

AUDIT PANEL		
Report Title	Internal Audit Update Report	
Key Decision	No	Item No.
Ward	ALL	
Contributors	Head of Corporate Resources	
Class	Part 1	Date: 11 December 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. Of the 53 corporate audits in the plan, 22 are at least to terms of reference stage. There were four audits finalised since the last meeting, of which two had 'Limited' assurance opinion.

High or Medium recommendations not agreed by management

- 3.2. Management accepted all recommendations made since the last meeting. Subsequently, the Apprentice Levy Spend Including Professional Qualifications audit, was referred to the Internal Control Board (ICB) for a decision on who should oversee the implementation of the recommendations in the report.

Follow up reviews

- 3.4. Three follow up reviews were conducted since the last meeting. Of the 21 recommendations followed up, 95% were either implemented or in progress.

Management progress against recommendations made

- 3.5. Of the 170 open corporate recommendations, 47 (28%) were overdue, and 38% are taking over 12 months to implement. In response ICB have agreed a change to the dates for completion of High and Medium recommendations.
- 3.6. It should be noted that there has been an above average level of change in senior positions, which has impacted the following up of actions.

Types of controls for corporate audit recommendations made

- 3.7. In this period, the three highest number of recommendation / actions made were in the areas of Compliance / Legal, Procedures and Information Security.

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

- 3.8. Of the 27 schools in the plan, 19 are at least to fieldwork completed. There were 11 finalised since the last meeting, with two having a 'Limited' opinion.
- 3.9. There were no follow up reviews. Of the 234 recommendations open, 68% (160) were overdue.

Whistle Blowing

- 3.10. The Chair requested the Whistleblowing policy be presented to this Panel, see Appendix 9. This policy is the responsibility of the Standards Committee to maintain and it was last taken at their meeting of the 22 November 2018.

Follow up on Catford Regeneration Partnership Ltd (CRPL)

- 3.11. The follow up review on CRPL was conducted on High and Medium recommendations. It found that two were implemented, two were in progress, and one was superseded.

Any other business

- 3.12. Recruitment to strengthen the team continues, with more work moving to the contractor in the meantime. There is a challenge to identify good IT auditors.

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 16 November 2018, unless otherwise stated.

5. Progress against the corporate internal audit plan

- 5.1. All audits are now finalised for 2017/18.
- 5.2. The 18/19 audit plan is now underway, with 22 out of the 53 audits in the corporate plan to at least the issue of the Terms of reference stage.
- 4 Finalised
 - 3 Exit meeting / Review stage
 - 8 Fieldwork
 - 7 ToR issued
- 5.3. The grant certification (Supporting Families) is on-going. See appendix 1 for further detail on the status of the whole corporate plan.

- 5.4. Since the last meeting, four corporate reports were finalised. The table below shows them with the audit opinion, and number or recommendations.
- 5.5. The executive summaries for the 'Limited' assurance reports issued can be found in appendix 4

Audit (Corporate)	Date of Final	Audit Opinion	Follow up due	H	M	L
				Rec / Action		
2018/19-04 - Apprentice Levy Spend Including Professional Qualifications	27/09/18	Limited	Mar 19	3	8	-
2018/19-43 - Adherence to the Local Government Transparency Code	12/10/18	Limited	Apr 19	1	3	-
2018/19-03 - Deprivation of Liberty Safeguards (DoLs)	19/10/18	Satisfactory	n/a	1	6	2
2018/19-74 - Complaints (Corporate)	06/11/18	Satisfactory	n/a	-	6	1

Cancelled / Deferred

- 5.6. There was one audit cancelled since the last meeting:
- 2018/19 – Robotics, HB system – Cancelled as now not due to be implemented until 2021.

Additional

- 5.7. There was no additional assurance or consultancy work required.

6. High or Medium recommendations not agreed by management

- 6.1. Where management do not agree high or medium recommendation, the recommendation goes before the next Internal Control Board (ICB) for the final decision.
- 6.2. All High or Medium recommendations were agreed by management.
- 6.3. The Apprenticeship Levy report was referred to the Internal Control Board (ICB) for a decision on who will oversee the implementation of the report as there a query was raised after the report had been finalised.
- 6.4. ICB confirmed on the 28 November that the Head of Human Resources will lead on the responding to the governance and strategy recommendations for this area. From this work completion of the detailed actions will then follow.

7. Follow-up reviews

- 7.1. Internal audit follow-up all reports with a Limited or No Assurance opinion and Consultancy reviews. Internal audit also reserve the right to follow-up on any audit or any individual recommendation as required.
- 7.2. The table below lists the follow-ups conducted since the last meeting, showing the number of implemented, in progress and not implemented.
- 7.3. The table shows that 95% of recommendation were either implemented or in progress. This is an improvement on recent quarters.

Audit	Date of follow up	Implemented	In Progress	Not Implemented
Youth Offending Service	30/10/18	7	1	-
Performance Management and Service Planning	30/10/18	6	1	1
Catford Regeneration Partnership Ltd	23/11/18	2	2	-
Total		16 / 76%	4 / 19%	1 / 5%

8. Management progress against recommendations made

Overdue, Re-occurring and re-opened recommendations

- 8.1. The table below shows the last rolling year results for overdue, re-opened, and re-occurring recommendations. It also shows the percentage of overdue recommendations to open ones as at the 16/11/18.
- 8.2. 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
Dec 18	170	45	12	13	26%
Sep 18	164	50	11	17	30%
Jul 18	167	68	15	26	41%

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
Mar 18	159	54	23	15	34%
Dec 17	108	25	12	12	23%

8.3. It should be noted changes in a number of vacancies in senior positions, has made it more difficult to follow up some recommendations.

