



## Audit Panel

### Internal Audit Annual Report & Opinion 2021/22 and Assurance Progress Update

**Date:** 21 June 2022

**Key decision:** No.

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Rich Clarke, Head of Assurance. Carol Owen, Counter Fraud Manager

### Outline and recommendations

Public Sector Internal Audit Standard 2450 requires that Heads of Internal Audit deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. This report includes that opinion and a summary of the supporting work.

The annual opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control. The opinion is generally positive on all three counts but includes observations on some topics the Council should address when drawing up its Governance Statement.

This report also includes an update summary of work elsewhere in the assurance division, including the Anti-Fraud and Corruption Team.

We ask that Members **note** the Head of Assurance's annual opinion.

We ask that Members also **note** the work underlying the opinion and the Head of Assurance's statement of its independent completion in conformance with Standards.

### Timeline of engagement and decision-making

**23 June 2021:** Audit Panel approves Internal Audit Plan for 2021/22.

**16 September and 7 December 2021, 15 March 2022:** Progress updates to Audit Panel.

**11 May 2022:** Summary Annual Opinion shared with Executive Management Team

## 1. Summary

- 1.1 This report outlines the Head of Assurance's annual opinion for the year 2021/22 on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control.
- 1.2 The report sets out the work completed to support the opinion. While some of the planned 2021/22 work remains outstanding, I am nonetheless satisfied that sufficient is completed so far to provide a robust overall conclusion.
- 1.3 On all three counts, the opinion holds the Council has adequate and effective arrangements. However, this includes some observations on topics the Council should address when drawing up its Governance Statement.
- 1.4 We have completed the work described in this report in full conformance with the Standards. In 2021/22, that assertion is further supported by an External Quality Assessment (elsewhere on the agenda of this meeting). We have also worked independently, free from undue influence of either officers or Members.

## 2. Recommendations

- 2.1 The Audit Panel **notes** the Head of Assurance's annual opinion.
- 2.2 The Audit Panel **notes** the work underlying the opinion and the Head of Assurance's statement of its independent completion in conformance with Standards.

## 3. Policy Context

- 3.1 This report is consistent with the Council's policy framework, supporting the priorities set out in the Corporate Strategy 2018-22. It helps towards all the Council's priorities through supporting efficient and effective governance.

## 4. Background

- 4.1 The requirement to provide an Annual Opinion sits in Standard 2450. That Standard directs that:

*"The [Head of Audit] must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.*

*The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.*

*The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme."*

- 4.2 The Accounts and Audit Regulations 2015 further emphasise this requirement. Regulation 5 holds:

*"[Each local authority] must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance"*

- 4.3 The work planned to support the opinion was agreed by the Panel in the Annual Audit Plan approved in June 2021. The Panel has also received progress updates in September and December 2021 and March 2022.

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- 4.4 In Lewisham, internal audit work is performed by a qualified in-house team supplemented by general and specialist support from PWC and Mazars, each procured through framework agreements. From August 2020 to January 2022 the Head of Internal Audit role was filled by a secondee from PWC, with the current Head of Assurance starting in January 2022.

## 5. Statement on Independence and Standards Conformance

- 5.1 Lewisham's internal audit service, both as delivered in-house and with external partners, has enjoyed complete and unfettered access to officers and records to complete our work. On no occasion have officers or Members sought or gained undue influence over our scope, findings or reporting.
- 5.2 The seconded Head of Internal Audit until January 2022 was completely free of operational responsibility for any service which was (or could be) subject to audit review. The position is slightly more complex after January 2022 as the new Head of Assurance has, as well as internal audit, operational responsibility for the Anti-Fraud and Corruption Team, the Council's Insurance and Risk Management service and (from June 2022) the Corporate Health and Safety Team.
- 5.3 I am satisfied these additional responsibilities do not present any independence risk for 2021/22 given the quantum of work completed while reporting to the seconded Head of Internal Audit. Therefore for 2021/22, I can confirm we have worked with full independence as required by Standard 1100.
- 5.4 For 2022/23 onwards we will address any independence conflicts through a revised Internal Audit Charter that will come to this Panel for approval in the Autumn. It is likely that Charter will seek independent reviews for areas also within the Head of Assurance's purview, including potentially peer-group arrangements set up by the London Audit Group.
- 5.5 Standard 2450 also requires the annual report includes a statement on Standards Conformance. In 2021/22 that is more straightforward than usual as it coincides with the quinquennial requirement for an external quality assessment. That assessment is elsewhere on the agenda of this Panel meeting and confirms the service **generally conforms** with Standards. This is the highest of the three levels of conformance set out in the report.

