

AUDIT PANEL		
Report Title	Internal Audit Update Report	
Key Decision	No	Item No. 8
Ward	ALL	
Contributors	Head of Corporate Resources	
Class	Part 1	Date: 20 September 2018

1. Purpose of the report

- 1.1. This report presents members of the Audit Panel with:
- Progress against the internal audit plans – corporate and schools, and
 - Progress of implementation of internal audit recommendations.

2. Recommendations

- 2.1. It is recommended that the Audit Panel note the contents of this report.

3. Executive Summary

Progress against the corporate audit plan

- 3.1. With the exception of the VAT audit, the 17/18 audit plan is now all finalised. The 18/19 plan is underway, with 10 out of the 50 corporate audits at least to the issue of Terms of Reference (ToR) stage. The one grant verification is also on going.

Limited, No Assurance, and Consultancy reports.

- 3.2. There were no Limited, No Assurance or Consultancy reports issued since the last meeting.

High or Medium recommendations not agreed by management

- 3.3. The management view for the one partially agreed recommendation will continue and the other recommendation is to be considered as part of the wider social care process and systems transformation plans and reported back.

Follow up reviews

- 3.4. There were three follow up reviews completed since the last meeting with 85% of recommendations either 'implemented in full' or 'in progress'. While an improvement overall the balance of 'implemented' and 'in progress' is the inverse of that expected. The business risks from partial or delayed implementation of recommendations therefore remains.

Management progress against recommendations made

- 3.5. The percent of overdue recommendations to open ones is 30%. This is an improvement on recent performance. However, the percentage of recommendations that are taking over 12 months to implement has increased to 35%, up from 30%.

Types of controls for corporate audit recommendations made

- 3.6. Nothing to report as no corporate audits were finalised from the 2018/19 audit.

Schools - audit plan, progress on recommendations and follow-up reviews

- 3.7. Of the 27 audits in the school plan, 12 are underway, with two of the audits finalised. The percentage of overdue recommendation that are overdue, has increased to 66%. However, it should be noted that covers the summer holidays with limited access to schools.

Any other business

- 3.8. The recruitment exercise that took place over the summer for an additional Principal Auditor, did not produce the quality of candidates expected. As such, a further recruitment drive will take place in September / October.

4. Background

- 4.1. Internal Audit is a statutory service. Its main priority is to provide management and members with independent and objective assurance on the control environment within the Council. This is set out more fully in the Charter.
- 4.2. The internal audit service consists of an in-house team that is supported by external service providers.
- 4.3. This report details work as at the 31 August 2018, unless otherwise stated.

5. Progress against the corporate internal audit plan

- 5.1. With the exception of the VAT audit, all audits are now finalised for 17/18. Due to annual leave of both the contractor and LBL management there has been a delay in issuing the VAT report.
- 5.2. The 18/19 audit plan is now underway, with 10 out of the 50 audits in the corporate plan to at least to the issue of the Terms of reference stage. See appendix 1 for further details.
- 5.3. Since the last meeting, one audit was finalised (17/18 audit plan).

Audit (Corporate)	Date of Final	Audit Opinion	Follow up due	Recs Made		
				H	M	L
Adoption Framework (17-18)	19/07/18	Satisfactory	n/a	-	8	-

Cancelled / Deferred

5.4. There have been no cancelled or deferred audits since the last meeting.

Additional

5.5. There was no additional assurance or consultancy work required.

6. Limited, No Assurance, and Consultancy Corporate reports

6.1. There were, no Limited, No Assurance or Consultancy reviews issued since the last report.

7. High or Medium recommendations not agreed by management

7.1. Where management do not agree high or medium recommendation, the recommendation goes before the next Internal Control Board (ICB) for the final decision.

7.2. ICB decide if they accept the risk of not implementing or agree that it should be implemented. Where they agree it should be implemented, the recommendations are monitored in the normal way. Where ICB do not agree to implement the recommendation, they are then reported at the next Audit Panel meeting.

