



Audit & Risk Committee

Internal Audit Annual Report and Opinion 2023/24

Date: 11 September 2024

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Rich Clarke, Head of Assurance

Outline and recommendations

The Accounts and Audit Regulations require an annual internal audit opinion on the overall adequacy of the Council's framework of governance, risk management and internal control. This report includes that opinion and summaries of supporting work. The opinion is generally positive but includes some observations on matters the Council should consider addressing in its Annual Governance Statement.

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

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

Timeline of engagement and decision-making

14 March 2023: Audit Panel (predecessor body of Audit & Risk Committee) approves Internal Audit Plan for 2023/24.

22 June 2022, 13 September 2023, 6 December 2023: Progress updates to Audit & Risk Committee.

13 July 2023, 30 January 2024, 25 April 2024: Progress updates to Corporate Assurance Board (Senior Officers)

1. Summary

- 1.1 This report outlines the Head of Assurance's annual opinion for the year 2023/24 on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control. It sets out the work supporting the opinion. That work is substantially finished; all but some minor testing is complete and we have a handful of reports published only in draft. Nonetheless, I am satisfied that sufficient work is completed and published to provide a robust overall conclusion.
- 1.2 On all three counts, the opinion holds the Council has adequate and effective arrangements. However, the opinion also includes some commentary the Council should consider addressing in its Annual Governance Statement.
- 1.3 We have completed our work in full conformance with the Public Sector Internal Audit Standards (the 'Standards'). We have also worked independently, free from undue influence of either officers or Members.

2. Recommendations

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

3. Policy Context

- 3.1 This report aligns with Lewisham's Corporate Priorities, as set out in the Council's [Corporate Strategy \(2022-2026\)](#):

Cleaner and Greener

A Strong Local Economy

Quality Housing

Children and Young People

Safer Communities

Open Lewisham

Health and Wellbeing

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- 3.2 It helps toward achieving all of those priorities through supporting efficient and effective governance, risk management and control.

4. Background

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

“The [Head of Assurance] 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...”

- 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 predecessor body to this Committee (the Audit Panel) in March 2023. The Committee also received progress updates through the year.

- 4.4 In Lewisham, we deliver internal audit work primarily by an in-house team, supplemented by some contracted specialised and general support when needed. In 2023/24 that in-house team either all had extensive experience, relevant professional qualifications, or were working towards their achievement (our two internal audit apprentices). We have also used TIAA for general audit support through a contract inherited from Lewisham Homes in October 2023.

- 4.5 During the year we took over responsibility for Lewisham Homes, whose internal audit is provided largely by TIAA as an outsourced provider. We continued that arrangement in 2023/24, including agreeing with TIAA to replace some planned Lewisham Homes audits that became moot upon the merger (for example where the equivalent Lewisham Homes function ceased to work independently) with Lewisham Council focused work.

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5. Statement on Independence and Standards Conformance

- 5.1 Lewisham’s internal audit service, both as delivered in-house and through external partners, has enjoyed complete and unfettered access to officers and records when undertaking our work. Officers or Members have not sought or gained undue influence over the scope, findings or reporting of our work.
- 5.2 The Head of Assurance serves as the Council’s “Chief Audit Executive” (the term used in the Standards) but also has broader responsibilities within the Assurance Division. These include responsibility for Anti-Fraud and Corruption, Insurance and Risk Management and Corporate Health and Safety.
- 5.3 I am satisfied those broader responsibilities do not present any significant independence risk that I must draw to the Committee’s attention. We have worked within the independence safeguards set out in our [Internal Audit Charter](#) (as agreed by the Audit Panel in September 2023). Therefore, I can confirm we have worked with full independence as required by Standard 1100.
- 5.4 Standard 2450 also requires the annual report include a statement on conformance with the Public Sector Internal Audit Standards. In 2021/22 we could rest that statement on an External Quality Assessment that reported the service ‘generally conforms’ (the highest of the three conformance levels). In 2023/24 we base that conclusion on a self-assessment, noting that external assessments are only required every fifth year. I can confirm we have undertaken our work in conformance with the Standards.
- 5.5 During 2024/25 the current Standards will be replaced by new Global Internal Audit Standards, which the Government have announced will be fully in place within the public sector by 1 April 2025. We will report to Members separately as part of our Audit Charter update in December 2024 on the implications for the service arising from the new Standards.

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6. Head of Internal Audit Opinion

- 6.1 The Standards prescribe no specific format or wording the the annual opinion. However, the layout below aims to mirror Standard 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 2024. 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 to consultancy, advice and strategic support. We have agreed with the Audit & Risk Committee the overall scope of our work in the Internal Audit Charter and the specific scope of work in year in the approved 2023/24 Internal Audit Plan.
- 6.4 However, the audit plan and internal audit’s work more generally cannot address all risks across the Council and represents our best use of inevitably limited capacity. In approving the plan, the Audit & Risk Committee recognised these limits. Beyond this general disclaimer, I have no specific limitations of scope to report.