## 6. Head of Internal Audit Opinion

- 6.1 The Standards prescribe no specific format or wording for the Head of Internal Audit's Opinion. However, the layout below aims to capture all the individual requirements for the Opinion set out in Standards 2450.

### Scope and Time Period of the Opinion

- 6.2 I provide this opinion to Lewisham Council (the Council) for consideration in preparing its Annual Governance Statement, to be published alongside its financial statements for the year ended 31 March 2022. My opinion is supported by work completed up to and including the opinion date.

### Scope Limits

- 6.3 The role of internal audit need not cover only assurance and may also extend towards consultancy, advice and strategic support. We have agreed with the Panel the overall scope of our work in the Internal Audit Charter and the specific scope of work this year in the approved 2021/22 Internal Audit Plan.

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- 6.4 However the audit plan cannot address all risks across the Council and represents our best use of inevitably limited capacity. In approving the plan, the Panel recognised these limits. Beyond this general disclaimer, I have no specific limits of scope to report to the Panel.

## Consideration of work completed and reliance on others

- 6.5 I have drawn my opinion from the work completed during the year up to the opinion date. The plan for this work was set out in the plan approved by this Panel in June 2021 and later developed in line with emerging risks and priorities.
- 6.6 As well as the in-house team, the plan was delivered by colleagues at PWC and Mazars, both for specialist and general support. Our engagement with each firm is through a dedicated framework agreement (CCAS for PWC, Apex for Mazars) that includes guarantees on Standards conformance and auditor expertise. I am satisfied that work completed by PWC and Mazars is of sufficient quality to include as evidence supporting my opinion.
- 6.7 In completing my work I have placed no other specific reliance on external sources of assurance.

## Information supporting the opinion

- 6.8 The rest of this report summarises the work completed in delivering the internal audit plan through 2021/22.
- 6.9 My opinion draws on the work carried out by and for the Lewisham internal audit service during the year on the effectiveness of managing those risks identified by the Council and covered by the audit programme or associated assurance. Not all risks fall within our work programmes. For risks not directly examined, I am satisfied an assurance approach exists to provide reasonable assurance on effective management.

## Risk and control

- 6.10 The Council is responsible for ensuring it undertakes its business within the law and proper practices. The Council must also ensure it safeguards and properly accounts for its resources, using them economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to seek continuous improvement in exercising its roles.
- 6.11 The Council has described key parts of its internal control and risk management within its Annual Governance Statement and Risk Management Framework.
- 6.12 Organisations design internal controls to manage to an acceptable level rather than remove entirely the risk of failing to achieve objectives. So, internal controls can only provide reasonable and not complete assurance of effectiveness. Designing internal controls is a continuing exercise designed to identify and set priorities around the risks to the Council achieving its objectives. The work of designing internal controls also evaluates the likelihood of those risks coming about and managing the impact should they do so.
- 6.13 In completing our work we have considered the control environment and objectives in place at the Council.

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## Overall Conclusions

### Internal Control

- 6.14 I am satisfied that during the year ended 31 March 2022 the Council managed its internal controls to offer satisfactory assurance on their adequacy and effectiveness.
- 6.15 Within that opinion, I note some relatively minor but persistent control weaknesses in the operation of control account reconciliations, procedural documentation and evidencing control function. I have discussed these matters with the Council's Executive Management Team and recommended they be included within the Annual Governance Statement along with a plan to improve compliance.

### Framework of Governance

- 6.16 I am satisfied that the Council's framework of governance for the year ended 31 March 2022 complies in all material respects with guidance on proper practices as set out in the CIPFA/SOLACE publication "Delivering Good Governance in Local Government (2016)".
- 6.17 As an additional comment, I wish to thank Members of this Panel and the Council's Executive Management Team for their efforts in supporting compliance with fulfilling agreed actions arising from audit reports. I set out later in this report the current position on compliance which represents a significant improvement on previous years.

### Risk Management

- 6.18 I am satisfied the risk management arrangements at the Council for the year ended 31 March 2022 are effective and provide satisfactory assurance.
- 6.19 Within that opinion, I note some considerable space to develop the Council's risk approach to include its reporting, comprehensiveness and integration with wider decision-making. I have discussed these matters with the Council's Executive Management Team and recommended they be included within the Annual Governance Statement along with a plan to improve arrangements.

### Other Matters

- 6.20 I have no other matters to report to the Panel as part of my opinion.



