. What arrangements are in place to report fraud issues and risks to the Audit Panel?	The Council has good arrangements including a counter fraud team, policies and procedures – overseen by the Audit Panel. The data for these are set out in the Anti-Fraud and Corruption Team (AFACT) updates to the Audit Panel. The Council also has a whistle-blowing policy with cases reported by the monitoring officer to the Standards Committee.
How does the Audit Panel exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?	The Audit Panel receives regular progress updates and an annual report from the Director of Corporate Resources. These include updates on internal control and risk issues and assess the level of assurance attributable to all areas included in the Audit Plan. The Panel also reviews internal audit reports with a 'limited' or 'no assurance' rating where deemed appropriate and necessary, and regularly reviews the strategic risk register. Where necessary the Audit Panel may also recommend sending audit reports to the relevant board of trustees and/or governors.
What has been the outcome of these arrangements so far this year?	No frauds have been identified which would be material to the Accounts; a number of housing and benefits cases have arisen and a small number of staffing cases.
12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	No
13. Have any reports been made under the Bribery Act?	No

Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Panel, is responsible for ensuring that the London Borough of Lewisham Council's and Pension Fund's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Panel as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
1. How does management gain assurance that all relevant laws and regulations have been complied with?	<p>Management relies on delivery of the approach set out in the Council's constitution, and on day-to-day management action including from the Council's legal and financial functions.</p>
<p>What arrangements does the London Borough of Lewisham Council and Pension Fund have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's or Pension Fund's regulatory environment that may have a significant impact on the Council's or Pension Fund's financial statements?</p>	<p>The Constitution contains requirements to ensure that decision making is legally compliant, in particular that proper advice is taken and corporate implications are considered. (See Pt II ARTICLE 16 PRINCIPLES OF DECISION MAKING 16.1 Principles of decision making paragraph b: 'the decision maker will take professional advice (including financial and legal advice where the decision may have legal and/or financial consequences)'; Pt IV.D Executive Procedure Rules require decisions to be taken 'on the basis of written reports which contain service, legal and financial implications'; and Pt VIII Mayoral Scheme of Delegation Part H General paragraph 5: officers are required to take decisions 'in a manner that decisions are not made in isolation and that the decision maker takes into account the broader corporate implications for the Council'.)</p> <p>As set out above, decisions have to be made in compliance with the Constitutional framework. In addition, the Council's HR and other procedures (including requirements for declarations of interest by staff and members, and delivery of whistle-blowing and complaints policies) provide a framework to reduce the likelihood of non-compliance, and increase the likelihood of non-compliance being revealed.</p> <p>The McCloud and Goodwin judgements may have an impact (see slide 8, q9 above).</p>
2. How is the Audit Panel provided with assurance that all relevant laws and regulations have been complied with?	Audit Panel would be advised of any illegal practice through the Internal Audit reporting process or through the scrutiny of the Accounts process.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an ongoing impact on the 2020/21 financial statements?	No

Impact of laws and regulations

Question	Management response
4. Is there any actual or potential litigation or claims that would affect the financial statements?	Currently there are employment claims in relation to term-time working (following decision in Harpur v Brazel case over calculation of holiday pay in relation to term-time employees). At the moment, there are 7 Employment Tribunal claims on hold, with those and other potential claims currently in settlement discussions with Trade Unions. The Unions' expectation is that staff will receive similar settlements to those paid out by LB Greenwich and Brighton Council.
5. What arrangements does the London Borough of Lewisham Council and Pension Fund have in place to identify, evaluate and account for litigation or claims?	As part of the preparation of Accounts process, the Director of Financial Services has a discussion with the Director of Law, Governance & HR regarding existing & potential claims. In addition, the CEO, MO and s151 meet quarterly to review any concerns, including live litigation, material control risks etc.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No

Related Parties

Issue

Matters in relation to Related Parties

The London Borough of Lewisham Council and Pension Fund are required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the London Borough of Lewisham Council and Pension Fund;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the Council or Pension Fund;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council or Pension Fund, or of any entity that is a related party of the Council or Pension Fund.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Council's or Pension Fund's perspective but material from a related party viewpoint then the Council or Pension Fund must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in the London Borough of Lewisham Council's and Pension Fund's 2019/20 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> • the nature of the relationship between these related parties and the London Borough of Lewisham Council and Pension Fund • whether the London Borough of Lewisham Council and Pension Fund has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions 	No – there have been no such changes.
<p>2. What controls does the London Borough of Lewisham Council and Pension Fund have in place to identify, account for and disclose related party transactions and relationships?</p>	Members and senior managers are required to make a written declaration of interests each year, including nil returns where applicable. Members' declarations are published on the Council's website, and Members are also required to declare verbally any relevant interests at the beginning of each committee meeting. Material instances from the Council's viewpoint (that is, over £100k) are disclosed in the 'related party transactions' note to the accounts. Material instances from the related party's viewpoint are also considered for disclosure.
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	These are as set out in the Constitution (including; decision-making principles, financial and procurement regulations, and schemes of delegation) supported by related operational procedure and system controls to ensure appropriate decision-making, segregation of duties and scrutiny (e.g. financial procedures, procurement handbook, Oracle controls and hierarchy, etc.).
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	Any such cases have to go through the Monitoring Officer as Head of Legal Services to settle as per the Constitution. The MO will only do so in consultation with the s151 to assess the financial implications.

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Panel members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Panel to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	All such classes of transactions are disclosed in the accounts under the section of the accounts headed 'Statement of accounting policies' and the note to the accounts headed 'Assumptions made about the future and other major sources of estimation uncertainty'.
2. How does the Council's and Pension Fund's risk management process identify and addresses risks relating to accounting estimates?	Management reviews the accounting estimates used in the previous year's accounts and considers any significant events or changes in accounting standards during the year which may have altered the classes of transactions or the basis on which they should be estimated. These are discussed in the course of the management meetings that take place during the closing of accounts process.
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Management reviews the methods, assumptions and source data used in the previous year's accounts and considers any significant events or changes in accounting standards during the year which may have altered these. These are discussed in the course of the management meetings that take place during the closing of accounts process.
4. How do management review the outcomes of previous accounting estimates?	Management reviews these by comparing the current year's results in these areas with the previous year's estimates. If a significant variance arises, this is investigated further to determine whether a change in methodology is appropriate and/or whether an explanatory note is required in the accounts.
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	No changes have been made, but this will be subject to review during the closing of accounts process.