Aged analysis report

8.4. 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
Dec 18	30	32	32	12	25	39	38%
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%

8.5. The table above shows that the percentage of open recommendations that are taking over one year to be completed, continues to increase to 38%. This moving in the wrong direction.

8.6. 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.

8.7. To address this ICB agreed on the 28 November to reintroduce maximum fixed dates for the completion of High (three months) and Medium (six months) recommendations. Any exemptions from these must be recorded by management in the final report and internal audit will monitor and report on these exceptions to ICB and Audit Panel so the reasons are understood.

9. Types of controls for corporate recommendations made

- 9.1. The section reports on the types of controls as they relate to High or Medium findings. One finding may have more than one control recorded against it. This is because the controls are connected to the management actions.
- 9.2. For example – a finding could state that a policy wasn't in place. The actions for this finding could state that management will create a policy (Policies), get it approved (Governance) and then publish it (Other). As such it would show three controls against one finding.
- 9.3. The table below provides the number of actions in relation to the reports issued since the last meeting. In Appendix 3, it will show each finding and what controls are recorded against it.
- 9.4. This report shows that there were no Authorisation, or Separation of Duties actions noted.

Compliance / Legal	Financial / Budget Monitoring	Governance	Information Security	Other	Policies	Procedures	Reconciliation
12	2	3	5	4	3	8	1

10. Progress against schools' internal audit plan

- 10.1. Of the 27 schools in the plan, 19 are at least to the fieldwork start stage. See appendix 3. There were 11 school audits finalised since the last meeting. Of these, two were Limited. The executive summaries for these can be found in appendix 7.

Audits (Schools)	Date of Final	Audit Opinion	Recs. Made		
			H	M	L
2018/19-01 - Abbey Manor College 18-19	16/11/18	Limited	2	11	3
2018/19-33 - Deptford Green Secondary 18-19	19/10/18	Limited	2	8	6
2018/19-11 - Addey and Stanhope Secondary 18-19	02/10/18	Satisfactory	1	12	7
2018/19-47 - Prendergast School (Secondary) 18-19	27/09/18	Satisfactory	2	10	2
2018/19-48 - Launcelot Primary 18-19	19/11/18	Satisfactory	-	12	7
2018/19-46 - Sedgemoor Secondary 18-19	18/09/18	Satisfactory	2	9	1

Audits (Schools)	Date of Final	Audit Opinion	Recs. Made		
			H	M	L
2018/19-38 - Fairlawn Primary 18-19	08/11/18	Substantial	-	1	4
2018/19-41 - Prendergast Ladywell 18-19	21/09/18	Substantial	-	8	1
2018/19-42 - St Margaret's Lee CE Primary 18-19	17/09/18	Substantial	-	8	5
2018/19-45 - Prendergast Vale School 18-19	27/09/18	Substantial	-	5	2
2018/19-49 - Watergate (special) 18-19	16/10/18	Substantial	-	6	3

School Recommendations

- 10.2. The table below shows the status of open High and Medium school recommendations as at the 31/10/18. The percentage of overdue recommendation that are overdue, has increased to 69%.
- 10.3. 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
Dec 18	234	160	68%
Sep 18	148	99	66%
Jul 18	142	65	46%
Mar 18	99	60	61%
Dec 17	143	87	61%

School follow up reviews

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

11. Whistle Blowing

- 11.1. The Chair requested the Whistleblowing policy be presented to this Panel, see Appendix 9. This policy is the responsibility of the Standards Committee to maintain and it was last taken at their meeting of the 22 November 2018.

12. Follow up Review on Catford Regeneration Partnership Ltd (CRPL)

- 12.1. A follow up review of High and Medium recommendations was undertaken on the CRPL audit report.
- 12.2. It was found that out of the five recommendations followed up, two were implemented in full, two were in progress, and one was superseded.
- 12.3. The follow up report can be found in appendix 8.

13. Any other business

- 13.1. While the audit management system is working fine in relation to audit work, the action tracking that is connected to the system is not as easy to use. Internal audit believes that management would have difficulty updating their actions as it is not a user friendly system, leading to more recommendations / actions not being updated.
- 13.2. As such, a decision was made to not use the action tracking system for corporate recommendations at present. A new SharePoint recommendations site will be created to work with the current report format.
- 13.3. A new Principal Auditor was appointed in October. At the time of writing this report they were going through the clearance process.
- 13.4. In addition, a temporary internal auditor (internal candidate), is covering maternity leave for a year.
- 13.5. The delays in recruiting, training up new staff, maternity leave, introducing a new software system, high vacancies in senior roles within the council, and conducting all of the school audits for the first time this year, has impacted on the delivery of the plan. Extra work has given to the contractor to try and ensure that the plan does get delivered without too many deferrals. A further update will be provided at the next meeting.
- 13.6. In addition to the above issues impacting the delivery of the plan, the in house team will be conducting the majority of core financial audits for the first time this year. These audits could potentially be longer than normal due to having a new finance system in place, no previous files or audit programmes to follow. But putting in the work now, will save time in future years.