Rich Clarke CMIIA CPFA ACFS  
Head of Assurance

13 June 2022

## 7. Internal Audit Work 2021/22

- 7.1 The table on the following page sets out the engagement findings up to the date of this report. Where there are material matters concluded before the Panel meeting we will provide a verbal update. In instances where work is continuing, I am satisfied it is sufficiently progressed that I can use its findings in supporting the opinion. We will update the Panel on further completed work as part of progress reports through the year.

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## Internal Audit Engagements 2021/22

Ref	Title	Findings Summary	Assurance Rating	Report Date	Notes
<b>2020/21 Engagements Reported after issue of 2020/21 opinion (June 2021) (additions to agreed plan highlighted) [18]</b>					
20/21-01	Accounts payable	5 x <b>Med</b>	Satisfactory	Jun-21	
20/21-09	Council Tax	1 x <b>High</b> , 1 x <b>Med</b>	Satisfactory	Jun-21	
20/21-37	Project – Liquid Logic/Controcc	1 x <b>High</b> , 2 x <b>Med</b> , 1 x <b>Low</b>	Satisfactory	Jun-21	
20/21-30	Risk Management Framework	6 x <b>Med</b> , 2 x <b>Low</b>	Satisfactory	Jun-21	
20/21-39	Oracle Payroll/HR PIR	6 x <b>High</b> , 5 x <b>Med</b> , 3 x <b>Low</b>	(Advisory)	Jun-21	
20/21-12	Main Accounting Systems	2 x <b>Med</b> , 1 x <b>Low</b>	Substantial	Jul-21	
20/21-17	Treasury Management	2 x <b>Med</b> , 1 x <b>Low</b>	Substantial	Jul-21	
20/21-25	VAT	4 x <b>High</b>	<b>Limited</b>	Jul-21	Panel updated 9/21
20/21-50	<b>Remote Working Review</b>	3 x <b>Med</b>	(Advisory)	Jul-21	
20/21-47	Domiciliary Care Block Contract Payments & Client Charging on After Hospital Discharge	4 x <b>High</b> , 2 x <b>Med</b> , 1 x <b>Low</b>	<b>Limited</b>	Jul-21	Panel updated 9/21
20/21-32	Rough Sleeping Initiative Funding	3 x <b>Med</b> , 2 x <b>Low</b>	Satisfactory	Jul-21	
20/21-46	Passenger Transport Financial Management	1 x <b>High</b> , 9 x <b>Med</b> , 1 x <b>Low</b>	<b>Limited</b>	Jul-21	Panel updated 9/21
20/21-28	Housing of Multiple Occupation – Licensing & Enforcement	2 x <b>High</b> , 2 x <b>Med</b> , 2 x <b>Low</b>	<b>Limited</b>	Jul-21	Panel updated 9/21
20/21-05	Budget Monitoring in Children & Young People and Community Services	1 x <b>High</b> , 3 x <b>Med</b>	Satisfactory	Aug-21	
20/21-14	Payments to Childcare Providers and Foster Carers for Looked After Children	1 x <b>High</b> , 4 x <b>Med</b> , 1 x <b>Low</b>	Satisfactory	Sep-21	
20/21-33	Section 17 Financial Assistance Payments	2 x <b>Med</b>	Substantial	Sep-21	
20/21-36	Smarter Tech Roll Out Project	2 x <b>High</b> , 2 x <b>Med</b>	Satisfactory	Sep-21	

Ref	Title	Findings Summary	Assurance Rating	Report Date	Notes
20/21-15	Payroll	2 x <b>High</b> , 3 x <b>Med</b> , 2 x <b>Low</b>	<b>Limited</b>	Oct-21	Panel updated 12/21
<b>2021/22 Engagements Completed (additions to agreed plan highlighted) [23]</b>					
21/22-98	Community Testing Programme Grant Certification	None	(Advisory)	Aug-21	
21/22-96	Targeted Community Testing – Grant Certification	None	(Advisory)	Sep-21	
21/22-27	Climate Change	1 x <b>High</b> , 4 x <b>Med</b>	Satisfactory	Oct-21	
21/22-30	Youth First – Contract Management	6 x <b>Med</b>	Satisfactory	Oct-21	
21/22-63	Special Educational Needs and Disability Information Advice and Support Service Contract Management	4 x <b>Med</b> , 2 x <b>Low</b>	Satisfactory	Oct-21	
21/22-06	Coopers Lane Primary School	None	Satisfactory	Nov-21	
21/22-07	Dowderry Primary School	2 x <b>High</b>	Satisfactory	Nov-21	
21/22-28	Early Help Service Transformation	2 x <b>High</b> , 5 x <b>Med</b> , 1 x <b>Low</b>	<b>Limited</b>	Nov-21	Panel updated 12/21
21/22-02	Baring Primary School	4 x <b>High</b>	<b>Limited</b>	Jan-22	Panel updated 3/22
21/22-31	Client Contributions for Care Provision	3 x <b>High</b> , 3 x <b>Med</b> , 1 x <b>Low</b>	<b>Limited</b>	Jan-22	Panel updated 3/22
21/22-39	Capital Expenditure	1 x <b>High</b> , 5 x <b>Med</b>	Satisfactory	Jan-22	
21/22-01	All Saints CofE Primary School	1 x <b>High</b>	Satisfactory	Jan-22	
21/22-29	Health & Safety Checks for the Corporate Estate	2 x <b>High</b> , 5 x <b>Med</b>	<b>Limited</b>	Mar-22	See Appendix A
21/22-65	Internal Audit External Quality Assessment	3 x not rated	Generally Conforms	Mar-22	
21/22-99	Supporting Families Grant Verification	None	(Advisory)	Mar-22	
21/22-41	Council Tax	1 x <b>High</b> , 1 x <b>Med</b> ,	Satisfactory	Apr-22	