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Certain activities are generally recognised as requiring specialised skills or knowledge related to accounting estimates, especially in the areas of loans & investments, pension fund valuation, and non-current asset valuations. These areas are of very high value and therefore highly significant for the accuracy of the accounts. Management therefore ensures that specialists are used in these areas on an ongoing basis, and consideration is also given to any events or changes in accounting standards during the year which may create a need for additional use of specialist advice.
7. How does the Council and Pension Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Quality control measures include reviewing the impacts and reasonableness of accounting estimates at management meetings during the closing of accounts process. Further analysis of the basis of estimates may be called for by management as required. In addition, where external expertise is used, those experts will have had to evidence the appropriate specialist skills and knowledge during the procurement process.
8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	As stated above, a review of the impacts and reasonableness of accounting estimates is carried out at management meetings during the closing of accounts process. In addition, periodic liaison meetings are held with external experts at which accounting estimates are reviewed along with other business and contractual issues.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	Audit Panel is given the opportunity to scrutinise and request information about the process related to accounting estimates, as part of its review of the draft accounts.

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	No
11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Audit Panel is given the opportunity to scrutinise the draft accounts and seek such assurance as appropriate. The draft accounts disclose the basis of accounting estimates used and provide confirmation that the relevant accounting standards have been adhered to regarding those estimates.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	Current value, being the amount that would be paid for the asset in its existing use (existing use value – EUV)	By reference to Code of Practice and any other relevant standards	Yes	A limited degree of uncertainty is accepted, given the sensitivity to market conditions. This is reviewed during the audit process, and valuations may be adjusted accordingly. A note may be added to the accounts where the level of uncertainty is considered significant. Depreciated replacement cost (DRC) and fair value (FV) are alternative methods used in relevant circumstances.	No
Council dwelling valuations	Current value, using the basis of existing use value for social housing (EUV-SH)	By reference to Code of Practice and any other relevant standards	Yes	A limited degree of uncertainty is accepted, given the sensitivity to market conditions. This is reviewed during the audit process, and valuations may be adjusted accordingly. A note may be added to the accounts where the level of uncertainty is considered significant.	No
Depreciation	Straight-line method based on the asset's useful life	By reference to Code of Practice and any other relevant standards	No	The length of useful lives is reviewed periodically. Depreciation is not charged for assets with an indeterminable finite useful life.	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of defined benefit net pension fund liabilities	Actuarial basis using the projected unit method and an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.	Based on IAS19 assumptions and calculations for the year and the latest triennial valuations	Yes	Some degree of uncertainty is expected – subject to the expertise of actuaries. If there is material uncertainty, this is noted in the accounts.	No
Level 2 Pension Fund investments	Fair value, the basis of measurement being market value based on bid prices. More detail is shown in the pension fund accounts.	Used in cases where quoted market prices are not available	Yes	Some degree of uncertainty is expected – subject to the expertise of fund managers. If there is material uncertainty because of volatility of markets, this is noted in the accounts.	No
Level 3 Pension Fund investments	Fair value, the basis of measurement being market value based on bid prices. More detail is shown in the pension fund accounts.	Used in cases where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data	Yes	Some degree of uncertainty is expected – subject to the expertise of fund managers. If there is material uncertainty because of volatility of markets, this is noted in the accounts.	No
Fair value of loans	Fair value is assessed by calculating the net present value of the cash flows that take place over the remaining life of the instruments.	As contained in the annual Treasury Management Strategy	Yes	Calculations are subject to market conditions.	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
NNDR appeals provision	Guidance from CIPFA (4.7%)	Capita produce a monthly report on outstanding appeals, and this report is reviewed by management.	Yes (Capita, Analyse Local, LG Futures)	A degree of uncertainty is inevitable but this is mitigated by use of more than one external expert.	No
Significant accruals	The methods are various, but in general by using all relevant information that is available at that point in time, especially by reference to similar accruals in previous years	Management reviews the estimates used in previous years and considers whether there have been any changes in circumstances that would give rise to additional accruals or revised methodology.	No	Significant expenditure accruals can normally be determined with a reasonable degree of certainty. However, management may consider alternative options for recognising the liability if the situation is uncertain, for example by creating a provision.	No
Credit loss and impairment allowances	Expected credit losses are recognised on all financial assets held at amortised cost either on a 12-month or lifetime basis, where material. Impairment allowances are determined according to the particular factors for each type of debtor.	By reference to the CIPFA Treasury Management Code of Practice and the Council's Treasury Management Strategy. For impairment allowances, via regular management review.	Yes	These methods are considered to be appropriate and prudent, and any changes to the influencing factors, such as market volatility or economic downturn, are appraised by management as and when they occur.	Impairment allowance methodologies currently subject to review



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Agenda Item 7



Audit Panel

Report title: Internal Audit Progress Update

Date: 16 September 2021

Key decision: No.

Class: Part 1

Ward(s) affected: All

Contributors: Executive Director of Corporate Services

Outline and recommendations

Progress with the delivery of internal audit work since the last report to Audit Panel in June 2021 is reported, summarising the outcomes from completed audits and providing details of High-rated findings and audits that have been assessed as having 'Limited' assurance. In addition, managers' progress with the implementation of agreed audit actions is presented.

Members are asked to note the progress on delivery of internal audit work as set out in this report.

1. Summary

- 1.1. The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide an annual opinion on the Council's arrangements for governance, risk management and internal control, based upon audit work performed during the year. The audit plan for 2021/22 was approved by Audit Panel on 23 June 2021 and formed the basis of internal audit work since then, alongside audits from the 2020/21 audit plan that have been progressing to completion.
- 1.2. This report presents progress with internal audit work since the last report to Audit Panel in June 2021, including details of 'Limited' assurance audits and managers' progress with the implementation of agreed audit actions.

2. Recommendations

- 2.1. It is recommended that the Audit Panel should:
 - note progress with delivery of internal audit work.

3. Policy Context

- 3.1. The content of this report is consistent with the Council's policy framework. It supports the priorities set out in the Corporate Strategy 2018-2022 and is particularly relevant to delivering a strong and resilient framework for prioritising action which has supported the organisation in the face of austerity and ongoing reductions in funding.
- 3.2. It supports all of the Council's priorities through effective risk management of its activities and recommending improvements in the internal control framework..

4. Background

- 4.1. Internal Audit is a statutory service, which aims to provide independent assurance to the Audit Panel, Executive Director of Corporate Resources, Executive Management Team and other senior managers that an appropriate system of governance and internal control is in place to mitigate key risks that may impact on the achievement of the Council's services and priorities.
- 4.2. Whilst it is management's responsibility to develop and maintain a sound system of internal control and to prevent and detect irregularities, the overall aim of internal audit work is to seek out areas requiring improvement and recommend solutions that will enable the Council to better achieve its objectives. The plan of internal audit work for 2021/22 was agreed by the Audit Panel on 23 June 2021.
- 4.3. This report summarises progress with internal audit work since the last report to Audit Panel in June 2021, including details of high risk-rated issues identified and an update on managers' progress with implementation of audit recommendations.