14. Legal implications

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

15. Financial implications

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

16. Equalities implications

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

17. Crime and disorder implications

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

18. Environmental implications

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

19. Background papers.

- 19.1. 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	Grants	On going	n/a	n/a	-		
2018/19-03 - Deprivation of Liberty Safeguards (DoLs)	Corporate	Final Report	19/10/18	Satisfactory	1	6	1
2018/19-04 - Apprenticeship Levy Spend including Professional Qualifications	Corporate	Final Report	27/09/18	Limited	3	8	-
2018/19-43 - Adherence to the Local Government Transparency Code	Corporate	Final Report	12/10/18	Limited	1	3	-
2018/19-74 - Complaints (Corporate)	Corporate	Final Report	06/11/18	Satisfactory	-	6	1
2018/19-35 - Disability Facilities Grant (DFG)	Corporate	Draft Report					
2018/19-63 - Corporate Health and Safety	Corporate	Exit Meeting					
2018/19-76 - Lewisham Services for Schools Website	Corporate	Fieldwork End					
2018/19-23 - Payroll 18-19	Core Financial	Fieldwork Start					
2018/19-34 - Direct Payments 18-19	Core Financial	Fieldwork Start					
2018/19-44 - Housing Benefit and Council Tax Reduction Scheme (CTRS) 18-19	Core Financial	Fieldwork Start					
2018/19-57 - Treasury 18-19	Core Financial	Fieldwork Start					
2018/19-56 - Homecare Service	Corporate	Fieldwork Start					
2018/19-65 - Pooled Budgets and Section 75 Payments	Corporate	Fieldwork Start					
2018/19-81 - Implementation of GDPR	Corporate	Fieldwork Start					
2018/19-69 - Icasework IT System	IT Review	Fieldwork Start					
2018/19-18 - Business Continuity Plans (BCP) - Core Processes	Corporate	Review Stage					

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

Audit	Audit type	Milestone	Final Report Date	Assurance opinion	H	M	L
2018/19-14 - Capital Expenditure 18-19	Core Financial	ToR					
2018/19-30 - Pensions and Investments 18-19	Core Financial	ToR					
2018/19-05 - Bereavement Services	Corporate	ToR					
2018/19-28 - Domestic Waste Management	Corporate	ToR					
2018/19-36 - Early Help Service	Corporate	ToR					
2018/19-78 - Special Educational Needs	Corporate	ToR					
2018/19-07 - Accounts Payable 18-19	Core Financial						
2018/19-08 - Accounts Receivable and Debt Recovery 18-19	Core Financial						
2018/19-13 - Budget Setting and Monitoring 18-19	Core Financial						
2018/19-17 - Banking 18-19	Core Financial						
2018/19-19 - Main Accounting 18-19	Core Financial						
2018/19-21 - Non-Current Assets 18-19	Core Financial						
2018/19-22 - Business Rates 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						
2018/19-31 - Council Tax 18-19	Core Financial						
2018/19-77 - Payments to Adult Care Providers 18-19	Core Financial						
2018/19-06 - Handover from Hospital Discharge Neighbourhood Team	Corporate						

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

Audit	Audit type	Milestone	Final Report Date	Assurance opinion	H	M	L
2018/19-25 - Children in Need (CIN) Framework	Corporate						
2018/19-32 - Performance Management Framework for Child Social Care (CSC)	Corporate						
2018/19-61 - Besson Street Project	Corporate						
2018/19-62 - Contract Management	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 - Multi Agency Safeguarding Hub (MASH) - Adults	Corporate						
2018/19-79 - Fostering Arrangements	Corporate						
2018/19-82 - Rogue Landlords	Corporate						
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						

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

Audit	Audit type	Milestone	Final Report Date	Assurance opinion	H	M	L
2018/19-73 - Self Service IT processes	IT Review						

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
Adult Social Care System - Back up and BCP*	Limited	04/04/16	1	1	1	1	-	-
Apprentice Levy Spend Including Professional Qualifications ¹	Limited	27/09/18	3	10	-	-	-	-
Banking 16-17	Limited	18/05/17	-	-	-	1	-	-
Banking 17-18	Satisfactory	22/03/18	-	-	-	-	3	-
Budget Monitoring and Setting 2017-18	Satisfactory	05/12/17	-	-	-	-	-	1
Client Contributions to Care Provision 16-17	Satisfactory	24/05/17	-	-	-	-	-	1
Deprivation of Liberty Safeguards 2018/19	Satisfactory	19/10/18	-	1	-	-	-	-
Direct Payments 17-18	Satisfactory	22/03/18	-	1	-	-	-	2
Garden Waste Service 2017/18	Satisfactory	05/01/18	-	2	-	-	-	-
Health Visiting	Limited	29/05/18	3	3	-	-	-	-
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	-	-	-	-
Payments to Adult Care Providers 17-18	Satisfactory	26/04/18	-	-	-	-	-	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	-	-	-	-	1
Performance Indicators and Service Planning 17-18	Consultancy	21/07/17	-	1	-	1	-	-
Project Management Review Framework 16-17	Limited	26/01/17	-	-	1	1	-	-
Public Sector Network 16-17*	Limited	01/02/17	-	1	-	1	-	-
Recording of Safe Guarding – Section 42 Referrals	Limited	03/07/17	-	1	-	-	-	-
Risk Framework 17-18	Satisfactory	04/06/18	-	1	-	-	-	-
Schools' Catering Contract 16-17 ²	Limited	03/03/17	-	3	-	3	-	-
SharePoint 14-15*	Satisfactory	13/10/15	-	3	-	2	-	-
South London and Maudsley NHS (SLaM)	Satisfactory	14/07/15	-	1	-	-	-	-
Synergy Application ^{4 & *}	Satisfactory	19/06/18	-	1	-	-	-	-