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 shown below. The plan was approved by the Audit Panel (the Audit & Risk Committee’s predecessor) in March 2023 and later developed in line with emerging risks and priorities.
- 6.6 As well as the in-house team, we have relied on work delivered by colleagues at TIAA. Our engagement with the firm is contractual and includes fulfilled guarantees on Standards conformance, independence and auditor expertise. I am satisfied that work completed by TIAA is of sufficient quality to include as evidence supporting my opinion.
- 6.7 We also placed specific reliance on work undertaken by HM Passport Office in May 2022 and BSI in November 2023 in opting not to take forward planned

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work at the Council's Register Office. We considered that, taken together, these reviews provided material assurance on the significant risks involved such as to justify excluding the planned audit review from our 2023/24 programme.

6.8 We also placed partial reliance on the Ofsted review of Lewisham's Children's Services which reported on [31 January 2024](#). While the review did not cover in detail the areas anticipated in our 2023/24 audit plan, we were satisfied that the overall "Good" rating provided sufficient assurance of effective management and leadership with the service to justify deferring relevant planned audit reviews within the Children and Young People Directorate to form part of our 2024/25 programme instead.

6.9 In completing my work I have placed no other specific reliance on external sources of assurance.

Information Supporting the Opinion

6.10 The remainder of this report summarises work completed in supporting the internal audit opinion.

6.11 My opinion draws on work carried out by and for the Lewisham internal audit service during the year on the effectiveness of managing risks identified by the Council and covered by the audit programme or associated sources of assurance. Not all risks fall with 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

6.12 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.

6.13 The Council has described key parts of its internal control and risk management within its Annual Governance Statement and Risk Management Framework.

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6.14 All organisations design internal controls to manage risk at an acceptable level rather than removing entirely the chance 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 seeking 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 crystallising and managing the impact should they occur. In completing our work we have considered the control environment and objectives of the Council.

Overall Conclusions

Internal Control

6.15 I am satisfied that during the year ended 31 March 2024 the Council managed its internal controls to offer satisfactory assurance on their adequacy and effectiveness.

Framework of Governance

6.16 I am satisfied that the Council's framework of governance for the year ended 31 March 2024 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)".

Risk Management

6.17 I am satisfied the risk management arrangements at the Council for the year ended 31 March 2024 are effective and provide satisfactory assurance.

Other Matters

6.18 We have reported findings through the year related to the quality and consistency of the Council's record keeping. This finding has arisen in both adverse assurance reports and work that is otherwise positive about control and governance arrangements. The Council should have regard to improving its record keeping and information management, in particular as it increasingly takes the opportunities for cloud storage and using tools such as Sharepoint and MS Teams.

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- 6.19 A further recurring finding relates to compliance with centralised governance and policy requirements. Examples include staff performance appraisals, information governance returns and health & safety service audits. While we note significant improvement in some areas, the most notable being the Council's performance in fulfilling freedom of information requests, further work is needed to improve the general level of compliance across the Council with returns its Executive Management Team have sanctioned as a required part of maintaining effective governance.
- 6.20 I recommend the Council include these two matters as areas for improvement in its Annual Governance Statement for 2023/24.
- 6.21 I have no other matters to report to the Committee as part of my opinion.

Rich Clarke CMIIA CPFA ACFS
Head of Assurance

4 June 2024

7. Internal Audit Work 2023/24

- 7.1 The table on the following page sets out engagement findings up to the opinion date. Where there are material matters concluded before the Committee meets I will provide a verbal update. In instances where work continues, I am satisfied it is sufficiently progressed that I can use its findings to support the opinion. We will update the Committee on further completed work in progress reports during the year ahead.

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Internal Audit Engagements 2023/24

Ref	Title	Finding Summary	Assurance Rating	Report Date	Note Para
2022/23 Engagements Completed after Opinion Report [13 June 2023] (x8)					
22/23-RBE-A08	Voids Management	1 x H, 7 x M, 4 x L	Limited	29-Jun-23	7.2, 7.3
22/23-SCH-18	Bonus Pastor Catholic College	2 x M, 6 x L	Substantial	10-Jul-23	7.2
22/23-RBE-A09	Community Infrastructure Levy	(nil)	Substantial	10-Jul-23	7.2
22/23-RBE-A15	Public Health Service Commissioning	3 x M	Satisfactory	21-Jul-23	7.2
22/23-RBE-B04	IT Network Architecture Governance	4 x M, 1 x L	Satisfactory	26-Jul-23	7.2
22/23-RBE-B09	Libraries	2 x M	Satisfactory	31-Jul-23	7.2
22/23-RBE-B06	Food Safety	1 x H, 3 x M, 3 x L	Limited	14-Aug-23	7.2
22/23-RBE-A17	Special Needs Commissioning	4 x M	Reasonable	31-Aug-23	7.2, 7.3
2023/24 Engagements Completed (x30)					
23/24-CE-01	Supporting Families Grant (Q1)	(None)	Grant Certified	27-Jun-23	
23/24-LH-01	Rent Collection & Arrears Management	(None)	Substantial	15-Jul-23	7.3