5. Internal audit work completed and in progress

Completed audits

- 5.1. Since reporting to Audit Panel in June, 13 audits have been completed, outcomes for which are summarised in Table 1:

Table 1: Outcomes for completed audits

Audit	Assurance	Recommendations			
		High	Medium	Low	Total
Children & Young People					
46 - Passenger Transport – Financial Management	Limited	1	9	1	11
Section 17 – Financial Assistance Payments	Substantial	-	2	-	2
Community Services					
47 - Domiciliary Care Block Contract Payments	Limited	4	1	1	6
Housing Regeneration & Public Realm					
28 - Housing of Multiple Occupation (HMO) - Licensing and Enforcement	Limited	2	2	2	6
32 - Rough Sleeping Initiative Funding	Satisfactory	-	3	2	5
Corporate Resources					
05 – Budget Monitoring for Children & Young People and Community Services	Satisfactory	1	3	-	4
14 – Payments to Childcare Providers and Foster Carers	Satisfactory	1	4	1	6
25 - VAT	Limited	4	-	-	4
36 – Smarter Tech Roll-out	Satisfactory	2	2	-	4
37 - LiquidLogic/ContrOCC Project Implementation	Satisfactory	1	2	1	4
50 - Remote Working	N/a - advisory	-	3	-	3
12 – Main Accounting 20-21	Substantial	-	2	1	3
17 – Treasury Management	Substantial	-	2	1	3
30 – Risk Management Framework	Satisfactory	-	6	2	8
TOTAL		16	41	12	69

- 5.2. Definitions of audit assurance classifications and risk ratings are provided in Annex 1. Table 1 shows that 69 areas for improvement have been identified across the 13 completed audits.
- 5.3. 16 High-rated findings have been identified in eight of the audits that have been completed,

and are summarised in the following table:

Table 2: High-rated findings from audits completed since June 2021

Audit	Finding	Risk
Passenger Transport Financial Management	A review of four monthly invoices received from the dynamic purchasing system (DPS) provider (Adam HTT – which administers invoicing from transport providers) identified that none of the four invoices were reconciled to the data on the DPS to obtain assurance over the accuracy of the invoice amount prior to or after processing the invoice for payment.	Where invoices from Adam HTT are not reconciled to the data on the DPS prior to forwarding the invoice for payment, there is a risk that overcharging by the supplier is not detected and prevented. This could result in the service making payments for services not received.
Domiciliary Care Block Contract Payments	A review of payment reports for 10 care providers that were paid in advance between 19 June 2015 and 30 January 2020, identified four un-recovered payments of £1.12m. In addition, it was identified that five credit notes totalling £1.61m that were raised on care provider accounts to recover advance payments were not recovered in full.	Where credit notes are not raised on a supplier's account on the Council's FMS in a timely manner after an advance payment has been processed and where credit notes are not monitored to ensure they are recovered in full from subsequent invoices, there is a risk that advance payments are not recovered in full.
	For the period October 2020 to March 2021, of the 18 four-weekly block contract invoices totalling £6.22m paid to the three lead domiciliary care providers, only two invoices (totalling £0.84m) had been reconciled to the data on ContrOCC to verify the accuracy of the invoices. In addition, evidence could not be provided that the block contract invoices received from one of the care providers for the period April 2018 - March 2020 were reconciled to the data on ContrOCC.	Where block contract invoices are not reconciled to the actual hours and cost of care for service users on ContrOCC in a timely manner, there is a risk of overcharging by care providers not being detected.
	It was agreed that the three lead domiciliary care providers would be paid for "planned" care based on the average hours delivered during January - March 2020. However, no evidence was provided that an officer from the Council worked out the average hours delivered. In addition, it was identified that the invoices paid to the three lead domiciliary care providers during the revised payment arrangement period were all higher than the average four-weekly invoice amount calculated by the auditor.	As an average four-weekly payment amount was not calculated and compared to 'planned' invoices received from care providers, and as the 'actual hours' invoice amounts have not been reconciled against commissioned services on ContrOCC, there is a risk that care providers have been overpaid.
	One lead domiciliary care provider was paid £3.39m in advance payments between 17 July 2015 and 10 November 2017. These payments were then deducted from subsequent invoices issued to the Council. However, invoices or statements received from the care provider prior to April 2018 could not be provided. Therefore, it was not possible to verify that all of the advance payments were recovered.	Where purchasing and payments records are not retained on file in line with the Council's Records Management Policy, there is a risk that billing queries / disputes cannot be resolved due to an ineffective audit trail.

Audit	Finding	Risk
Housing of Multiple Occupation – Licensing and Enforcement	Regular checks are not being undertaken to identify statutory gas and electricity safety certifications which have reached their expiry date.	In the absence of an effective system of reminding landlords that their licence is due for renewal, landlords may not renew them on time or fail to renew them, resulting in potential harm to tenants.
	Staff were unable to confirm whether fines were paid or remained unpaid when M3 was in use. This remains an issue for some historical cases where payments cannot be reconciled as there is no file reference number.	Where payments are not matched to Civil Penalty Notices, there is not only a risk of loss of income to the Council where recovery is not pursued for unpaid fines, but there is also a risk that improvements are not completed on the properties to make them habitable, leading to substandard accommodation for tenants.
Budget Monitoring for Children & Young People and Community Services	The authorisations to spend given to budget holders and cost centre managers in the social care financial system, ContrOCC, for Adult Social Care (ASC) had no upper limits set. In addition, the authorisations to spend in ContrOCC ASC and ContrOCC for Children's Social Care (CSC) were not aligned with the Council's financial management system (Oracle Cloud) authorisations to spend.	If spending limits set up in Oracle Cloud and ContrOCC are not aligned, or there are no authorisation limits set on the ContrOCC ASC system, there is a risk that packages of care are approved without review and scrutiny of senior managers. In addition, it may be difficult for budget holders to detect miscoded and unidentified charges within their cost centres' budget reports, and explain any variances. This could lead to budget overspends.
Payments to Childcare Providers and Foster Carers	Sample testing of 25 cases revealed instances of signed contracts/agreements not being retained on LiquidLogic Case Management System (LCS) and in some cases Internal Audit was unable to inspect copies of signed contracts/agreements. One out of 25 cases was approved by a team manager as opposed to Head of Service.	Where arrangements are not signed there is a risk that the terms and expected outcomes have not been agreed by both parties. This may impact on the Council's ability to take legal action, or claim for compensation, should a provider not meet their obligations. If care packages are set up incorrectly this could result in a quality of care or safeguarding issues if inappropriate or poor quality providers are utilised or the level of provision is not as required. Also, the Council may not have supporting documentation to refer to in the event of queries.
VAT	There have been many recent errors with the figures reported on the VAT return, which has led to financial penalties and increased scrutiny from HMRC. In addition, Accounts Receivable control testing is not performed during the VAT return preparation process.	The Council may be over/under reporting output VAT on its VAT return if errors are not identified until after the VAT return has been submitted. In addition, the Council may be charging the incorrect VAT amount on its fees and charges if service areas are raising invoices which are not in line with the correct VAT coding.
	The Council has not made any changes to the VAT return process in accordance with the Making Tax Digital for VAT regulations which came into force in 2019.	Non-compliance with Making Tax Digital may expose the Council to VAT penalties.
	The Council has not carried out a partial exemption calculation since a staff member left in 2018 and is not tracking its percentage of exempt supplies.	If the correct methodology is not in place, the Council could be at risk of breaching its partial exemption de minimus limit. If the Council breaches its de minimus limit, it would have to repay all the exempt input tax incurred in that partial exemption year (not just the amount above the 5%). The 5% limit is approximately £2.66m each financial year.