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Ref	Title	Findings Summary	Assurance Rating	Report Date	Notes
		1 x <b>Low</b>			
21/22-42	Business Rates	2 x <b>High</b> , 1 x <b>Low</b>	Satisfactory	Apr-22	
21/22-40	Data Protection	1 x <b>High</b> , 2 x <b>Med</b> , 5 x <b>Low</b>	Satisfactory	Apr-22	
21/22-03	Beecroft Garden Primary School	1 x <b>High</b>	Satisfactory	May-22	
21/22-57	Pension Scheme Administration	3 x <b>Med</b> , 4 x <b>Low</b>	Satisfactory	May-22	
21/22-05	Brindishe Lee Primary School	None	Substantial	May-22	
21/22-45	Academy IT Audit	1 x <b>High</b> , 2 x <b>Med</b>	Satisfactory	Jun-22	
21/22-60	Main Accounting System	3 x <b>Med</b>	Satisfactory	Jun-22	
<b>2021/22 Engagements In Progress [21]</b>					
21/22-12	Grinling Gibbons Primary School	Draft Report			
21/22-44	Banking	Draft Report			
21/22-37	Homelessness	Draft Report			
21/22-59	Asset Management	Draft Report			
21/22-54	Payroll	Draft Report			
21/22-09	Eliot Bank Primary School	Draft Report			
21/22-15	John Ball Primary School	Draft Report			
21/22-17	New Woodlands Primary School	Draft Report			
21/22-10	Gordonbrock Primary School	Draft Report			
21/22-25	St Winifred's Catholic Primary School	Draft Report			
21/22-26	Our Lady and Philip Nery Catholic Primary School	Draft Report			
21/22-19	Sir Francis Drake Primary School	Fieldwork Complete			
21/22-51	Child Safeguarding – Quality Assurance Arrangements	Fieldwork Complete			
21/22-46	Budget Management – Community Services	Fieldwork Complete			