Ref	Title	Finding Summary	Assurance Rating	Report Date	Note Para
23/24-CE-02	Supporting Families Grant (Q2)	(None)	Grant Certified	20-Sep-23	
23/24-LH-03	Property Compliance (Gas & Lifts)	2 x Med, 5 x Low	Reasonable	6-Oct-23	7.3
23/24-LH-04	Safeguarding (Lewisham Homes)	1 x Med, 1 x Low	Reasonable	27-Oct-23	7.3
23/24-RBE-13	Sports & Leisure Contracts	1 x Med, 5 x Low	Satisfactory	22-Nov-23	
23/24-SCH-03	Adamsrill Primary School	11 x Low	Substantial	22-Nov-23	
23/24-RBE-21	Budget Setting & Savings Targets	2 x Med, 2 x Low	Satisfactory	23-Nov-23	
23/24-RBE-06	School Place Planning	2 x Med, 3 x Low	Satisfactory	27-Nov-23	
23/24-CE-03	Supporting Families Grant (Q3)	(None)	Grant Certified	15-Dec-23	
23/24-SCH-04	Edmund Waller Primary School	1 x Med, 10 x Low	Satisfactory	12-Jan-24	
23/24-SCH-05	Holbeach School	5 x Low	Substantial	18-Jan-24	
23/24-RBE-12	Tree Maintenance	6 x Med, 2 x Low	Satisfactory	1-Feb-24	
23/24-RBE-20	Accounts Payable	3 x Med, 2 x Low	Reasonable	20-Feb-24	7.3

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Ref	Title	Finding Summary	Assurance Rating	Report Date	Note Para
23/24-RBE-11	Alcohol Licensing	2 x High, 3 x Med, 3 x Low	Limited	20-Feb-24	7.4
23/24-RBE-28	Street Cleansing	5 x Med, 1 x Low	Satisfactory	21-Feb-24	
23/24-RBE-02	Corporate Communications	2 x High, 3 x Med, 4x Low	Satisfactory	22-Feb-24	
23/24-CE-04	Supporting Families Grant (Q4)	(None)	Grant Certified	19-Mar-24	
23/24-LH-08	Tenant Voice Satisfaction Measures	(None)	Substantial	19-Mar-24	7.3
23/24-RBE-30	Flood Management	4 x Low	Substantial	19-Mar-24	
23/24-SCH-14	Holy Trinity Church of England Primary School	4 x Med, 8 x Low	Satisfactory	2-Apr-24	
23/24-RBE-24	Apprenticeships	1 x Med, 2 x Low	Substantial	9-Apr-24	
23/24-LH-06	Repairs Service: Disrepair	2 x High, 3 x Med	Limited	17-May-24	7.3, 7.5
23/24-RBE-17	Insurance Claim Management	1 x Med	Reasonable	22-May-24	7.3
23/24-RBE-25	Planning Application Management	5 x Med, 2 x Low	Satisfactory	22-May-24	

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Ref	Title	Finding Summary	Assurance Rating	Report Date	Note Para
23/24-RBE-04	Staff Performance Management	3 x High, 3 x Med, 2 x Low	Limited	31-May-24	7.6
23/24-RBE-14	Community Development	2 x Med, 4 x Low	Satisfactory	31-May-24	
23/24-RBE-15	Accounts Receivable	2 x Med, 1 x Low	Reasonable	31-May-24	7.3
23/24-RBE-03	Resilience Planning	4 x Med, 8 x Low	Satisfactory	11-Jul-24	
23/24-SCH-11	St Bartholomew's CofE Primary School	2 x Med, 4 x Low	Substantial	16-Jul-24	
2023/24 Engagements Awaiting Final Report (x3)					
23/24-SCH-10	St Saviour's Catholic Primary School		Draft Report Published	Expected 15 Sep	
23/24-RBE-05	Requests for Information		Draft Report Published	Expected 15 Sep	
23/24-RBE-16	Facilities Management		Draft Report Published	Expected 15 Sep	
2022/23 Engagements with partial or alternative assurance (x7)					
23/24-RBE-19	Register Office	Home Office Inspection			
23/24-RBE-09	Education & Healthcare Plans	Partial assurance from Ofsted inspection, review re-			

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Ref	Title	Finding Summary	Assurance Rating	Report Date	Note Para
23/24-RBE-10	Access and Inclusion	scheduled for 2024/25.			
23/24-RBE-07	Schools HR Services	These audit engagements were at various degrees of completion at year end when we decided to prioritise resources towards completing higher-risk engagements. In each case we fed back findings to date along with some commentary, but the work was not a full engagement as defined by the Standards. Each area will be considered for full engagement as part of our usual planning processes.			
23/24-RBE-18	Corporate Performance Management				
23/24-RBE-31	Housing Delivery Programme				
23/24-SCH-15	Stillness Junior School				
2022/24 Engagements removed from plan (x16, of which x13 recur on draft 2024/25 plan)					
23/24-LH-05	Asset Management (ex-LH)	Delayed to 24/25 owing to officer team capacity			
23/24-RBE-01	Starters & Leavers	Delayed to 24/25 following development of new operational procedures			
23/24-RBE-08	Virtual School	Cancelled owing to audit team capacity			
23/24-RBE-22	IT Support	Delayed to 24/25 following IT staff sickness absence			
23/24-RBE-23	Parking Enforcement	Delayed to 24/25 following extended contract procurement			
23/24-RBE-26	Highways Management	Delayed to 24/25 owing to officer team capacity			