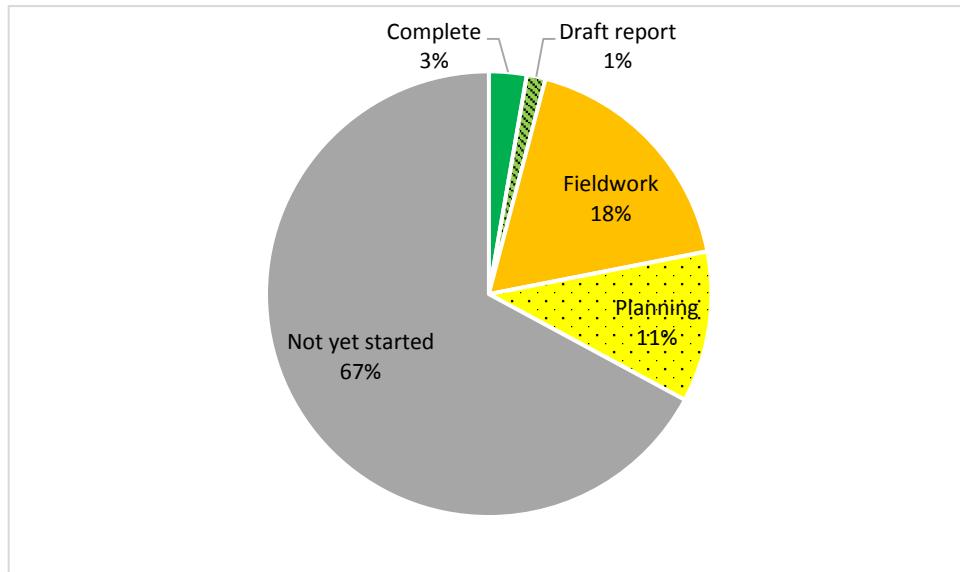
Audit	Finding	Risk
	The Capital Projects Appraisal process does not include a VAT analysis of proposed projects.	The Council is at risk of financial loss, if capital projects are not structured in a tax efficient manner from both a VAT and Stamp Duty Land Tax perspective.
Smarter Tech Project Roll-out	There was a lack of effective project governance throughout Phase One of the Smarter Technology project. A business case was not written and the Council's standard project management framework was not followed, due to the urgency to issue laptops to staff to enable them to work remotely during the COVID-19 pandemic	We acknowledge that accelerating the rollout of laptops after the national lockdown in March 2020 was an exceptional circumstance and as such, the standard project management approach could not easily be applied. However, the lack of evidence in alignment with the Council's standard project governance framework, exposes the Council to the risk that the project may not achieve all of its objectives in the most efficient, cost effective or risk-aware manner.
	There was no business case for Phase One of the project. Consequently, there was no platform for benefit realisation throughout the delivery of the project and there has been no measurement of the benefits achieved	Failure to measure the achievement of predetermined benefits or perform a customer survey or other similar activity to understand the level of satisfaction, means that the project may not have delivered improvements in line with expectations or requirements.
LiquidLogic / ContrOCC Project Implementation	There was a lack of documentation to demonstrate compliance with good practice governance arrangements, including approval for business-level decisions, such as user acceptance testing (UAT) or business process changes.	Without documentation of governance arrangements, there is a risk that decisions made during the project have not been appropriately discussed and made by the correct stakeholders.

- 5.4. Details of findings from Limited Assurance audits are provided in Annex 2, where extracts from the executive summaries of the audit reports are presented.

Audit work in progress

- 5.5. The following chart summarises progress with delivery of audits from the 2021/22 audit plan, which was approved by the Audit Panel on 23 June 2021.

Chart 1: Progress with 2021/22 Planned Internal Audit Work



- 5.6. Chart 1 shows that 33% of audits from the 2021/22 plan have commenced, of which 3% have been completed. A list of all planned audits, showing progress with their delivery, is provided in Annex 3.
- 5.7. Since Members approved the audit plan in June 2021, seven additions have been made for reasons which are set out in the following table:

Table 3: Changes to the 2021/22 audit plan

Dir	Audit	Change	Reason
CYP	30 - Youth First - Contract Management	Addition	Contract management audit split to cover two contracts
COM	F04 - Domiciliary Care Block Contract Payments - Follow up	Addition	Follow-up review of a 2020/21 Limited assurance audit
COR	F01 - Banking Follow up Review	Addition	Follow-up review of a 2020/21 Limited assurance audit
COR	F02 - Pension Scheme Administration - Follow up Review	Addition	Follow-up review of a 2020/21 Limited assurance audit
COR	F07 - Post Implementation Review of Oracle HR / Payroll - Follow up	Addition	Follow-up review of a 2020/21 Limited assurance audit
COM	97 - Compliance and Enforcement Surge Funding - Grant certification	Addition	Requirement for Internal Audit to confirm grant usage
COM	98 - Community Testing Programme Grant Certification	Addition	Requirement for Internal Audit to confirm grant usage

6. Managers' progress with implementation of audit recommendations

- 6.1 To gain assurance that improvements are being made to the Council's control framework, Internal Audit tracks the progress made by managers with the implementation of recommendations that have been agreed during audit work.
- 6.2 Since April 2021, we have tracked the implementation of 168 actions with agreed target dates up to 31 July 2021. As at 1 September, 146 actions (87%) have been self-assessed as completed or no longer applicable. The status is summarised in the following charts, which shows progress for High and Medium risk actions across directorates and schools.