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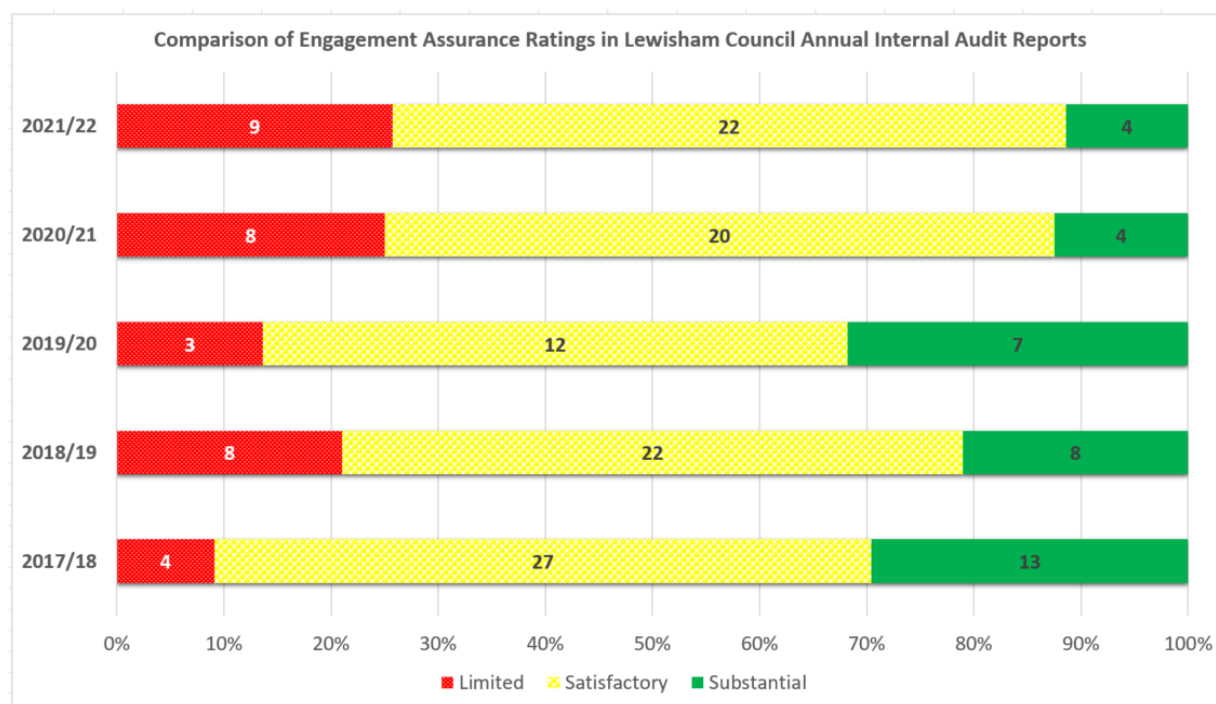
Ref	Title	Findings Summary	Assurance Rating	Report Date	Notes
21/22-64	Fairlawn Primary School	Fieldwork Complete			
21/22-16	Kelvin Grove Primary School	Fieldwork Complete			
21/22-13	Haseltine Primary School	Fieldwork Complete			
21/22-04	Brent Knoll Special School	Fieldwork Complete			
21/22-32	IT Security Arrangements	Fieldwork Complete			
21/22-43	Council Tax Reduction Scheme	Fieldwork Underway			
21/22-38	Procurement and Health & Safety of Temporary Accommodation and Private Sector Leasing	Fieldwork Underway			
<b>2021/22 Audit Plan Engagements Not Taken Forward [21]</b>					
	Accounts Payable	Existing assurance from review in mid-2021			
	Accounts Receivable				
	Treasury Management				
	Office 365	Listed as deferred in December 2021 update to Panel			
	Multi-Agency Support Hub				
	Leisure Contract				
	Business Continuity				
	Building For Lewisham				
	Section 106 and CIL				
	Performance Management				
	Contract Management				
	Risk Management				
	Elfrida Primary School				
	Greenvale Special School				
	Holy Trinity CE Primary School				
	Perrymount Primary School				
	St. Bartholomew's CE Primary School				

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Ref	Title	Findings Summary	Assurance Rating	Report Date	Notes
	St James' Hatcham CE Primary School				
	St John Baptist CE Primary School				
	St Saviour's RC Primary School				
	St William of York Catholic Primary School				



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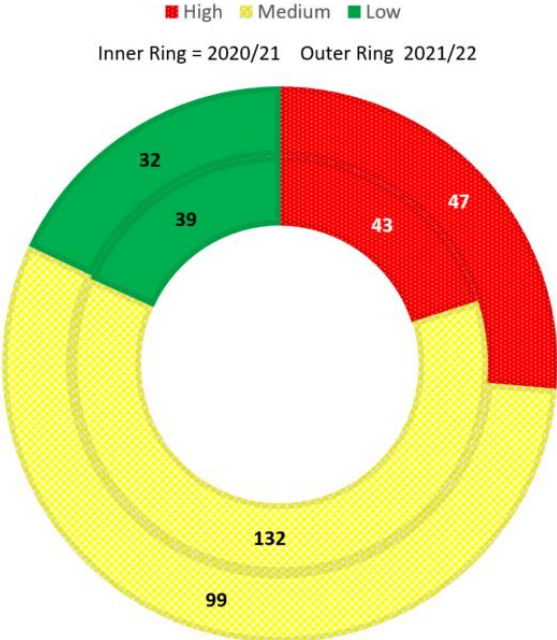
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# 8. Agreed Action Follow Up

8.1 An important part of how internal audit seeks to drive governance improvements is through agreeing remedial actions to address adverse findings raised. In 2021/22 this has involved raising 178 findings, detailed in the chart below:

FINDINGS RAISED FROM AUDIT ENGAGEMENTS: 2020/21 & 2021/22



8.2 We follow through to implementation all actions associated with high and medium priority findings. At medium level this is typically self-certified by the action owner, with our seeking verification that management have completed high priority actions.