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Ref	Title	Finding Summary	Assurance Rating	Report Date	Note Para
23/24-RBE-27	Home Improvement Grants	Delayed to 24/25 to examine amended scheme			
23/24-RBE-29	Building Control	Delayed to 24/25 owing to officer team capacity			
23/24-SCH-01	Watergate School	Scheduled for summer term 2024 in discussion with school			
23/24-SCH-02	Marvels Lane Primary School	Scheduled for summer term 2024 in discussion with school			
23/24-SCH-06	Kilmorie Primary School	Scheduled for summer term 2024 in discussion with school			
23/24-SCH-07	St Michael's CE Primary School	Cancelled as School moving to Academy in 2024			
23/24-SCH-08	Sydenham Secondary School	Scheduled for summer term 2024 in discussion with school			
23/24-SCH-09	Brindishe Federation Schools	Scheduled for summer term 2024 in discussion with Federation			
23/24-SCH-12	Ashmead Primary School	Scheduled for summer term 2024 in discussion with school			
23/24-SCH-13	St James Hatcham CofE Primary	Cancelled as School moving to Academy in 2024			

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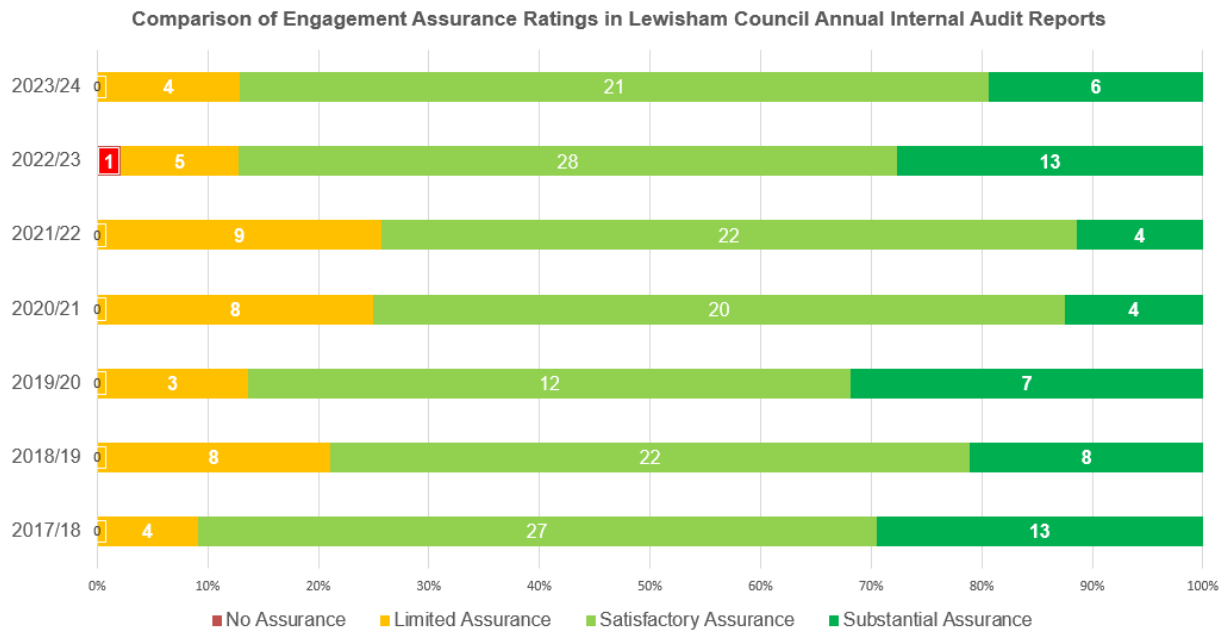


Figure 1: Stacked bar of comparative assurance ratings, sourced from prior-year reports. Includes 23/24 drafts

- 7.2 **Engagements completed after 2022/23 opinion:** All of these engagements were well-progressed at the point of delivering the opinion. So, while the final reports were not complete, nonetheless we factored their findings in full into that year’s opinion. We reported these findings previously to the Audit & Risk Committee on 13 September 2023.
- 7.3 **Reviews completed by TIAA:** These audit engagements completed by TIAA under contract. TIAA use a slightly different assurance rating scale to the Lewisham in-house team but, broadly, TIAA’s “Reasonable” correlates with the in-house team “Satisfactory” and so we have used the same marker key for both conclusions.
- 7.4 **Alcohol Licensing:** See Appendix A.
- 7.5 **Repairs Service, Disrepair:** See Appendix B.
- 7.6 **Staff Performance Management:** See Appendix C.
- 7.7 **The Council’s Corporate Assurance Board** routinely discusses audit findings with particular focus on adverse assurance ratings. The three reports highlighted above were considered by the Board at its meetings in February and April 2024. In the latter two instances, this involved reviewing draft reports before completion.

8. Agreed Action Follow Up

- 8.1 An important part of how internal audit seeks to drive improvement is through agreeing remedial actions to address findings arising from audit engagements.
- 8.2 We follow through to implementation all actions associated with high and medium severity findings. At medium level this is typically through self-certification. For actions associated with high severity findings we seek verification that management have completed the agreed action.
- 8.3 The table below sets out progress through the year in completing agreed actions. Note this excludes actions raised at schools. Historically, we have followed up school actions on the next scheduled visit but will be incorporating them within the standard follow up exercise from 2024/25.