7.3. One recommendation from the Risk Framework review was only partially agreed.

Risk Framework - Consultancy		
Recommendation	Management Comment	Audit Comment
<p>It is recommended that the ICB reconsider if a record of what actions have already been done should be documented on the corporate and directorate registers.</p> <p>This would help to support the assessment of the current status of each risk.</p> <p>In addition, prior to the review of the Corporate Risk Register at the Internal Control Board (ICB), a check should be done to ensure that all actions and specific due dates have been identified on the register.</p> <p>When a due date is revised, it should be recorded as a change on the summary sheet which is presented at the ICB.</p>	<p>Partially agreed. The Strategy and revised registers were debated and agreed at both EMT and ICB and the removal of columns recording what had already been done was agreed. This part of the recommendation is not agreed as EMT & ICB have already considered it and reached a decision. However this will be presented again.</p>	<p>Internal Audit would still recommend that a column should detail what has been done to get to the current risk rating. This will ensure that management are clear on how they have managed their risks, especially in light of current changes to senior management.</p> <p>This will also aid internal audit with the audit planning process to ensure the right focus of the audit is clear from the start.</p>

- 7.4. In respect of this recommendation and the previous ICB consideration of the risk register, it is recognised that the slimmed down version of the risk register template is a compromise but, given the Council’s resource pressures, it essentially captures what is needed, presents a sufficient audit trail, and provides an easy way to share information at corporate, directorate and service level. For this reason, no change required unless or until the risk reports can be more automated in the performance management framework.
- 7.5. One other recommendation was not agreed.

Client Contributions Audit 17-18		
Recommendation	Management Comment	Audit Comment
Management should liaise with the Social Care Team to ensure that eligibility checks are performed prior to financial assessments being performed	Disagree The responsibility of making sure the eligibility checks are in place are with adult social care and not with the Financial Assessment Team. Confirming the eligibility with the Adult Social Care Team only adds strain on the Financial Assessment Team, which is already under-resourced. Monitoring this will delay the financial assessment causing potential financial loss to the council.	Whilst it is not the responsibility for the Financial Assessment Team to undertake the eligibility check, the financial assessment should not be performed unless the relevant eligibility check has been confirmed.

7.6. ICB did not resolve an action for this recommendation as these business areas are part of an ongoing and wider review of the adult social care operating model and business processes, including the use of the liquid logic and oracle systems to support their practice. This recommendation will be assessed as part of this transformation work and reported back on to EMT.

8. Follow-up reviews

- 8.1. Internal audit follow-up only those reports with a Limited or No Assurance opinion, or Consultancy review. This is normally done six months after the final report. However, internal audit reserve the right to follow-up on any audit or any individual recommendation if required.
- 8.2. The table below lists the follow-ups conducted since the last meeting, showing the number of implemented, in progress and not implemented. It should be noted that some of these follow-ups were overdue as work concentrated on concluding the 17/18 audit plan.
- 8.3. The table shows that 85% of recommendation were either implemented or in progress. While an improvement and 85% being a good score overall the

balance of 'implemented' and 'in progress' is the inverse of that expected. The business risks from partial or delayed implementation of recommendations therefore remains.

Audit	Date of follow up	Implemented	In Progress	Not Implemented
BCP for Adult Care Providers	20/06/18	-	3	-
Data Breach Management	23/07/18	-	3	2
Project Management Framework	24/07/18	4	2	-
Total		4 28%	8 57%	2 14%

9. Management progress against recommendations made

Overdue, Re-occurring and reopened recommendations

- 9.1. The table below shows the last rolling year results for overdue, reopened, and reoccurring recommendations. It also shows the percentage of overdue recommendations to open ones as at the 31/08/18.
- 9.2. To accompany the table, appendix 3 lists the individual audits with recommendations that are either:
- Overdue (due date has passed)
 - Re-occurring core financial recommendations, or
 - Recommendations were re-opened at the time of the follow-up.

Month of meeting	Current no. of open recs	No. of overdue recs	No. of recs that have been re-opened	No of re-occurring core financial rec	Percentage of overdue recs to open
Sep 18	164	50	11	17	30%
Jul 18	167	68	15	26	41%
Mar 18	159	54	23	15	34%
Dec 17	108	25	12	12	23%
Sep 17	162	54	18	22	33%

- 9.3. Compared to the last period, this shows a decrease on the number and proportion of overdue recommendations. A significant push by CYP to reduce their overdue recommendations down to only two should be noted.

Aged analysis report

- 9.4. This age analysis for recommendations is worked out by using the current due date for each open recommendation against the date of the final report.

Month of Meeting	No. of recs under 3 mths	No of recs 3 under 6 mths	No of recs from 6+ to 9 mths	No. of rec 9+ to 12 mths	No of recs 12+ to 18 mths	No of recs over 18+ mths	% of recs over 12 m
Sep 18	31	29	28	19	25	32	35%
Jul 18	44	35	24	13	37	14	30%
Mar 18	59	26	11	16	30	17	30%
Dec 17	14	29	25	15	8	17	23%
Sep 17	48	32	41	10	24	7	19%

- 9.5. The table above shows that the percentage of open recommendations that are taking over one year to be completed, continues to increase to 35%.
- 9.6. There are six High recommendations that have taken over a year to implement (2 over 12 months, and 4 over 18 months). Please note, one of these is from a not agreed recommendation (Vehicle Fleet) that took time to agree that it should be implemented.