Chart 2: Overall Progress with implementing agreed improvements

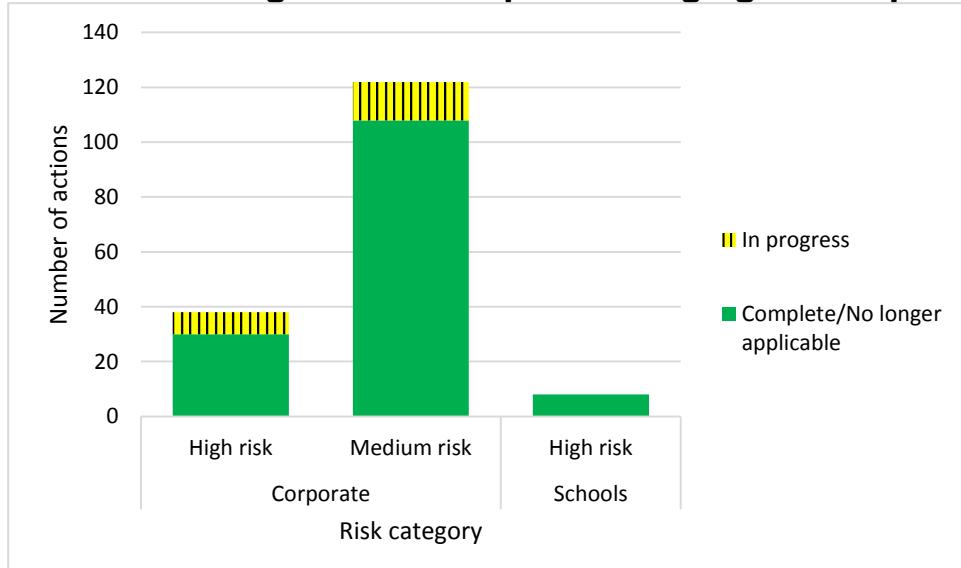
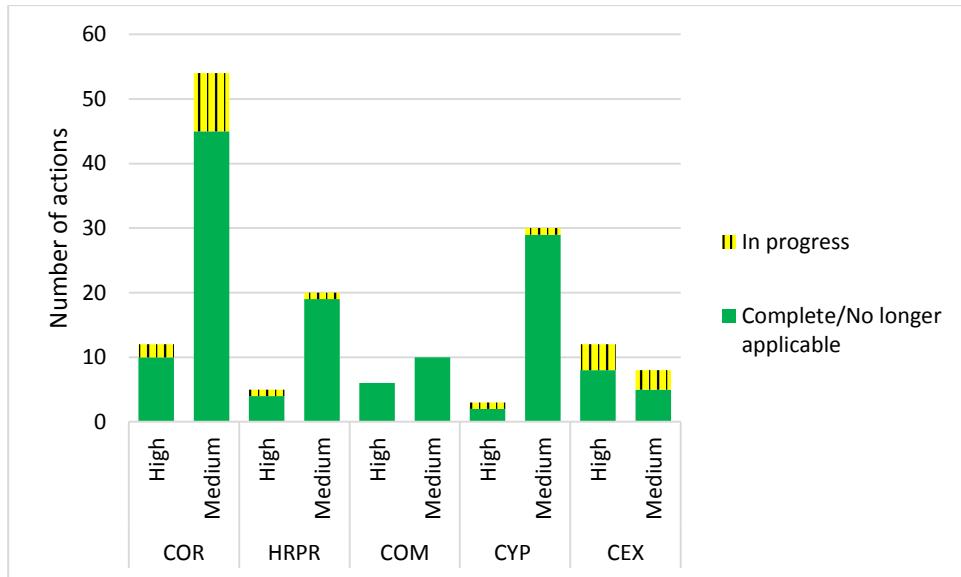


Chart 3: Directorates' progress with implementing improvements



6.3 Eight high-risk actions have been assessed as 'in progress' as they have not been fully implemented by the agreed due dates. Further detail are provided in the following table:

Table 4 – High-rated overdue actions

Audit Title	Description of Action	Current / Original Due Date	Status / Management update
Corporate Resources			
Client Contributions for Care Provision 19-20	01.1 Advice will be sought from Legal Services to ascertain if the charging policy can be amended without going back out for a consultation with stakeholders and presented to members for their approval. If a further consultation is not required, the treatment of capital for non-residential service users' in the Adult Social Care Charging and Financial Assessment Framework will be reviewed and updated so that it is consistent.	30/06/2021 30/09/2020	In progress Direct Payment Team Manager (26/03/2021): The Interim Group Finance Manager has set up a working group to review and update the Charging Framework. The recommendation from Legal is that this is likely to require consultation before presenting to members
Client Contributions for Care Provision 19-20	01.2 Advice will also be sought from Legal Services to ascertain if affected non-residential service users' are due redress due to the inconsistency in the treatment of capital in the charging policy.	30/06/2021 30/09/2020	In progress Direct Payment Team Manager (26/03/2021): The Interim Group Finance Manager has set up a working group to review and update the Charging Framework. Further advice on this will be sought from Legal colleagues who are part of the review
Housing, Regeneration & Public Realm			
Refugee Resettlement Programme - Contract Management	02.1 We will work with the Refugee Council to develop key performance indicators to help with performance monitoring going forward. We will also review the requirement as is stated in the contract for the refugee resettlement template to be used as and when required rather than every month.	20/07/2021	In Progress Housing Projects and Strategy Development Manager (19/05/2021): We have initiated discussions on how performance will be monitored going forward. We expect these new reporting methods will be in place by June 2021.