Category	High	Medium	Total
Brought forward incomplete from 2022/23	20	46	66
Agreed in-year	20	77	97
Total Agreed Actions Open in 2023/24	40	123	163
Completed in-year	27	89	116
Carried forward incomplete to 2024/25	13	34	47
Overdue	7	15	22
Not yet due	6	19	25

- 8.4 Of the 116 actions completed in 2023/24, 66 were completed on or before the due dates agreed in the published final engagement report. This gives an overall 'on time' rate of over half (57%) which represents a further improvement on previous years (39% in 2022/23 and 17% in 2021/22). Of the 50 actions completed late, more than half (31) came from continuing efforts to conclude the high number of historic actions inherited coming into 2022. Focussing only on those actions raised in the current year, the on-time completion rate rises to above two-thirds (67%).

8.5 The table below give further detail on overdue actions in detail for the eleven actions linked with high severity findings. The actions shaded have previously been reported to Committee with an expectation of completion by now.

Report, published date and action detail	Months Overdue
VAT , published July 2021 - Retrospective exemption calculation	[completed in 2024/25]
HMO Licensing , published July 2021 - Annual checks on renewal of licenses - Unpaid civil penalty notices - CPN payment to debt recovery	[completed in 2024/25]
Homelessness , published October 2022 - Locata reconciliation	[completed in 2024/25]
Voids Management , published June 2023 - Voids policy and procedure	[completed in 2024/25]
Corporate Communications , published Feb 2024 - List of personnel with social media access	[completed in 2024/25]

8.6 Note that the table above was included in the informally circulated June 2024 version of this report. Since that date, all actions have been completed.

8.7 We will provide a current analysis of actions due for follow up as part of mid-year reporting on the 2024/25 plan progress at the next Committee.

9. Quality and Improvement Programme

9.1 The 2022/23 annual report highlighted three areas of focus for improving our processes in 2023/24.

9.2 **New Global Internal Audit Standards:** We have continued to monitor professional Standards developments, including the full draft of new Standards published by the Institute of Internal Audit in January 2024. See paragraph 9.6 for how we are continuing this work into 2024/25.

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- 9.3 **Alignment With Risk Management:** The Council's revised risk management approach continued to develop during 2023/24, as the Committee has seen in parallel reports through the year. Within audit, we have deepened our engagement with risk as part of both planning and reporting, including agreed actions that speak to amending risk register entries to reflect audit findings.
- 9.4 For the year ahead, as part of revising our approach to conform with new Standards, we will seek further opportunities to align with the Council's risk management practices.
- 9.5 **Incorporating Lewisham Homes:** Lewisham Council reincorporated Lewisham Homes from 1 October 2023. For the internal audit service that meant bringing across two members of staff (an Audit & Risk Manager and Audit & Risk Officer) plus an existing external support contract with TIAA that ran until 31 March 2024. We have successfully integrated the new team members and completed the TIAA contract, including redeploying resource to the Council where we found overlap. All of that work informs the opinion in this document. Our 2024/25 plan fully integrates former Lewisham Homes work within the Council's audit programme.

Development Focus Areas for 2024/25

- 9.6 Standards 1300 and 2450 require that we continue to look at ways to improve the audit service, aiming to secure continuous improvement. Our particular areas of focus for 2024/25 will be:
- 9.7 **Preparing for new Public Sector Internal Audit Standards:** The Global Institute for Internal Audit (IIA) published its new Global Internal Audit Standards (GIAS) in January 2024. In April 2024 the UK Internal Audit Standards Board (IASAB) – which Lewisham's Head of Audit attends as local government representative – determined the new GIAS will apply in the UK Public Sector from 1 April 2025. We will develop our audit approach during 2024/25 to meet this deadline, including a revised Internal Audit Charter that will come to Members in the autumn. Updating our approach will also include extensive staff training and development, working efficiently with other boroughs where we have the opportunity. We have already delivered a joint

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training session with colleagues from Bromley and Lambeth on Module V of the GIAS and plan more joint events through the year.

9.8 **Standardising Audit Planning Approaches:** We have not historically followed a standard audit planning approach, meaning we've had little ability to redeploy testing programmes and information between engagements. As part of developing our approach along with the new Standards we will aim for greater standardisation in the bulk of our audit testing to add efficiency.

9.9 **Enhancing our offer on consultation and advice:** At present, relatively little of the audit resource is devoted to proactive work. In part this is because historically the team has been set up and oriented to deliver solely retrospective audit work. However, we now have greater resource at senior levels and a more experienced and qualified team better able to both provide insight and advice and navigate the independence issues that advising risks creating. Leading with changing how we work with schools, we also aim through the year in increasing engagement with colleagues during the early stages of projects to advise on implementing effective control and risk management.

10. Financial implications

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

11. Legal implications

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

12. Equalities implications

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

13. Climate change and environmental implications

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

14. Crime and disorder implications

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

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15. Health and wellbeing implications

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

16. Background papers

16.1 There are no background papers not otherwise referenced in the report.

17. Report author and contact

17.1 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.