10. Types of controls for corporate recommendations made

- 10.1. The section normally records the types of controls as they relate to High or Medium recommendations made in the reports issued since the last meeting. However, as no corporate 18/19 reports were finalised, there is nothing to report.

11. Progress against schools' internal audit plan

- 11.1. Of the 27 schools in the plan, 12 are at least to the fieldwork start stage. See appendix 3. There were two school audits finalised since the last meeting.

Audits (Schools)	Date of Final	Audit Opinion	Recs. Made		
			H	M	L
St Michael's CE Primary	12/07/18	Substantial	1	4	7
Adamsrill Primary	06/08/18	Substantial	-	3	5

School Recommendations

- 11.2. The table below shows the status of open High and Medium school recommendations as at the 31/08/18. The percentage of overdue recommendation that are overdue, has increased to 66%. However, it should be noted that is the summer holidays and communications with schools is limited.
- 11.3. The status of the individual schools were they are overdue can be found in appendix 4.

Month of meeting	Current no. of open recs	No. of overdue recs	Percentage of overdue recs to open
Sep 18	148	99	66%
Jul 18	142	65	46%
Mar 18	99	60	61%
Dec 17	143	87	61%
Sep 17	153	70	46%

School follow up reviews

- 11.4. There were no school follow up reviews issued since the last report.

12. Any other business

- 12.1. The action tracking software is still being tested. Part of the delay was due to some IT security issues which are now resolved. Now the summer period is now over, any further issues will hopefully be resolved quickly in final testing.
- 12.2. A recruitment exercise over the summer did not produce the number or quality of applications expected. As such, another advert will be placed in September. This resourcing delay impacts the delivery of the plan, potentially requiring more to be contracted at a higher rate. The Panel will be updated at the next report and any contingency actions taken to ensure the work is done.

13. Legal implications

- 13.1. There are no legal implications arising directly from this report.

14. Financial implications

- 14.1. There are no financial implications arising directly from this report.

15. Equalities implications

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

16. Crime and disorder implications

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

17. Environmental implications

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

18. Background papers.

18.1. There are no background papers.

If there are any queries on this report, please contact:

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Appendix 1 – Progress on the corporate audit plan 2018-19

Audit	Audit type	Milestone	Final Report Date	Assurance opinion	H	M	L
2018/19-80 - Supporting Families Programme Grant Certification 18-19	Grants	On going	n/a	n/a	-	-	-
2018/19-04 - Apprenticeship Levy	Corporate	Draft issued					
2018/19-43 - Adherence to the Local Government Transparency Code	Corporate	File for review					
2018/19-03 - Deprivation of Liberties (DoLs)	Corporate	File for review					
2018/19-35 - Disability Facilities Grant (DFG)	Corporate	Fieldwork Start					
2018/19-18 - Business Continuity Plans (BCP) - Core Processes	Corporate	Fieldwork Start					
2018/19-65 - Pooled Budgets and Section 75 Payments	Corporate	Fieldwork Start					
2018/19-74 - Complaints (Corporate)	Corporate	Fieldwork Start					
2018/19-05 - Bereavement Services	Corporate	ToR issued					
2018/19-36 - Early Help Service	Corporate	ToR issued					
2018/19-69 - Icasework IT System	IT Review	ToR issued					
2018/19-06 - Handover from Hospital Discharge Neighbourhood Team	Corporate						
2018/19-07 - Accounts Payable 18-19	Core Financial						
2018/19-08 - Accounts Payable and Debt Recovery 18-19	Core Financial						
2018/19-13 - Budget Setting and Monitoring 18-19	Core Financial						
2018/19-14 - Capital Expenditure 18-19	Core Financial						
2018/19-17 - Banking 18-19	Core Financial						
2018/19-19 - Main Accounting 18-19	Core Financial						