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
VAT 17-18	Limited	16/09/18	1	2	-	-	-	-
total			10	37	2	10	4	9

1. Apprentice Levy Including Professional Qualifications – The report was with ICB for a decision to who oversees the recommendations. As such, recommendations not updated until after cut off of the 16/11/18.
2. Schools' Catering Contract 16-17 – Previous owner left, and have been unable to establish correct officer or default to Head of Service due to CYP vacancies / restructure.
3. Synergy Application – To be reallocated to LBL IT officer as allocated to a member of the IT shared services in error. Due to Unable to default to the Head of Service due to IT vacancies.
 - * Will need to establish correct owners of recommendations as IT

Appendix 3 – Types of Controls

Finding	Compliance / Legal	Financial / Budget Monitoring	Governance	Information Security	Other	Policies	Procedures	Reconciliation
Total	12	2	3	5	4	3	8	1
Datasets were not all published, some were incomplete, and one not published as per the required frequency.	✓							
A strategy was not documented			✓				✓	
The policy document was last reviewed March 2016, and three procedure notes did not have the date created or review date recorded.						✓	✓	
No documented procedures							✓	
DBS not in place for one, another no evidence on file of qualifications, insurance and training. DBS certs kept on file	✓			✓				
Application process was in draft, there was no communications plan and managers had not been made aware			✓				✓	
Standard authorisations were not completed within statutory time scales	✓							

Appendix 3 – Types of Controls

Finding	Compliance / Legal	Financial / Budget Monitoring	Governance	Information Security	Other	Policies	Procedures	Reconciliation
Names of individuals in receipt were published within the Council expenditure dataset	✓			✓				
No application process or communication plan in place for schools							✓	
None of the published datasets are licenced for re-use	✓							
The Terms of Reference working group had not been approved..		✓						
Authorisation outcome and appointment of the relevant person representative was not communicated to all parties	✓			✓	✓			
Reports contained minimal commentary, nor any comparisons against KPI's or corporate targets.					✓			
The account had not been reconciled and there was a discrepancy between payments and received back into the account								✓

Appendix 3 – Types of Controls

Finding	Compliance / Legal	Financial / Budget Monitoring	Governance	Information Security	Other	Policies	Procedures	Reconciliation
Payments had not been due to an issue with the digital account. Two digital agreements had also.		✓			✓			
Appointed relevant person representatives did not accept their role in writing	✓							
A quarterly progress update had not been provided to the Executive Management Team.			✓					
Person representatives were not informed a review was going to be undertaken.	✓							
There was an issue with the data required to complete the annual return as required.	✓							
The outcome of four reviews were not provided to the relevant person or relevant person representative in writing.	✓							
Application forms from were not retained on file.				✓			✓	
Decision for the procurement of training providers had not been	✓							

Appendix 3 – Types of Controls

Finding	Compliance / Legal	Financial / Budget Monitoring	Governance	Information Security	Other	Policies	Procedures	Reconciliation
The waiver in relation to the transfer of six CIPFA employees had not been approved	✓							
It was not possible to determine whether the assessing officer was due to a lack of evidence available on the system.				✓				
No meetings were held between the Managers, and the Head of Services					✓			
The Policy was last reviewed and updated formally in October 2014. The Policy does not accurately reflect current work practices.						✓		
Not all departments are fully using the application system.						✓	✓	
Work was not completed in line with the timeframes outlined as per the Policy							✓	

Appendix 4 – Limited, No Assurance and Consultancy Executive Summaries

Executive Summary - Apprenticeship Levy Spend Including Professional Qualifications - Limited

	Process Areas	High	Medium	Low
▲	1. Strategy, Including Public Sector Targets	3	5	-
●	2. Recruitment and Appointment Process	-	3	-
	Total	3	8	-

Introduction

The background for this internal audit are included in the Terms of Reference at the end of this report. The findings in this report are by exception. This means only those areas where further management action is required to improve internal control are mentioned.

Although the Mayors scheme is well established, there was a lack of an overall framework for the upskilling of the existing workforce and staff within schools funded by the Levy. Therefore an assurance rating of limited has been given.

Assurance Opinion and Recommendations Made

Apprenticeship Levy Spend including Professional Qualifications has been assigned a rating of Limited. To improve controls, recommendation are agreed by management. The number of recommendations and their categories were:

3 High recommendation,
8 Medium Recommendations and
0 Low Recommendations

Key Findings

- A strategy detailing how public sector target would be achieved, was not documented.
- The application process for workforce development was in draft, there was no communications plan and managers had not been made aware of the scheme.
- There was no application process or communication plan for apprentices in schools.
- The Terms of Reference of the apprentice working group had not been approved.
- The digital account had not been reconciled and there was a discrepancy between payments made to the HMRC and received back into the account.
- Payments had not been received in relation to Kender Primary School due to an issue with the digital account. Two digital agreements had also not been signed by Schools.
- A quarterly progress update had not been provided to the Executive Management Team on achieving the public sector target and spending the levy.
- There was an issue with the accuracy of the data needed to complete the annual return.