Audit Title	Description of Action	Current / Original Due Date	Status / Management update
Children & Young People			
Passenger Transport - Financial Management	09.1 A report of all approved payments for the billing period on the DPS will be produced and the total cost will be reconciled to the monthly invoice received from the dynamic purchasing system. Discrepancies will be queried with the supplier. The officer that carried out the reconciliation and the date of reconciliation will be recorded on the report.	31/07/2021	Not actioned Travel Assistance Manager
Chief Executive			
Apprenticeship Levy Spend including Professional Qualifications	02.1 When the strategy for workforce has been agreed, a communications plan will be developed to help make managers aware of the scheme.	30/06/2021 30/11/2018	In progress Head of HR Services (24/01/2021): Previous Director of HR&OD left organisation back in March 2020. Interim, Head of HR commenced in November 2020. In addition, OD was moved out of the HR space and ownership for this now sits with Assit Chief Executive (ACE). ACE and Acting Head of HR will now revisit this piece of work. Deadline moved to June 2021. ACE is currently working on OD Strategy, and Apprenticeships will form part of that strategy.
Apprenticeship Levy Spend including Professional Qualifications	02.2 The application form and process will be finalised and will be included within the strategy for approval.	30/06/2021 30/11/2018	In progress Head of HR Services (24/01/2021): ACE and Acting Head of HR will now revisit this piece of work. Deadline moved to June 2021. ACE is currently working on OD Strategy, and Apprenticeships will form part of that.
Apprenticeship Levy Spend including Professional Qualifications	03.2 A communications plan will be developed to help make schools aware of the scheme.	30/06/2021 30/11/2018	In progress Schools' HR Business Manager (28/01/2021): This is still 'in action'. Pandemic issues have given other priorities, however, schools have taken the opportunity to consider apprenticeships and uptake continues.
HR Policies	02.1 Management actions will be agreed to ensure that the policy framework is maintained going forward, including, the following: · Maintaining and updating of the HR list of policies and guidelines, to include dates when reviews are completed, along with dates when policies will be reviewed next in accordance with appropriate defined frequencies. · A standard policy and guideline template will be adopted to ensure that policies and guidelines include the essential elements, with key headings for required information, including ownership, compliance criteria, monitoring arrangements, change history, review frequency, related policies, and consultation undertaken in development of the document.	31/05/2021	Not actioned Head of HR Services

7. Financial implications

There are no financial implications arising directly from this report.

8. Legal implications.

The Accounts and Audit Regulations 2015, as amended in 2021, require the Council to undertake an effective internal audit, to evaluate the effectiveness of its governance, risk management and internal controls processes. This requirement is delivered in accordance with the Public Sector Internal Audit Standards 2017.

9. Equalities implications

There are no equalities implications arising directly from this report.

10. Climate change and environmental implications

There are no climate change or environmental implications arising directly from this report.

11. Crime and disorder implications

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

12. Health and wellbeing implications

There are no health and wellbeing implications arising directly from this report.

13. Background papers

There are no background papers.

14. Glossary

Term	Definition
Assurance Opinion	An independent assessment on the controls in place.
Recommendation	A suggestion made by internal audit on how to improve controls.
Management Action	The actions that management have agreed in order to implement the recommendation made by internal audit.
Control	A process that is in place to facilitate achievement of an objective or to prevent or reduce a risk from occurring.

15. Report author and contact

If there are any queries on this report, please contact: Christine Webster, Interim Head of Internal Audit, on 020 8314 5617 or David Austin, Director of Corporate Services, on 020 8314 9114, or email them at: christine.webster@lewisham.gov.uk or david.austin@lewisham.gov.uk.

Annex 1 – Definitions of audit assurance classifications

Explanations for Assurance Opinions

Each ‘assurance’ internal audit review is assessed with an opinion on the standard of controls in place based on the fieldwork conducted. The following table explains these opinions.

Assurance Opinion	Definition
★ Substantial	A strong framework of controls is in place to ensure that the service area is likely to achieve its objectives. The controls in place are consistently applied or with only minor lapses.
● Satisfactory	A sufficient framework of controls is in place, but could be strengthened to improve the likelihood of the service area achieving its objectives. The controls in place are applied, but with some lapses.
▲ Limited	There are insufficient controls in place. This increases the likelihood of the service area not achieving its objectives. Where controls do exist, they are not consistently applied.
■ No Assurance	The framework of controls is inadequate. This significantly increases the likelihood that the service area will not achieve its objectives. Where controls do exist, they are not applied.

Definition of Category of Recommendation

Internal Audit rates each recommendation as High, Medium or Low. This rating indicates to management the risk exposure from issues identified in the audit and the importance of implementing the recommendation.

Rating	Definition
High	It is crucial that this recommendation is implemented urgently. This will ensure that the service area will significantly reduce the risk of not meeting its objectives.
Medium	Implementation of this recommendation should be completed as soon as possible, to improve the likelihood of the service area meeting its objective.
Low	Implementation of this recommendation would enhance control or improve operational efficiency.

Annex 2: Executive Summaries for Limited Assurance Audits

Passenger Transport – Financial Management Children & Young People (CYP) Overall Audit Opinion – Limited

	Process Areas	High	Medium	Low
▲	1. Eligibility assessment and Commissioning of Transport	0	7	1
▲	2. Payments to External Providers and In-House Recharges	1	2	0
	Total	1	9	1

Key ★Substantial ● Satisfactory ▲ Limited ■ No Assurance

Assurance Opinion and Recommendations Made

Passenger Transport has an assurance rating of Limited.

The numbers of recommendations made, listed by categories are as follows:

- 1 High recommendations,
- 9 Medium recommendations and
- 1 Low recommendations.

Key Findings

- A review of four monthly invoices received from the dynamic purchasing system (DPS) provider Adam HTT identified that none of the four invoices were reconciled to the data on the DPS to obtain assurance over the accuracy of the invoice amount prior to or after processing the invoice for payment.
- The 16 - 25 children and young people travel assistance policy was not reviewed annually and published by 31 May, as required by statutory guidance. In addition, procedure notes were not documented for all the main processes of the Travel Coordination Team and the procedures that were documented were not dated with the date of last review. Therefore, it was not possible to verify that the procedures were recently reviewed.
- A review of three children or young person receiving travel assistance who live within the statutory walking distance of their school identified that: for two a note was not recorded for why they were approved for travel assistance without an observation; and for one evidence of approval was not recorded. In addition, a review of four service users receiving travel assistance identified for all four that a note was not left on the account for why the type of travel assistance was agreed.
- A review of five children or young people who have received travel assistance for a number of years identified that a review of eligibility and type of travel assistance is not carried out on a regular basis. In addition, it was identified that the Travel Coordination Team does not receive feedback from the Special Educational Needs Team after a review of the Education and Healthcare Plans for service users who are receiving travel assistance.
- An extension report was prepared by an officer and agreed by the Director of Education Services for the extension of the contract for the dynamic purchasing system (DPS) with Adam HTT for a further two years on 10 April 2021. However, the contract extension was not approved by an Executive Director as required by the Council's scheme of delegation.