8.3 The chart below sets out progress throughout the year on completing agreed actions. Note that each finding can have several actions associated. Actions associated with high priority findings are the red (right hand) bars, medium yellow (left hand) bars.

Progress of Agreed Audit Actions Related to High & Medium Risk Findings 2021/22



8.4 The table below also summarises completion rates.

Category	High	Medium	All
Completed on time	13%	24%	20%
Completed late	44%	46%	45%
<b>Completed Total</b>	<b>57%</b>	<b>70%</b>	<b>65%</b>
Deferred Due Dates	43%	31%	35%

Action completion rates 21/22, Sourced from IA system

8.5 Note that we are now recording more information about the progress and completion of actions so cannot show a like-for-like comparator with previous years. In particular, improved tracking of deferrals means we can more easily identify where actions are complete later than the original due date. For example, if we were to use the same calculation method as last year's report we would declare 100% completed on time because all open actions have (current) due dates in the future.

8.6 Improving the compliance on agreed action due dates is a key focus for 2022/23 and we are grateful for the help and encouragement of Members and senior management in that goal. We are focusing on close liaison when finalising reports, including challenging the reasonableness of suggested due dates, and improving our processes to make it easier for officers to provide updates on progress.

## 9. Quality and Improvement Programme

9.1 In 2021/22 Lewisham's Internal Audit Service underwent an external quality assessment, as required every five years. That report, which concluded the service generally conforms to Standards, is also on the agenda of this meeting.

9.2 Standards 1300 and 2450 also require that we provide commentary on Quality Assurance and Improvement Programmes in the audit service aimed at securing continuous improvement. The review completed by City of London concluded the service "generally conforms" to Standards. However, we have identified a range of areas where we can improve both actual conformance and how we document to demonstrate conformance. While a lot of the changes will be wholly internal, we want to flag three in particular.

### Greater Emphasis on Planning

9.3 Currently, the planning stage of a single engagement may be comparatively short meaning we often learn material elements of the process as we go. This results in completing tests that turn out irrelevant or misfocused and raising findings which misunderstand the context. For 2022/23 we've expanded the planning guidance in the audit software and segmented our budget monitoring to track planning time. From a client perspective, this will mean more contact earlier in the work and later issue of terms of reference. However, our aim is this pays off in more precise demands on officers during testing, findings of greater insight and agreed actions derived from clear understanding.

9.4 We are especially developing our planning approach to encourage auditors to spend time working alongside the people they audit at the planning stage. This aims to create an immersive experience of how the process works (subject of course to local arrangements and agreement) to help deliver greater engagement and insight.

### Shorter, More Specific Actions

9.5 We have put in place a more robust internal review process on conclusions and actions, moving it forward in our process to ahead of exit meetings. This should lead to more focussed, single sentence, actions with a clear understanding of resolution conditions. This will also incorporate using additional tools to derive the root cause of

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findings and focus our recommendations on remedying those causes. This approach should also eliminate the current ‘back and forth’ that can occur as actions are being simultaneously and separately considered by the auditor, audit management and client management.

- 9.6 Version 6 of our Pentana Software (due to be installed this month) also vastly expands the potential for Directors to review and access information on outstanding actions through a dedicated web user interface. Once we have the software in place we’ll aim to develop and pilot this approach later in the year.

## New Reporting Templates

- 9.7 Aiming to make our reporting more direct and accessible. This will include an emphasis on segmenting reports; recognising that they cater for different audiences and seeking to serve them direct. We will start this new reporting for 2022/23 and may vary the approach slightly over the year as we learn more about how the reports are received, with a view to locking in a ‘final’ version within our software later in the year.

## 10. Anti-Fraud and Corruption Team Update: Year to 31 March 2022

- 10.1 The Anti-Fraud and Corruption Team (A-FACT) includes five officers. All qualified fraud investigators, their work includes special investigations, housing investigations, pre-employment checks and delivering service level agreements with Lewisham Homes and some other local Registered Social Landlords (RSLs).
- 10.2 The special investigation work covers allegations involving employees, contractors, business rates, grants, blue badges and financial irregularities within or against the Council.
- 10.3 Housing investigation work covers fraudulent applications for homelessness support, housing register, right to buy and cash incentive schemes. We conduct investigations into subletting on behalf of our partners Lewisham Homes and several RSLs.
- 10.4 Referencing work covers pre-employment checks focusing on potential conflicts of interest and monies owed to the Council, as well as investigating anomalies with employment history.
- 10.5 We also support Lewisham Homes with more serious allegations of fraud within or against the organisation and pre-employment checks.