Appendix 4 – Limited, No Assurance and Consultancy Executive Summaries

- Two application forms from 10 relating to new apprentices hired were not retained on file.
- A decision for the procurement of training providers had not been agreed, to help ensure procurement requirements would be met.
- The waiver in relation to the transfer of six CIPFA employees had not been approved.

Areas that worked well

- The working group was established in April 2018 to help implement a council wide strategy for using the apprenticeship levy funds. The group had met regularly since.
- There have been 28 apprentices appointed in 17/18, and 13 have been appointed so far in 2018/19 via the Mayor's scheme for new apprentices which is well advertised.

Appendix 4 – Limited, No Assurance and Consultancy Executive Summaries

Executive Summary – Adherence to the Local Government Transparency Code 2018/19 - Limited

	Process Areas	High	Medium	Low
●	1. External Reporting	-	1	-
▲	2. Administration	1	2	-
	Total	1	3	-

Introduction

The background for this internal audit are included in the Terms of Reference at the end of this report. The findings in this report are by exception. This means only those areas where further management action is required to improve internal control are mentioned.

Assurance Opinion and Recommendations Made

Adherence to the Local Government Transparency Code has been assigned a rating of Limited. The previous audit opinion in 2015/16 was Limited.

To improve controls, recommendation are agreed by management. The number of recommendations and their categories were:

- 1 High recommendations
 - 3 Medium Recommendations and
 - 0 Low Recommendations.
- Of these, 3 were reoccurring recommendations.

Key Findings *indicates reoccurring recommendation

- * The names of 11 individuals in receipt of adult social services direct payments were published within the Council expenditure dataset.
- * Out of the 14 datasets required by the code, three are not being published, two are incomplete and one has not been published as per the required frequency.
- * There are no documented procedures in place to ensure compliance with the Local Government Transparency Code 2015.
- None of the published datasets are licenced for re-use.

Areas that worked well

- Eight out of the 14 datasets published meet the full requirements of the transparency code.
- Council expenditure and procurement card expenditure is published in machine readable CSV format as well as in PDF.
- The Council goes over and above the requirements of the transparency code by publishing all expenditure over £250

Appendix 5 Progress on the Schools' Audit Plan for 2018-19

School	Final Report	Current Milestone	Assurance opinion	H	M	L
2018/19-01 - Abbey Manor College 18-19	Final Report	16/11/18	Limited	2	11	3
2018/19-33 - Deptford Green Secondary 18-19	Final Report	19/10/18	Limited	2	8	6
2018/19-11 - Addey and Stanhope Secondary 18-19	Final Report	02/10/18	Satisfactory	1	12	7
2018/19-46 - Sedgehill Secondary 18-19	Final Report	18/09/18	Satisfactory	2	9	1
2018/19-47 - Prendergast School (Secondary) 18-19	Final Report	27/09/18	Satisfactory	2	10	2
2018/19-48 - Launcelot Primary 18-19	Final Report	19/11/18	Satisfactory	-	12	7
2018/19-02 - St Michael's CE Primary School 18-19	Final Report	12/07/18	Substantial	1	4	7
2018/19-09 - Adamsrill Primary 18-19	Final Report	07/08/18	Substantial	-	3	6
2018/19-38 - Fairlawn Primary 18-19	Final Report	08/11/18	Substantial	-	1	4
2018/19-41 - Prendergast Ladywell 18-19	Final Report	21/09/18	Substantial	-	8	1
2018/19-42 - St Margaret's Lee CE Primary 18-19	Final Report	17/09/18	Substantial	-	8	5
2018/19-45 - Prendergast Vale School 18-19	Final Report	27/09/18	Substantial	-	5	2
2018/19-49 - Watergate (special) 18-19	Final Report	16/10/18	Substantial	-	6	3
2018/19-24 - Chelwood Nursery School 2018-19	Draft Report					

Appendix 5 Progress on the Schools' Audit Plan for 2018-19

2018/19-37 - Edmund Waller Primary 18-19	Draft Report					
2018/19-39 - Forest Hill Secondary School 18-19	Draft Report					
2018/19-51 - Kender Primary School 2018-19	Draft Report					
2018/19-53 - Holbeach Primary School 2018-19	Fieldwork end					
2018/19-29 - Consiborough College 18-19						
2018/19-10 - Ashmead Primary 18-19						
2018/19-16 - Athelney Primary 18-19						
2018/19-20 - Bonus Pastor Catholic College 18-19						
2018/19-40 - Forster Park Primary 18-19						
2018/19-50 - St Mary Magdalen's Catholic Primary 18-19						
2018/19-52 - Sydenham Secondary 18-19						
2018/19-54 - Kilmorrie Primary 18-19						
2018/19-55 - Trinity All Through School 18-19						