- It was identified that new providers accepted onto the dynamic purchasing system (DPS) and the award of travel service contracts on the DPS were not approved in line with the authority delegated by Mayor and Cabinet on 19 April 2017. In addition, two instances were identified where the lowest offer for a transport contract was not accepted and a reason for not selecting the lowest offer was not recorded on the DPS.
- A review of five service agreements (transport contracts with external service providers) that were in place for over two years identified for all five that a reason why the contract was not re-tendered annually was not recorded. In addition, testing of nine tenders for transport services identified three where there was no evidence on file that the winning service provider had agreed to the Council's terms and conditions for providing the service.
- There is no service level agreement (SLA) in place between the Travel Coordination Team and Lewisham Passenger Services to provide transport services for children and young people and adult social care service users.
- A review of one weekly payment request from a service provider that was greater than the commitment on the system identified that the service provider had overcharged the Council £84 per week for the past three weeks. In addition, for the same route, the service provider was carrying out trips based on the pupils' timetables rather than dropping off the pupils at the start and end of college day. This increased the number of trips and cost from £320 to £428 per week.
- It was identified that Children and Young People and Community Services teams were charged £33,280 more than the actual cost of Lewisham Passenger Service (LPS) for the financial year 2020/21. In addition, budget holders were not informed of the estimated LPS recharge at the start of the financial year 2020/21.

Areas that worked well

- Travel assistance policies for children and young people (CYP) up to 16 and over 16 have been developed and published on the Council's website.
- A review of eight CYP receiving travel assistance identified all eight were eligible for travel assistance in accordance with the Council's travel assistance policies.
- Travel coordination officers are knowledgeable on the needs of CYP receiving travel assistance.
- Testing of four invoices received from the dynamic purchasing system (DPS) provider Adam HTT identified that the amount paid through Oracle Cloud matched the invoiced amount and all four invoices were paid within 30 days of the invoice date.
- A review of general ledger transactions confirmed that the recharges to Children & Young People Directorate and Community Services cost codes for Lewisham Passenger Service (LPS) for 2020/21 matched the recharge calculations on the core recharge spreadsheet.

Domiciliary Care Block Contract Payments and Client Charging after Hospital Discharge

Community Services (COM) Overall Audit Opinion – Limited

	Process Areas	High	Medium	Low
★	1. Governance Arrangements	0	0	0
■	2. Payments and Reconciliations	4	1	0
★	3. Monitoring and Reporting	0	0	0
★	4. Client Contributions for Service Users who have been Discharged from Hospital	0	0	1
	Total	4	1	1

Key ★ Substantial

● Satisfactory

▲ Limited

■ No Assurance

Assurance Opinion and Recommendations Made

This audit has an assurance rating of Limited.

The numbers of recommendations made, listed by categories are as follows:

- 4 High recommendations,
- 1 Medium recommendation and
- 1 Low recommendation.

Key Findings

- A review of payment reports for 10 care providers that were paid in advance between 19 June 2015 and 30 January 2020 identified four un-recovered payments of £1.12m. In addition, it was identified that five credit notes totalling £1.61m that were raised on care provider accounts to recover advance payments were not recovered in full.
- For the period October 2020 - March 2021, of the 18 four-weekly block contract invoices totalling £6.22m paid to the three lead domiciliary care providers, only two had been reconciled to the data on ContrOCC to verify the accuracy of the invoices. In addition, evidence could not be provided that the block contract invoices received from one care provider for the period April 2018 - March 2020 were reconciled to the data on ContrOCC.
- It was agreed that the three lead domiciliary care providers would be paid for “planned” care based on the average hours delivered during January - March 2020. However, no evidence was provided that an officer from the Council worked out the average hours delivered. In addition, it was identified that the invoices paid to the three lead domiciliary care providers during the revised payment arrangement period were all higher than the average four-weekly invoice amount calculated by the auditor.
- One lead domiciliary care provider was paid £3.39m in advance payments between 17 July 2015 and 10 November 2017. These payments were then deducted from subsequent invoices issued to the Council. However, invoices or statements received from the care

provider prior to April 2018 could not be provided. Therefore, it was not possible to verify that all of the advance payments were recovered.

- A payment report with service users' personal data such as their name and LAS (adult social care case management system) reference number was sent to a care provider through standard email, instead of a secure email such as Egress.

Areas that worked well

- A widely understood payment arrangement was developed for paying lead domiciliary care providers at the onset of the COVID-19 pandemic. An end date for the revised payment arrangement was set and the details of the payment arrangement was communicated to all three lead domiciliary care providers.
- Testing of 12 invoices between the dates 16 April 2020 - 18 February 2021 from domiciliary care providers paid directly through Oracle Cloud rather than through a feeder file downloaded from the adult social care finance system ContrOCC identified that the payments were approved by an officer with sufficient authority as per the authorisation limits on Oracle Cloud.
- A report was presented to EMT (Executive Management Team) on 5 June 2020 on the additional Community Services expenditure due to COVID-19 related cost pressure. A review of the report identified that the estimated cost of paying the three domiciliary care providers on average hours instead of actual hours was reported.
- Testing of a sample of 10 service users discharged from hospital with a package of care identified for all 10 service users that they were not charged any contribution towards their care for the period their package of care was being funded by NHS COVID-19 funding.

Housing of Multiple Occupation (HMO) – Licensing and Enforcement

Housing Regeneration & Public Realm (HRPR)

Overall Audit Opinion: Limited

	Process Areas	High	Medium	Low
▲	1. Eligibility and Assessment	1	2	2
▲	2. Enforcement – non compliance	1	0	0
	Total	2	2	2

Assurance Opinion and Recommendations Made

This audit has an assurance rating of Limited.

The number of recommendations made, listed by categories are as follows:

- 2 High recommendations,
- 2 Medium Recommendations, and
- 2 Low Recommendations.

Key Findings

- Regular checks are not being undertaken identify statutory gas and electricity safety certifications which have reached their expiry date.
- Staff were unable to confirm whether fines were paid or remained unpaid when M3 was in use. With the new system, Assure, payments can be taken over the phone by the coordinators who enter payment the fact that a payment has been made on the file, allowing payments to be tracked. However this remains an issue for some historical cases where payments cannot be reconciled where there is no file reference number.
- Due to the manual processes at the application stage, a draft licence appeared to have been issued prior to the receipt of fees due; the basis on which the discount was applied was not properly recorded on M3. It is acknowledged that the new system, Assure, which now deals with 100% of all HMO applications, does not allow applications to be completed until the administration fee has been paid in full.
- The licensing policy for Houses in Multiple Occupation has not been reviewed regularly and version controlled; the Enforcement Policy was not signed off and dated by the Director of Housing

Areas that worked well

- Applications received from landlords or their agents were checked for completeness.
- Visits were carried out to properties to check that they complied with the licensing conditions and management regulations, except during the lock down.
- Mandatory and other documents required to comply with licensing conditions were requested and checked by the co-ordinators.
- There was segregation of duties between the co-ordinators, responsible for checking documentation submitted, and the officers responsible for inspecting properties, to confirm compliance with licensing conditions.
- Licenses were subject to checks and sign-off by the Licensing and Enforcement Manager prior to issue of the licence.