Appendix 1 – Progress on the corporate audit plan 2018-19

Audit	Audit type	Milestone	Final Report Date		H	M	L
2018/19-21 - Non-Current Assets 18-19	Core Financial						
2018/19-22 - Business Rates 18-19	Core Financial						
2018/19-23 - Payroll 18-19	Core Financial						
2018/19-26 - Payments to Child Care Provider and Foster Carers for Looked After Children 18-19	Core Financial						
2018/19-27 - Client Contribution for Care Provision 18-19	Core Financial						
2018/19-30 - Pensions and Investments 18-19	Core Financial						
2018/19-31 - Council Tax 18-19	Core Financial						
2018/19-34 - Direct Payments 18-19	Core Financial						
2018/19-44 - Housing Benefit and Council Tax Reduction Scheme (CTRS) 18-19	Core Financial						
2018/19-57 - Treasury 18-19	Core Financial						
2018/19-77 - Payments to Adult Care Providers 18-19	Core Financial						
2018/19-12 - Adult Care System (ACS) interface with Financial System	IT Review						
2018/19-15 - ASH - Debt Recovery System	IT Review						
2018/19-58 - OracleCloud - Financials	IT Review						
2018/19-59 - OracleCloud - HR	IT Review						
2018/19-60 - OracleCloud - Payroll	IT Review						
2018/19-70 - New Phone System and BCP	IT Review						
2018/19-71 - Office 365 and SharePoint	IT Review						
2018/19-72 - Robotics - HB system	IT Review						

Appendix 1 – Progress on the corporate audit plan 2018-19

Audit	Audit type	Milestone	Final Report Date		H	M	L
2018/19-73 - Self Service IT processes	IT Review						
2018/19-25 - Children in Need (CIN) Framework	Corporate						
2018/19-28 - Waste Management (Domestic)	Corporate						
2018/19-32 - Performance Management Framework for Child Social Care (CSC)	Corporate						
2018/19-56 - Homecare Service	Corporate						
2018/19-61 - Besson Street Project	Corporate						
2018/19-62 - Contract Management	Corporate						
2018/19-63 - Corporate Health and Safety	Corporate						
2018/19-64 - Planning Control	Corporate						
2018/19-66 - Recruitment Process	Corporate						
2018/19-67 - School Finance	Corporate						
2018/19-68 - Tendering / Procuring contracts and supplier resilience	Corporate						
2018/19-75 - Mulit Agency Safeguarding Hub (MASH) - Adults	Corporate						
2018/19-76 - School's Trading Website	Corporate						
2018/19-78 - Special Educational Needs (SEND and Children With Complex Needs (CWCN) Services	Corporate						
2018/19-79 - Fostering Arrangements	Corporate						
2018/19-81 - Implementation of GDPR	Corporate						
2018/19-82 - Rogue Landlords	Corporate						

Appendix 2 - Status of corporate recommendations.

Name of Audit (Corporate)	Opinion	Final Report Date	Recs Overdue		Re-opened at F/up		Re-occurring (core only)	
			H	M	H	M	H	M
Accounts Payable 17-18	Satisfactory	20/04/18					1	2
Accounts Receivable 16-17	Limited	18/05/17		1				
Accounts Receivable 17-18	Satisfactory	25/06/18		2				
Adult Social Care System - Back up and BCP	Limited	04/04/16	1	1	1	1		
Banking 16-17	Limited	18/05/17				1	3	
Budget Monitoring and Setting 2017-18	Satisfactory	05/12/17		5				2
Client Contributions to Care Provision 16-17	Satisfactory	24/05/17						1
Direct Payments 17-18	Satisfactory	22/03/18		1				2
Expenses Reimbursed by Payroll 16-17	Satisfactory	30/01/17		1				
Garden Waste Service 2017/18	Satisfactory	05/01/18	1	6				
ICT Disaster Recovery	Substantial	04/11/17		1				
IT Helpdesk - Shared Services	Substantial	18/05/18		2				

Appendix 2 - Status of corporate recommendations.

Name of Audit (Corporate)	Opinion	Final Report Date	Recs Overdue		Re-opened at F/up		Re-occurring (core only)	
			H	M	H	M	H	M
Multi-Agency Safeguarding Hub Arrangements 2017/18	Consultancy	28/09/17		1				
Oracle Cloud - Migration 17-18	No Assurance	02/07/18	3	1				
Payments to Adult Care Providers 17-18	Satisfactory	26/04/18						3
Payments to Adult Care Providers 2016-17	Satisfactory	05/05/17		1				1
Payments to Care Providers and Foster Carers 2016-17	Satisfactory	05/05/17						1
Payments to Care Providers and Foster Carers 2017-18	Satisfactory	19/03/17						1
Pensions 17-18	Satisfactory	15/01/18		1				
Procurement Arrangements 17-18	Consultancy	03/07/18	1					
Project Management Review Framework 16-17	Limited	26/01/17			1	1		
Public Sector Network 16-17	Limited	01/02/17				1		
Recording of Safe Guarding – Section 42 Referrals	Limited	03/07/17		9				
Schools' Catering Contract 16-17	Limited	03/03/17		1		3		

Appendix 2 - Status of corporate recommendations.