## Special Investigations

- 10.6 The table below shows headline summary information on special investigation work. Note that cases are assigned to the year they close, which can sometimes be some time after the initial allegation.

Category	2021/22	2020/21	2019/20
<b>Brought forward from prior years</b>	<b>47</b>	<b>37</b>	<b>19</b>
New cases	67	76	121
Closed cases	70	66	103
- Employee & Agency Closed with action	6	10	2
- Employee & Agency Closed no action	4	0	4
- Other Closed with action	41	43	65
- Other Closed no action	19	13	32
<b>Carried forward into future years</b>	<b>44</b>	<b>47</b>	<b>37</b>

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10.7 There were 6 staff cases concluded in the year to 31 March 2022 resulting in action.

- 1 x resigned while under investigation
- 3 x not employed due to issues identified by pre-employment vetting
- 1 x not employed and processes improved
- 1 x no fraud identified but procedural weaknesses identified and improved

10.8 The tables below show further analysis of employee and non-employee fraud.

<b>Employee &amp; Agency Case Analysis</b>	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>
Dismissed/Resigned and Convicted	0	1	0
Dismissed/Resigned including Agency	1	4	1
Other disciplinary or monies repaid	4	4	2
Prosecuted for false application	0	0	1
Management action (e.g. process review)	1	0	0
Identity of other issue cleared	0	1	0
Closed with no action	4	0	4
<b>Total Employee &amp; Agency Cases</b>	<b>10</b>	<b>10</b>	<b>6</b>

<b>Non-Employee Case Analysis 2021/22</b>	<b>Total Cases</b>	<b>Fraud Proven or Prevented</b>	<b>Evidence Provided</b>	<b>No Fraud</b>	<b>Info Request</b>
Blue Badges	3	1	1	1	0
Direct Care Payments	2	0	1	1	0
Business Rates	5	3	0	2	0
Other Cases	21	6	0	15	0
Requests for information	29	0	0	0	29
<b>Total</b>	<b>60</b>	<b>10</b>	<b>2</b>	<b>19</b>	<b>29</b>

## COVID-19 Business Rates Grants

10.7 A-FACT have supported the Business Rates Team and the Economy, Jobs and Partnership Teams in setting up and processing the various grants available during the pandemic. Our aim was to ensure that while monies were distributed to businesses as soon as possible it was within a robust framework of fraud controls. This has included preparing a Fraud Risk Assessment and Post Event Assurance Plans in accordance with guidance from the Department for Business, Energy and Industrial Strategy (BEIS). We also undertook a range of pre and post-payment checks in accordance with the scheme.

10.8 We will provide a full breakdown of this work in the Annual Report.

## Pre-Employment Checks

10.9 A-FACT support Human Resources by undertaking part of the Council's recruitment checks. Each potential employee of the Council must complete a pre-employment check focusing on any issues relating to Council Tax, benefits, rent and personal business interests which may cast doubt on individual integrity or raise potential conflicts of interest. We also undertake these reviews for agency staff.

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Summary of pre-employment checks	2021/22	2020/21	2019/20
Checks completed	311	265	292
Action taken	28	32	36
<b>Proportion with action taken</b>	<b>9%</b>	<b>12%</b>	<b>12%</b>

10.7 Of the 28 cases resulting in action.

- 4 x repayment plans created to recover outstanding Council tax or rent totalling £6,575.
- 1 x case identifying fraudulent claim for Single Person Discount
- 18 x declared Company Directorships checked for conflicts of interest
- 5 x undeclared Company Directorships identified

10.8 In three cases an offer of employment was withdrawn following information identified in the pre-employment checks.

### Lewisham Homes

10.9 A-FACT continue to undertake investigation work for Lewisham Homes under a Service Level Agreement. This investigation work has been severely hampered by the pandemic. Interviews, visits and court cases have stalled. While this has reduced the volume of work concluded, we have worked with Lewisham Homes to recover five tenancies and, in one case, reduce the size of tenancy offered.

10.10 We undertook 92 pre-employment checks for Lewisham Homes, with 8 resulting in further action, including repayment plans to recover over £7k of outstanding Council Tax and rent.

### RSL and Housing Investigations

10.11 Due to overlaps in the work for RSL partners and applications for housing and homelessness we have combined the figures below for both areas of work. As with special investigations, cases are linked to the year closed.