Value Added Tax 2020-21

Corporate Resources (COR)

Overall Audit Opinion - Limited

	Process Areas	High	Medium	Low
▲	1. Authority and Governance	4	0	0
★	2. Occurrence	0	0	0
★	3. Completeness	0	0	0
★	4. Measurement	0	0	0
★	5. Timeliness	0	0	0
★	6. Regularity	0	0	0
	Total	4	0	0

Key ★ Substantial ● Satisfactory ▲ Limited ■ No Assurance

Assurance Opinion and Recommendations Made

This audit has an assurance rating of Limited.

The numbers of recommendations made, listed by categories are as follows:

- 4 High recommendations,
- 0 Medium recommendations, and
- 0 Low recommendations.

Key Findings

The following issues were identified as part of the audit:

- There have been many recent errors with the figures reported on the VAT return which has led to financial penalties and increased scrutiny from HMRC. In addition, Accounts Receivable control testing is not performed during the VAT return preparation process.
- The Council has not made any changes to the VAT return process in accordance with the Making Tax Digital for VAT regulations which came into force in 2019.
- The Council has not carried out a partial exemption calculation since a staff member left in 2018 and is not tracking its percentage of exempt supplies.
- The Capital Projects Appraisal process does not include a VAT analysis of proposed projects.

Areas that worked well

There were several areas of good practice noted during our review;

- Management attend VAT discussion groups and have a subscription to a VAT helpline service with external advisers and seek advice when an issue is identified.
- VAT returns are submitted on a timely basis in line with HMRC reporting deadlines.
- In the absence of the usual preparer of the VAT return by one of the accountants, the Principal Accountant has experience in preparing the VAT return in her place and the VAT return can be reviewed by other senior members of the team.
- Sampling of ten invoices with a value over £50k and trend analysis is carried out as part of the VAT return preparation process on the Accounts Payable side

Annex 3 – Progress with delivery of the Internal Audit Plan for 2021/22

1st Dir.	2nd Dir.	Audit	Planning	Fieldwork	Reporting
COM		97 - Compliance & Enforcement Surge Funding - Grant			
COM		98 - Community Testing Programme Grant Certification			
CYP		28 - Early Help Service Transformation			
HRPR		27 - Climate Change			
SCH	CYP	02 - Baring Primary 21-22			
CYP		30 - Youth First - Contract Management			
SCH	CYP	06 - Coopers Lane Primary 21-22			
SCH	CYP	07 - Downderry Primary 21-22			
SCH	CYP	01 - All Saints C of E Primary 21-22			
HRPR		37 - Homelessness			
CYP		63 - SENDIASS - Contract Management			
COM		96 - Targeted Community Testing - Grant Certification			
CEX	CYP	99 - Supporting Families Grant Verification 21-22			
HRPR		38 - Procurement and H&S of Temporary Accommodation and Private Sector Leasing			
HRPR	COR	39 - Capital Expenditure 21-22			
COR	ALL?	29 - Health & Safety Checks for the Corporate Estate			
COR	COM	31 - Client Contributions for Care Provision 2021/22			
SCH	CYP	03 - Beecroft Garden 21-22			
SCH	CYP	04 - Brent Knoll Special School 21-22			
SCH	CYP	05 - Brindisie Lee Primary 21-22			
SCH	CYP	08 - Elfrida Primary 21-22			
SCH	CYP	09 - Eliot Bank Primary 21-22			
SCH	CYP	10 - Gordonbrock Primary 21-22			
SCH	CYP	11 - Greenvale Special School 21-22			
SCH	CYP	12 - Grinling Gibbons Primary 21-22			
SCH	CYP	13 - Haseltine Primary 21-22			
SCH	CYP	14 - Holy Trinity C of E Primary 21-22			
SCH	CYP	15 - John Ball Primary 21-22			
SCH	CYP	16 - Kelvin Grove Primary 21-22			
SCH	CYP	17 - New Woodlands Special School 21-22			
SCH	CYP	18 - Perrymount Primary 21-22			
SCH	CYP	19 - Sir Francis Drake Primary 21-22			
SCH	CYP	20 - St Bartholomew's C of E 21-22			
SCH	CYP	21 - St James' Hatcham C of E Primary 21-22			
SCH	CYP	22 - St John Baptist C of E Primary 21-22			
SCH	CYP	23 - St Saviour's RC Primary 21-22			
SCH	CYP	24 - St William of York Catholic Primary 21-22			
SCH	CYP	25 - St Winifred's Catholic Primary 21-22			
SCH	CYP	26 - Our Lady and Philip Neri Catholic Primary 21-22			
COR		32 - IT Security Arrangements / Cyber Security			
COR		33 - Office 365			
COM		34 - Leisure Contract			
COM		35 - Business Continuity Management			
HRPR		36 - Section 106 / CIL arrangements			

1st Dir.	2nd Dir	Audit	Planning	Fieldwork	Reporting
COR		40 - Data Protection			
COR		41 - Council Tax 21-22			
COR		42 - Business Rates 21-22			
COR		43 - Housing Benefit and Council Tax Reduction Scheme			
COR		44 - Banking 21-22			
COR		45 - Academy - IT Audit			
COM	COR	46 - Budget Management - Community Services			
COM		47 - Multi Agency Support Hub - Adult Safeguarding			
HRPR		49 - Building for Lewisham			
HRPR	COR	50 - Budget Management - Environmental Services			
CYP		51 - Child Safeguarding - Quality Assurance			
CYP	COR	52 - Budget Management - CYP			
CEX		53 - Corporate Key Performance Indicators			
COR		54 - Payroll 21-22			
COR		55 - Accounts Payable 21-22			
COR		56 - Accounts Receivable 21-22			
COR		57 - Pensions 21-22			
COR		58 - Treasury Management 21-22			
COR		59 - Asset Management 21-22			
COR		60 - Main Accounting 21-22			
COM		61 - Partnership Working Governance Arrangements			
COR		62 - Risk Management			
COR		F01 - Banking Follow up on 2020-21 Review			
COR		F02 - Pension Scheme Administration - Follow up			
CEX		F03 - COVID 19 – Ring-fenced Grants - Follow up			
COM		F04 - Domiciliary Care Block Contracts - Follow up			
HRPR		F05 - Highways - Follow up			
CEX		F06 - HR Policies - Follow up			
COR		F07 - Oracle HR / Payroll - Follow up			

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