Appendix 6 – Schools’ Progress on Recommendations

Name of Audit (Schools)	Final Report Date	Opinion	H Overdue	M Overdue
Addey and Stanhope 2018-19	02/10/18	Satisfactory	1	8
Baring Primary School 2017-18	13/06/18	Satisfactory	2	7
Beecroft Garden Primary School 2017-18	14/05/18	Satisfactory	-	12
Brent Knoll School 2017-18	25/01/18	Satisfactory	-	15
Brindishe Lee 2017-18	30/04/18	Substantial	-	4
Childeric Primary School	24/07/17	Substantial	-	1
Childeric Primary School 2017-18	24/07/17	Substantial	-	1
Coopers Lane Primary School - 2017-18	14/03/18	Satisfactory	-	6
Deptford Green Secondary 2018/19	19/10/18	Limited	3	6
Elfrida Primary School 2017-18	06/03/18	Satisfactory	-	11
Forest Hill School 2015-16	26/02/16	Satisfactory	-	2
Holy Trinity CE Primary School 2017-18	06/12/17	Satisfactory	-	1
Horniman's School 16-17	01/06/17	Satisfactory	-	1
Kelvin Grove Primary School 2017-18	22/11/17	Substantial	-	1
New Woodlands School 17-18	12/04/18	Substantial	-	2
Prendergast - Hilly Fields 2015-16	29/07/16	Satisfactory	-	2
Prendergast Ladywell School 18-19	21/09/18	Substantial	-	5
Prendergast Vale School 2015/16	29/07/16	Substantial	-	3
Prendergast Vale School 2018-19	25/09/18	Substantial	-	2
Sandhurst Infants School 16-17	28/02/17	Substantial	-	2
Sandhurst Junior School 16-17	15/03/17	Satisfactory	-	1
Sedgehill Secondary 2018-19	18/09/18	Satisfactory	1	8
Sir Francis Drake Primary School	22/05/18	Substantial	-	8

Appendix 6 – Schools' Progress on Recommendations

St Augustine's Catholic Primary School	15/03/17	Substantial	-	1
St James Hatcham CE Primary School 2017/18	01/05/18	Satisfactory	-	10
St Margarets Lee CE Primary School 18-19	17/09/18	Substantial	-	8
St Saviour's RC Primary School 17-18	19/12/17	Satisfactory	-	1
St William of York Catholic School 17-18	07/03/18	Substantial	-	3
St Winifred's Catholic Primary School 17-18	02/05/18	Substantial	-	4
Turnham Primary 13-14	31/07/13	No Assurance	-	1
Turnham Primary School 16-17	04/07/17	No Assurance	1	11
Watergate School 2018-19	16/10/18	Substantial	-	4
		TOTAL	8	152

Appendix 7 – Limited or No Assurance School Executive Summaries

Executive Summary - Abbey Manor College Audit 2018/19

	Process Areas	High	Medium	Low
●	1. Procurement	-	5	1
★	2. Income	-	-	-
●	3. Asset Management	-	2	-
★	4. Governance	-	-	1
▲	5. Budget Monitoring	1	1	-
▲	6. Banking	1	-	-
●	7. Payroll	-	1	1
●	8. HR	-	1	-
●	9. Information Security	-	1	-
	Total	2	11	3

Introduction

The background for this internal audit are included in the Terms of Reference at the end of this report. The findings in this report are by exception. This means only those areas where further management action is required to improve internal control are mentioned.

The process areas that impacted upon the assurance opinion was the lack of controls in place around budget monitoring and bank reconciliations. These are high risk areas with significant impact on the College's financial management.

Assurance Opinion and Recommendations Made

Abbey Manor College 2018/19 has been assigned a rating of Limited.

The previous opinion from 2015/16 was Satisfactory.

To improve controls, recommendations are agreed by management. The number of recommendations and their categories were:

2 High recommendations

11 Medium Recommendations and

3 Low Recommendations. Of these, two were made in the previous report (one medium and one low).

Appendix 7 – Limited or No Assurance School Executive Summaries

Key Findings *indicates reoccurring recommendation

- Bank reconciliations have not been done for 2018/19 until August 2018. The external fund figure could not be verified and the both the unrepresented expenditure and income figures were shown as negative for the March 2018 bank reconciliation
- Budget monitoring and forecasting has not been done this financial year, significant anomalies were identified in the last financial year's budget monitoring figures and no explanations or evidence was provided to show that these have been investigated
- * A Purchase order was not raised in one case and they were not raised before the invoice date in four of 18 transactions tested
- A nominated data protection officer had not been appointed by the College
- Evidence to confirm the right to work in the UK was not on file for one of three employees tested
- Flower and gift cards were purchased for staff members from the College's budget
- It was not possible to reconcile between gift vouchers purchased for the student reward system and recipients of those vouchers
- No evidence was seen that Procurement card reconciliations were performed and approved by an independent person
- The asset register was not complete and two of three items selected for testing could not be located
- Income items of the approved budget were not input to FMS
- The invoice was not paid in a timely manner in five of 18 transactions tested
- The College did not have a documented Asset Disposal Policy, write-off forms were not being used, and there was no evidence to support that disposals were authorized
- One support staff member was not paid the amount they should have been paid in June 2018

Areas that worked well

- There was segregation of duties in the purchasing and payment process
- Goods and services were confirmed as received before payment was made
- Governing body and committee meetings were held termly and decisions are recorded
- Register of Interest forms were in place for Governors and staff with financial management responsibilities
- Starter and leaver forms were completed in all cases tested

Appendix 7 – Limited or No Assurance School Executive Summaries

Executive Summary – Deptford Green Secondary School 2018/19

	Process Areas	High	Medium	Low
▲	1. Procurement	1	2	2
●	2. Income	-	1	2
●	3. Asset Management	-	2	-
▲	4. Governance	1	1	1
★	5. Budget Monitoring	-	-	1
▲	6. Banking	1	-	-
★	7. Payroll	-	-	1
★	8. Recruitment	-	-	-
★	9. Information Security	-	-	-
	Total	3	6	7

Introduction

The background for this internal audit are included in the Terms of Reference at the end of this report. The findings in this report are by exception. This means only those areas where further management action is required to improve internal control are mentioned.