Name of Audit (Corporate)	Opinion	Final Report Date	Recs Overdue		Re-opened at F/up		Re-occurring (core only)	
			H	M	H	M	H	M
SharePoint 14-15	Satisfactory	13/10/15				2		
South London and Maudsley NHS (SLaM)	Satisfactory	14/07/15		1				
Synergy Application	Satisfactory	19/06/18	1	1				
Youth Offending Service 17-18	Consultancy	06/02/18		8				
		total	7	44	2	9	4	13

Appendix 3 Progress on the Schools' Audit Plan for 2018-19

School	Final Report	Current Milestone	Assurance opinion	H	M	L	Planned Date
2018/19-02 - St Michael's CE Primary School 18-19	12/07/2018	Final Report	Substantial	-	12	-	08/05/2018
2018/19-09 - Adamsrill Primary 18-19	07/08/2018	Final Report	Substantial	-	9	-	25/06/2018
2018/19-41 - Prendergast Ladywell 18-19		Draft Report					05/06/2018
2018/19-42 - St Margaret's Lee CE Primary 18-19		Draft Report					12/06/2018
2018/19-45 - Prendergast Vale School 18-19		Draft Report					26/06/2018
2018/19-46 - Sedgemoor Secondary 18-19		Draft Report					02/07/2018
2018/19-47 - Prendergast School (Secondary) 18-19		Draft Report					09/07/2018
2018/19-11 - Addey and Stanhope Secondary 18-19		File Reviewed					30/07/2018
2018/19-48 - Launcelot Primary 18-19		Fieldwork end date					30/07/2018
2018/19-33 - Deptford Green Secondary 18-19		Fieldwork end date					20/08/2018
2018/19-01 - Abbey Manor College 18-19		Fieldwork end date					28/08/2018
2018/19-49 - Watergate (special) 18-19		Fieldwork Start					06/08/2018
2018/19-10 - Ashmead Primary 18-19							04/03/2019
2018/19-16 - Athelney Primary 18-19							28/01/2019

Appendix 3 Progress on the Schools' Audit Plan for 2018-19

School	Final Report	Current Milestone	Assurance opinion	H	M	L	Planned Date
2018/19-20 - Bonus Pastor Catholic College 18-19							26/11/2018
2018/19-24 - Chelwood Nursery 18-19							08/10/2018
2018/19-29 - Consiborough College 18-19							03/12/2018
2018/19-37 - Edmund Waller Primary 18-19							15/10/2018
2018/19-38 - Fairlawn Primary 18-19							17/09/2018
2018/19-39 - Forest Hill Secondary School 18-19							24/09/2018
2018/19-40 - Forster Park Primary 18-19							21/01/2019
2018/19-50 - St Mary Magdalen's Catholic Primary 18-19							04/02/2019
2018/19-51 - Kender Primary 18-19							29/10/2018
2018/19-52 - Sydenham Secondary 18-19							05/11/2018
2018/19-53 - Holbeach Primary 18-19							12/11/2018
2018/19-54 - Kilmorrie Primary 18-19							19/11/2018
2018/19-55 - Trinity All Through School 18-19							14/01/2019

Appendix 4 – Schools’ Progress on Recommendations

Name of Audit (Schools)	Final Report Date	Opinion	Recs Overdue
Beecroft Garden Primary School 2017-18	Satisfactory	14/05/2018	12
Brent Knoll School 2017-18	Satisfactory	25/01/2018	15
Brindishe Lee 2017-18	Substantial	30/04/2018	4
Coopers Lane Primary School - 2017-18	Satisfactory	14/03/2018	6
Elfrida Primary School 2017-18	Satisfactory	06/03/2018	11
Holy Trinity CE Primary School 2017-18	Satisfactory	06/12/2017	1
Horniman's School 16-17	Satisfactory	01/06/2017	1
Kelvin Grove Primary School 2017-18	Substantial	22/11/2017	1
Prendergast - Hilly Fields 2015-16	Satisfactory	29/07/2016	2
Prendergast Vale School 2015/16	Substantial	29/07/2016	3
Rangefield Primary School 16-17	Satisfactory	06/02/2017	2
Sir Francis Drake Primary School	Substantial	22/05/2018	8
St Augustine's Catholic Primary School	Substantial	15/03/2017	1
St Bartholomew's CE Primary School 17-18	Substantial	19/04/2018	3
St James Hatcham CE Primary School 2017/18	Satisfactory	01/05/2018	9
St William of York Catholic School 17-18	Substantial	07/03/2018	3
St Winifred's Catholic Primary School 17-18	Substantial	02/05/2018	4
Turnham Primary 13-14	No Assurance	31/07/2013	1
Turnham Primary School 16-17	No Assurance	04/07/2017	12
		TOTAL	99