18. Appendices

Appendix A – Alcohol Licensing; Summary Draft Report

Appendix B – Repairs Service Disrepair; Summary Draft Report

Appendix C – Staff Performance Management; Summary Draft Report

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Assurance Service: Internal Audit A&RC Summary – Appendix A

Engagement Reference: 2023/24-RBE-11

Alcohol Licensing

Final Report Date: 20 February 2024

Limited Assurance

Audit Sponsor	Head of Safer Communities
Lead Auditor	Internal Audit Apprentice
Audit Reviewer	Head of Assurance
Directorate	Community Services
Cabinet Portfolio	Safer Lewisham and Equalities
Audit & Risk Committee Date	4 June 2024

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Summary Audit Engagement Report

1. Executive Summary

Our audit reviewed the Council's controls for assessing applications for and distributing licences for premises serving alcohol. While we found controls were generally well designed and set out in process documentation, their operation was inconsistent. This inconsistency means we can only provide Limited assurance that the controls work to control the service's risks.

We found inconsistencies in how the service controls and retains supporting documentation. This included missing evidence for licence approval, handling objections, and confirmatory checks. The missing evidence meant we could not consistently conclude the Council had met its legal obligations before making licensing decisions. Commonly, these findings are associated with officers failing to upload information into the system to support their conclusions.

We also observed the service makes extensive use of spreadsheets, often in circumstances where its key software (Assure) ought to provide a more secure and reliable workflow. There is clearly a lack of confidence in Assure, including limited knowledge of its operation leading to the service developing workarounds which do not always deliver or retain solid evidence of legal compliance with process. In this report we highlight a range of remedial actions agreed with management, including staff training, revised procedure notes and increased engagement with Assure to support its effective use.

Findings and Actions Summary		
Severity	# Findings	# Actions
High Severity	2	5
Medium Severity	3	2
Low Severity	3	1

2. Next Steps

Management have agreed 8 actions to remedy the findings and control weaknesses identified in this audit. We will follow up these actions as they fall due.

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3. Management Comments: As Published In Final Report

Management agrees with the findings and recommended actions to remedy those findings. Prior to and during the audit we had already rewritten the procedure to include and support Committee Services when a hearing is required and introduced additional quality control measures to monitor application processes, ensure representations are properly assessed and recorded, and ensure all actions are signed off before arranging a committee hearing. We had also started to rewrite procedures to include screenshots from the Assure database and scheduled training on the new processes. We have also arranged support to properly configure the database which will enable us to remedy the remaining findings.

4. Independence and Standards Conformance

We conducted this engagement in conformance with Public Sector Internal Audit Standards and the CIPFA Application Note. Standard 1100 demands that we act with independence and objectivity at all times. Where there are any threats, in fact or appearance, to that independence we must disclose the nature of the threat and how we have managed it when completing our work.

We have no issues to report on this engagement.

5. Report Distribution

We have shared the full report of our findings with relevant officers of the Council, including the Director and Executive Director responsible for the service area. We have also shared the full report with the Council's external auditors, KPMG.

This document is a summary extract of audit engagement findings prepared for London Borough Lewisham's Audit & Risk Committee. We can accept no liability to any third party who claims to use or rely, for whatever reason, on its conclusions or any other extract.

6. Action Plan

Agreed Actions

Management has agreed to carry out all the actions listed below in an exit meeting on 15 December 2023. The audit team follow up on implementation when they fall due. Where completion is delayed significantly from the due dates agreed below the audit team may highlight these overdue actions to Senior Management or the Council's Audit & Risk Committee. The final column shows the current status of implementation as at the date of the Audit & Risk Committee receiving this summary.

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#	Agreed Action	Due Date	Current Status
Actions Linked to High Severity Findings			
01	<p>Rewrite procedures</p> <p>Rewritten procedures that can be presented to staff, including screenshotting elements of the database.</p>	31 May 2024	<p>Complete</p> <p>The licensing strand has rewritten each of the 80 required licensing procedures.</p>
02	<p>Add Senior Officer to Review</p> <p>Monitoring applications with senior officer, procedure changed to add extra review using checklists to guide review.</p>	31 March 2024	<p>Complete</p> <p>As well as the process changes above, the processing officer must now complete a check list, relevant to the application type, seeking approval and 'sign-off' by the Senior Officer before issuing the licence.</p>
03	<p>Provide Training on Procedures</p> <p>Face to face training with staff to familiarise with new procedures and clarify consequences of non-compliance.</p>	31 March 2024	<p>Complete</p> <p>On completion of each procedure, officers receive training on the updated processes during regular team meetings.</p>
04	<p>Adapt Procedures to Support Committee Services</p> <p>Procedures adapted to include and support committee services in convening mandatory hearings if applicable, while stating its importance.</p>	29 February 2024	<p>Complete</p> <p>A new procedure for managing the Licensing Committee Hearings process has been written and took effect in December 2023.</p> <p>This includes the procedure for contacting Committee Services in advance of the hearing requirement, the process for updating the Assure database, managing representations (objections), deciding whether a hearing is necessary, writing the committee report and quality checking the process before submission.</p>