It should be noted, that in general the controls in place at the school are well designed and working effectively. The process areas that impacted upon the assurance opinion was the lack of separation of duties around the purchasing and payment process, and delegation of responsibilities by governors.

It should also be noted, that in December 2017 the school introduced an electronic purchasing and payment process using the SIMS and iCompleat systems.

Assurance Opinion and Recommendations Made

Deptford Green Secondary 2018/19 has been assigned a rating of Limited. The previous audit opinion from 2015/16 was Satisfactory.

To improve controls, recommendations are agreed by management. The number of recommendations and their categories were:

3 High recommendations

6 Medium Recommendations and

7 Low Recommendations.

Of these 3 were made in the previous report.

Key Findings *indicates reoccurring recommendation

- * The school does not have a documented finance policy or scheme of delegation.
- * There was a lack of segregation of responsibilities identified throughout the procurement process. This included three purchases, where the purchase order was raised and authorised by the same officer, who then authorised the invoice for payment. One purchase where the purchase order and invoice was authorised by the same officer. In addition, three non-purchase order invoices were approved for payment by the officer processing the invoice.
- * Procurement card reconciliations had not been approved.
- Bank reconciliation forms had been completed and approved on a quarterly basis instead of monthly as required.
- There was a lack of evidence to confirm that the required number of quotes had been obtained in relation to the purchase of desktop computers for £38,556 excluding VAT, as only the chosen quote had been retained.
- The school did not have a debt recovery policy. In addition, the lettings policy has not been approved by governors.
- Two assets that were both portable and desirable had not been security marked. The purchase date and cost were also not recorded on the asset register. In addition, the officer who undertook the annual inventory check did not sign the completion certificate to confirm that all information was correct.
- The school does not have a documented policy or procedures for asset write off / disposal.
- There was a lack of evidence to confirm that the 2018/19 budget plan had been approved by the Finance Committee. The budget had also been submitted on the 31st May after the Local Authority deadline of the 1st May.

Areas that worked well

- The school has introduced an electronic purchasing system that includes an audit trail of which officers performed each action.
- The school uses a specialist software application for lettings which retains a record of all lettings, acceptance of terms and conditions, invoices and payments.
- The governing body and finance committee meet regularly. Notes are retained of all meetings.
- Evidence of right to work in the UK, DBS checks and satisfactory references were retained.
- Budget monitoring is performed regularly.

Appendix 8 – CPRL Follow up Review

Rec no.	Recommendation	Progress Update	Current Due Date	Owner	Internal Audit Conclusion
1	<p><u>High</u></p> <p>Management should ensure that contracts are in place with providers of key professional services.</p>	<p>Contracts are currently in place for all services. These expire in March 2019.</p> <p>A process is now underway for a new set of 3-year contracts for all services.</p> <p>The tender for Managing Agent's closed at the end of October and interviews are due on 19th November.</p> <p>Landlord & Tenants' and Lettings contracts to follow in the new year. All new contracts will be in place by 31st March 2019.</p>	31/05/2019	SGM Capital Programme Delivery	<p><u>In Progress</u></p> <p>Internal audit testing identified the following progress on the procurement of suppliers for four key professional services.</p> <p>Property Management:</p> <p>The agreement for Property Management between Catford Regeneration Partnership Ltd (CRPL) and the existing supplier Cushman & Wakefield Debenham Tie Leung Ltd was extended until 24th March 2019.</p> <p>On the 1st October 2018 five suppliers were invited to tender for the new property management contract. The closing date for submissions was the 31st October and interviews are due to be held on the 19th November.</p> <p>Retail Letting:</p> <p>The agreement for Letting and Marketing between CRPL and the existing supplier Mason Owen was extended on the 1st May 2018 until 24th March 2019.</p> <p>The Senior Group Manager Capital Programmes confirmed that this contract will retendered at the start of 2019. The new contract will commence at the end of March 2019.</p> <p>Surveys and Rent Review Negotiation:</p> <p>Rent reviews and surveys are purchased on an adhoc basis. A confirmation of the existing instructions between CRPL and Johnson Fellows LLP was signed on the 9th July 2018.</p>

Appendix 8 – CPRL Follow up Review

Rec no.	Recommendation	Progress Update	Current Due Date	Owner	Internal Audit Conclusion
					<p>Five suppliers have been invited to tender for the contract of CRPL Landlord and Tenant Reviews and Renewals. The closing date for applications is the 10th January 2019.</p> <p>Solicitors:</p> <p>Legal services are also purchased on an adhoc basis. CRPL has an agreement with Field Fisher Waterhouse LLP. A client care letter dated 28th January 2014, which forms the basis of the working arrangements between CRPL and the solicitors was provided as evidence of the terms and conditions still in existence. It should be noted, the client care letter between CRPL and Field Fisher has not been signed by either party.</p> <p>The client care letter states that the instructions with Field Fisher can be terminated at anytime in writing. In addition, internal audit was also provided with a fee scale dated March 2015. Email correspondence with the solicitors dated 30th October 2018 confirmed that the charges for legal services are still based on the March 2015 fee scale.</p> <p>The Senior Group Manager Capital Programmes confirmed that the legal services contract will also be retendered at the start of 2019. The new contract will then commence at the end of March 2019.</p>