Summary of RSL & Housing Cases	2021/22	2020/21	2019/20
<b>Brought forward from prior years</b>	<b>26</b>	<b>29</b>	<b>66</b>
New Cases	54	29	53
Closed Cases – No Action	29	28	70
Closed Cases – Resulting in Action	10	4	20
<b>Carried forward to future years</b>	<b>41</b>	<b>26</b>	<b>29</b>

## 11. Financial implications

11.1 There are no financial implications arising direct from this report.

## 12. Legal implications

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

## 13. Equalities implications

13.1 There are no equalities implications arising direct from this report.

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## **14. Climate change and environmental implications**

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

## **15. Crime and disorder implications**

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

## **16. Health and wellbeing implications**

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

## **17. Background papers**

17.1 There are no relevant background papers not otherwise referenced direct in the report.

## **18. Report author and contact**

18.1 For any queries on the report please contact Rich Clarke, Head of Assurance on 020 8314 8730 or by email at [rich.clarke@lewisham.gov.uk](mailto:rich.clarke@lewisham.gov.uk).

## **19. Appendices**

- Appendix A – Summary of limited assurance report published since the previous Panel meeting.

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## Adverse Assurance Rating Engagement Summaries

Health & Safety Checks for the Corporate Estate (March 2022)

# Overall Audit Opinion - Limited

Process Areas & Finding Priority Levels	High	Medium	Low
1. Governance	0	2	0
2. Compliance with Health & Safety Regulations and Managing Risks	0	1	0
3. Monitoring of H&S Compliance and Review of Controls	1	2	0
4. Monitoring and Reporting	1	0	0
<b>Total</b>	<b>2</b>	<b>5</b>	<b>0</b>

## Key Findings

- Self-assessment and full audits of service teams are required to be carried out annually, however, it was identified that due to the COVID-19 pandemic the most recently completed health and safety (H&S) audit programme was for the year 2018/19. In addition, it was identified for two quarters where H&S compliance checks could not be carried out for all operational properties in the corporate estate due to staff shortage, that compliance checks were not undertaken for all high risk properties.
- The H&S Committee is required to meet three times per year. However, the last meeting of the Committee was on 4 November 2019. For one meeting of the Corporate H&S Board and one meeting of the Corporate Resources H&S Committee, minutes of the meeting could not be provided. In addition, it was identified that a recent external audit has not been carried out, as required by procedures to monitor the Council's H&S performance in respect of its selected occupational H&S standard (BS OHSAS 18001).
- A review of the health & safety policies and procedures published on the Council's intranet identified that: the Asbestos Policy and Management Plan has not been reviewed annually as required by regulations; the Fire Safety Policy and Water Systems Policy have not been recently reviewed; and of the 36 management procedures and risk control management procedures, eight had not been reviewed within the past 12 months as required by procedures.
- A review of the legionella risk assessment for five properties identified for one which was carried out on 28 January 2021 that the remedial actions (two high priority and one medium priority) from the risk assessment were not recorded on the remedial tracker. Therefore, it was not possible to confirm whether the remedial actions arising from the risk assessment had been completed or not.
- A review of the terms of reference (ToR) for the CYP Non-Schools H&S Directorate Committee and Housing, Regeneration and Public Realm Directorate H&S Committee identified that the documents had not been reviewed within the past year, as required

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by procedures. ToR for the Corporate Resources and Community Services H&S Committees could not be provided. In addition, the Council's Chief Executive Directorate was formed in July 2020 but an H&S Committee for the Directorate has not yet been formed.

- H&S arrangements for property related risk glazing is not checked during the quarterly compliance checks of corporate properties. In addition, it was identified that Compliance Inspectors were not checking whether premises officers / building managers were adhering to asbestos regulations, by ensuring that information about the location and condition of any asbestos was provided to every person liable to disturb it, such as building contractors.
- Testing of 10 quarterly compliance checks on properties, identified that there was no evidence recorded on the remedial tracker that feedback of non-compliance was communicated to the responsible officers. In addition, it was identified that remedial actions had not been completed arising from compliance checks carried out on three properties in April 2021.

### Areas that worked well

- The roles and responsibilities for H&S arrangements within the Council have been established, recorded and communicated.
- Regular risk assessments are carried out for key H&S risks such as asbestos, electricity, fire, legionella and passenger lifts.
- Examination of a sample of five operational properties identified for all five properties that the remedial actions from the most recent asbestos 10 yearly risk assessment and management survey, and annual asbestos condition survey were recorded on a remedial tracker and monitored by Compliance Inspectors as part of quarterly compliance checks to ensure that the remedial actions were completed in a timely manner.
- A quarterly H&S report is prepared and presented at Directorate H&S Joint Consultative Committees. The H&S report includes items such as a summary of accidents and incidents along with recommendations on how to improve H&S performance.

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