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#	Agreed Action	Due Date	Current Status
05	<p>Objections Signed by Senior</p> <p>Signed off by senior before going to committee services.</p>	29 February 2024	<p>Complete</p> <p>The Licensing Committee Procedure contains a “Quality check” section which requires the officer to obtain approval and ‘sign-off’ by the Senior Officer before going to Committee.</p> <p>In addition, the processing officer must complete a check list seeking approval and ‘sign-off’ by Senior Officer before issuing or going to Committee.</p>
Actions Linked to Medium Severity Findings			
06	<p>Change Advert Submission to Mandatory on the System</p> <p>Configured action to make the newspaper advert mandatory before allowing system sign off.</p>	31 March 2024	<p>Interim measures in place</p> <p>New procedures a section requiring the newspaper advert to be mandatory before signing off.</p> <p>Assure configuration is still ongoing to mandate this step within the system.</p>
07	<p>Mandate Confirmation of Personal Licences</p> <p>System configured to mandate confirmation of personal licence holders from different boroughs.</p>	31 March 2024	
Actions Linked to Low Severity Findings			
08	<p>Consider Better System Use</p> <p>Consider a better use of the Assure system to limit spreadsheet requirements.</p>	31 May 2024	<p>Ongoing</p> <p>In the interim until the Assure database is fully configured, licensing continues using spreadsheets. However, their number has been reduced to reduce error risk, and each is being simplified to reduce the amount of data entry and further reduce error risk.</p>

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Assurance Service: Internal Audit A&RC Summary – Appendix B

Engagement Reference: 2023/24-LH-06

Repairs Service - Disrepair

Final Report Date: 17 May 2024

Limited Assurance

Audit Sponsor	Repairs Delivery Lead
Lead Auditor	TIAA
Audit Reviewer	TIAA
Directorate	Housing
Cabinet Portfolio	Better Homes, Neighbourhoods & Homelessness
Audit & Risk Committee Date	4 June 2024

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Summary Audit Engagement Report

1. Executive Summary

Key strategic findings:

- Increase in the volume of disrepair claims has caused a huge increase in legal costs. Additional workload requires matching with adequate staff resources.
- Disrepair tracker used has become unfit for processing the volume of claims. It is cumbersome to use and difficult to extract useful management information.
- There appears to be a lack of clarity over the priority for disrepair work as often works required have taken considerable time to complete.
- Review of the disrepair tracker noted that there are gaps in the information recorded, explained as due to the increase in workload and staffing issues.

Good practice identified:

- There is a dedicated disrepair inbox in place. Individual folders are set up for each case and files were available for the sample of claims reviewed.
- Review of the website noted that there is information for residents to assist in reporting repairs with a page about Damp and Mould repairs and prevention.

Findings and Actions Summary		
Severity	# Findings	# Actions
High Severity	2	4
Medium Severity	3	3
Low Severity	0	0

2. Next Steps

Management have agreed 7 actions to remedy the findings and control weaknesses identified in this audit. We will follow up these actions as they fall due.

3. Management Comments: As Published In Final Report

Approval was granted for two Disrepair Surveyors and one administrative role. Recruited one Disrepair Surveyor in April 2024 and other recruitment underway. A contract has been secured to clear the backlog of cases to be surveyed. Procurement of additional surveyors has been authorised and is underway with the Council's procurement team.

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The process to provide a disrepair module on the Housing Management System is underway. The aim is for the tracker to be completed when the system is in operation with the disrepair module.

Post inspection reviews will be stored on the System and staff have been briefed on the new procedure, including the need to bring the tracker up to date.

Repairs timescales are to be reviewed when new Disrepair Surveyors are in place.

4. Independence and Standards Conformance

This engagement was completed under contract with the private audit firm TIAA. It is a requirement of that contract that TIAA conduct engagements in conformance with applicable standards, which in this instance are the Public Sector Internal Audit Standards and the CIPFA Application Note. Standard 1100 demands that we and TIAA act with independence and objectivity at all times. Where there are any threats, in fact or appearance, to that independence we must disclose the nature of the threat and how we have managed it when completing our work.

Neither TIAA or the Lewisham in-house team have matters to report in connection with this engagement.

5. Report Distribution

We have shared the full report of our findings with relevant officers of the Council, including the Director and Executive Director responsible for the service area. We have also shared the full report with the Council's external auditors, KPMG.

This document is a summary extract of audit engagement findings prepared for London Borough Lewisham's Audit & Risk Committee. We can accept no liability to any third party who claims to use or rely, for whatever reason, on its conclusions or any other extract.

6. Action Plan

Agreed Actions

Management has agreed to carry out all the actions listed below in an exit meeting in May 2024. The audit team follow up on implementation when they fall due. Where completion is delayed significantly from the due dates agreed below the audit team may highlight these overdue actions to Senior Management or the Council's Audit & Risk Committee. The final column shows the current status of implementation as at the date of the Audit & Risk Committee receiving this summary.

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#	Agreed Action	Due Date	Current Status
Actions Linked to High Severity Findings			
01	Review Staff Resources Review staff resources required to process the current numbers of claims and undertake the associated works.	30 September 2024	Recruitment underway
02	Seek Additional Temporary Resources Prepare requests for additional temporary resources through a formal business case.	30 September 2024	Recruitment underway
03	Disrepair Module Explore introducing a disrepair module within the Housing Management System.	30 September 2024	Discussions underway with provider
04	Review Existing Tracker In the interim, review the existing tracker to determine if it can be rationalised while maintaining its integrity.	30 September 2024	Work underway to review tracker
Actions Linked to Medium Severity Findings			
05	Post Inspection Review Form Storage Review the requirement for completion and storing of a post inspection review form and ensure staff are aware of the requirement.	1 June 2024	Procedure change completed and staff briefed.
06	Review Open Cases Undertake a robust review of open cases within the tracker. Ensure information is complete, works progressed and cases closed if finalised.	30 September 2024	Review underway.
07	Review Targets Review the targets and priorities set for disrepair works. Ensure systems in place to manage and monitor works and for any issues to be promptly escalated.	1 July 2024	Timescales to be reviewed with new Disrepair Surveyors