Appendix 8 – CPRL Follow up Review

Rec no.	Recommendation	Progress Update	Current Due Date	Owner	Internal Audit Conclusion
2	<p><u>Medium</u></p> <p>The Catford Regeneration Partnership Board should define the quorum of its meeting in the Boards Terms of Reference.</p> <p>The Board meetings should be held monthly in line with its Terms of Reference. Any amendments to the frequency should be formally agreed and the Terms of Reference amended accordingly.</p>	CRPL Board meetings now take place once a month.	Superseded	SGM Capital Programme Delivery	<p><u>Superseded</u></p> <p>At the time of the original audit, the auditor was supplied with a terms of reference (ToR) dated June 2016 for Catford Regeneration Programme Board. The ToR stated "The Programme Board provides strategic direction for CRPL, and generally acts as the interface between CRPL and the Council. As the Council is the sole shareholder of CRPL, the company will also interact with the Council directly on a regular basis'.</p> <p>The ToR for the Programme Board was updated in July 2016, however, at the time of the audit the auditor was not provided with a copy of the updated document. The updated ToR dated July 2016 removed any reference to the Programme Board having governance over CRPL.</p> <p>The Catford Regeneration Programme Board is a Council Board that has been established to provide strategic direction to enable the regeneration of Catford Town Centre. The Programme Board cannot direct or control the activities of CRPL.</p> <p>If the updated ToR dated July 2016 was provided to the auditor at the time of the original audit, this recommendation would not have been raised.</p> <p>It should be noted, the Catford Regeneration Programme Board reviewed and agreed the ToR on the 5th July 2016 and a number of small amendments were requested. However, these amendments had not been updated to the ToR. Advice provided to the officer responsible for maintaining the ToR.</p>

Appendix 8 – CPRL Follow up Review

Rec no.	Recommendation	Progress Update	Current Due Date	Owner	Internal Audit Conclusion
4	<p><u>Medium</u></p> <p>Management should ensure that it documents the financial regulations which will provide guidelines for performing its financial transactions.</p>	<p>The Company currently follows the Council's financial procedures and standing orders. As a holding company for assets, these procedures are felt to be adequate but will be reviewed depending on any future role CRPL plays in the wider regeneration of Catford.</p>	Implemented	SGM Capital Programme Delivery	<p><u>Implemented</u></p> <p>A financial management process document has been developed and approved by both Directors of Catford Regeneration Partnership Ltd.</p> <p>The procedures cover both purchasing and payments for the Partnership. In addition, the document detail which officers has authority to approve purchases and invoices for payment.</p>
5	<p><u>High</u></p> <p>Management should ensure that it implements an effective budgetary control system in place.</p> <p>This should then be documented in the financial regulation guidelines.</p>	<p>The annual budget for the company is approved together with the business plan by Mayor and Cabinet and then Full Council, usually at the start of each financial year. All spend from the budget is monitored by the Finance Manager and any issues are immediately brought to the attention of the Directors as required. The Finance Manager also monitors spend and reports on finance to the Directors at its Board meetings. This process of budget monitoring has been effective to date.</p>	31/01/2019	SGM Capital Programme Delivery	<p><u>In Progress</u></p> <p>Review of CRPL financial management process document identified that procedures for budget monitoring have also been included. As per the procedures monitoring of the company's income and expenditure will be performed quarterly. This will be in the form of spend and forecast update against the budget contained in the approved business plan.</p> <p>However, budget monitoring and forecasting against each type of income and expenditure on the approved budget is currently not being performed.</p> <p>The SGM Capital Programmes stated that budget monitoring and forecasting will be one of the responsibilities of the new Finance Manager when they start.</p> <p>It should be noted that bank reconciliations are conducted on a regular basis, whereby, transactions on the bank statement are reconciled to invoices and remittance slips.</p>

Appendix 8 – CPRL Follow up Review

Rec no.	Recommendation	Progress Update	Current Due Date	Owner	Internal Audit Conclusion
6	<p><u>Medium</u></p> <p>Management should ensure that its annual budget is approved by the Council as required.</p>	<p>The 2017/18 CRPL Business Plan and budget were approved by Mayor and Cabinet and then full Council in keeping with the Company's reserved matters. An error in compiling the audit documents meant that this was missed at the time of the audit</p>	Implemented	SGM Capital Programme Delivery	<p><u>Implemented</u></p> <p>The CRPL's articles of association identify the following items as shareholder reserved matters:-</p> <ul style="list-style-type: none"> - 1.1 the approval of each Business Plan; and - 1.2 the approval of each Budget. <p>Review of the full Council meeting minutes dated 18th July 2018 identified that the business plan was approved, however, it was not documented that the budget was approved.</p> <p>It is should be noted that the annual budget was included as an appendix to the business plan. Therefore, it could assumed that the budget was also approved.</p> <p>Internal audit provided advice for future years, that it should be documented in meeting minutes that Members approve both the business plan and budget, as they are two separate reserved matters.</p>

Appendix 9 – Whistleblowing Policy

See separate pdf attachment.

This policy was submitted for its annual review to the Council's Standards Committee on the 22 November 2018. The public link is at:

<http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=193&MId=5295&Ver=4>