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Assurance Service: Internal Audit A&RC Summary – Appendix C

Engagement Reference: 2023/24-RBE-04

Staff Performance Management

Final Report Date: 31 May 2024

Limited Assurance

Audit Sponsor	Director of People & Organisational Development
Lead Auditor	Principal Auditor
Audit Reviewer	Audit & Risk Manager
Directorate	Chief Executive's
Cabinet Portfolio	Finance, Resources & Performance
Audit & Risk Committee Date	4 June 2024

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Summary Audit Engagement Report

1. Executive Summary

We found that the Council has a framework in place to support appraisals and staff performance management that, in all material respects, conforms in design with standard industry practice. The Organisational Development Team provided comprehensive training for appraising managers that goes beyond simple engagement with the process and addresses wider good practice in supporting staff to manage their performance. This includes goal setting, feedback delivery and performance evaluation techniques.

However, engagement with the appraisal process remains poor. Against a target of 75%, only 55% of eligible staff had a completed appraisal for the year end 2022/23. The 2023/24 mid-year appraisal exercise (which concluded in December) saw performance decline to 49%, despite increasing the frequency of completion reporting to senior management. We also found in our testing some inconsistency in uploaded information that suggested even that completion rate may be inflated by inadvertently marking erroneous documents as completed appraisals.

While these findings show less than half of the Council's staff are receiving an appraisal in line with policy, we also note an absence of any measures to review appraisal quality or assess performance of the process. Therefore, we cannot confidently state that the appraisal process is consistently delivering desired results in understanding and managing staff performance. Our recommendations include a proposal for developing a comprehensive strategy for improving engagement with staff appraisals, including clearly defining system ownership to help drive improvements.

Findings and Actions Summary		
Severity	# Findings	# Actions
High Severity	3	2
Medium Severity	3	1
Low Severity	2	1

2. Next Steps

Management have agreed 4 actions to remedy the findings and control weaknesses identified in this audit. We will follow up these actions as they fall due.

Is this report easy to understand?

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3. Independence and Standards Conformance

We conducted this engagement in conformance with Public Sector Internal Audit Standards and the CIPFA Application Note. Standard 1100 demands that we act with independence and objectivity at all times. Where there are any threats, in fact or appearance, to that independence we must disclose the nature of the threat and how we have managed it when completing our work.

The audit team engaged in this work are all London Borough of Lewisham employees and participated in each appraisal programme within its scope as either or both manager or appraisee. We did not exclude audit staff from potential selection in the various samples which inform the work but made arrangements to have any such records selected examined independently. In the event, no audit team appraisals were selected in our random sample and so we did not need these alternative arrangements.

We have no other matters to disclose.

4. Report Distribution

We have shared the full report of our findings with relevant officers of the Council, including the Director and Executive Director responsible for the service area. We have also shared the full report with the Council's external auditors, KPMG.

This document is a summary extract of audit engagement findings prepared for London Borough Lewisham's Audit & Risk Committee. We can accept no liability to any third party who claims to use or rely, for whatever reason, on its conclusions or any other extract.

5. Action Plan

Agreed Actions

Management has agreed to carry out all the actions listed below in an exit meeting on 17 April 2024. The audit team follow up on implementation when they fall due. Where completion is delayed significantly from the due dates agreed below the audit team may highlight these overdue actions to Senior Management or the Council's Audit & Risk Committee. The final column shows the current status of implementation as at the date of the Audit & Risk Committee receiving this summary.

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#	Agreed Action	Due Date	Current Status
Actions Linked to High Severity Findings			
01	<p>Set clear completion target with plan for achievement</p> <p>The Council has set out and approved a specific, measurable target it expects to achieve for appraisal completions. This target is backed by a comprehensive action plan setting out the actions the Council will undertake to support achieving the target.</p>	31 July 2024	<p>Complete</p> <p>The Council's Executive Management Team (EMT) agreed a target of 100% of eligible staff to receive an appraisal. The most recent appraisal round has seen several changes aimed at improving performance, including:</p> <ul style="list-style-type: none"> - Embedding the Values framework into appraisals. - Including a rating scale to drive performance and accountability. - Updated guidance and training for managers and staff. - Adding mandatory fields in Oracle HR system. - Continuing performance reporting to EMT and DMTs.
02	<p>Devise framework for evaluating appraisal effectiveness</p> <p>Draw up a method to evaluate the impact of the appraisal process on managing staff performance.</p>	31 July 2024	
Actions Linked to Medium Severity Findings			
03	<p>Appraising managers to check uploaded appraisals</p> <p>Amend appraisal procedures to require senior managers to undertake checks ensuring document uploads are completed correctly.</p>	31 July 2024	<p>Ongoing</p> <p>Part of revised mandatory fields in refreshed Oracle HR system process for the current appraisal round.</p>
Actions Linked to Low Severity Findings			
04	<p>Add review schedule to the policy</p> <p>Add review schedule to the policy to ensure periodic oversight over its content.</p>	31 July 2024	<p>Completed</p> <p>Revised policy includes annual review schedule.</p>

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