

AUDIT PANEL		
Report Title	Internal Audit Update Report	
Key Decision	No	Item No.
Ward	ALL	
Contributors	Interim Chief Finance Officer	
Class	Part 1	Date: 19 September 2019

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 for 18/19, and
- Progress of implementation of internal audit recommendations.
- Rolling internal audit plan for 2019-20.

2. Recommendations

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

3. Executive Summary

Progress against the corporate internal audit plan 18/19

3.1. There are 12 audits still at draft report stage, but their opinions are included in the accompanying Annual Assurance Report for 18/19.

3.2. Three audits were cancelled from the 18/19 audit plan due to lack of progress to draft report stage. Two were IT audits, which will now be included in the 19/20 audit plan, and one was a core financial – Main accounting. Any issues found to date in the Main Accounting audit will be included in the 19/20 annual review.

3.3. There were two Limited reports issued, and an additional four Limited currently at draft.

High or Medium recommendations not agreed by management

3.4. Management agreed all High and Medium recommendations made.

Follow up reviews

3.5. There were no follow up reviews completed since the last meeting.

Management progress against actions agreed

- 3.6. The number of overdue corporate actions increased from 45% to 55 % from the last meeting. However, this may be due to the summer holidays, where officers are away.
- 3.7. The number of actions taking over 12 months to implement, has decreased to 29% from a high of 48% at the previous meeting.

Types of controls for corporate audit actions

- 3.8. Overall for the year, procedures and Compliance / Legal controls are where the most actions required from recommendations are made.

Schools – Progress on the 18/19 plan

- 3.9. All school audits are now finalised for the 18/19. There were four school reports issued since the last meeting, with one Limited report.

Schools – Progress on the 19/20 plan

- 3.10. All 24 school audits fieldwork has been completed and the reports are currently being written up. Two school audits have been finalised and all are expected to be issued as draft by the end of September.

School actions

- 3.11. As previously discussed there continues to be a lack of resources to chase schools on their progress on management actions. As such no updates have been received since the last meeting. The position therefore does not reflect the true status of school management actions.

Audit plan

- 3.12. The audit plan for 19/20 consists of 852 days. This is broken down by 145 days for schools, 472 days of corporate audit, 35 days for follow-ups, and 100 days contingency and 100 days management review time.

Any other business

- 3.13. Recruitment to Head of Internal Audit post is not yet complete.

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 an external service provider.

5. Progress against the corporate internal audit plan 18/19

- 5.1. There are 12 audits still at draft report stage as at 31/08/19 and their opinions are included in the accompanying Annual Assurance Report, including four with a Limited opinion. They are:

- 2018/19-07 - Accounts Payable 18-19
- 2018/19-08 - Accounts Receivable and Debt Recovery 18-19
- 2018/19-13 - Budget Setting and Monitoring 18-19
- 2018/19-15 - ASH - Debt Recovery System
- 2018/19-17 - Banking 18-19
- 2018/19-21 - Non-Current Assets 18-19
- 2018/19-22 - Business Rates 18-19
- 2018/19-31 - Council Tax 18-19
- 2018/19-58 - OracleCloud - Financials - Post Implementation
- 2018/19-59 - OracleCloud - HR and Payroll Implementation
- 2018/19-69 - Icasework IT System
- 2018/19-77 - Payments to Adult Care Providers 18-19

5.2. Those audits that were not at draft report stage by 31st of August have been cancelled and brought into the 2019/20 audit plan. They were:

- Main Accounting 18-19 – Cancelled as not enough work done to complete it to draft report stage to be included in the annual assurance report. Any issues found to date will be included in the 19/20 audit.
- New Phone System and BCP – Cancelled from the 18/19 plan, work completed but not to draft report stage. Will include in 19/20 plan.
- Self Service IT Processes - Cancelled from the 18/19 plan, work completed but not to draft report stage. Will include in 19/20 plan.

5.3. Since the last meeting, seven corporate reports were finalised. The table below shows them with the audit opinion, and number or recommendations.

Audit (Corporate)	Date of Final	Audit Opinion	H	M	L	Follow up due
			Recs made			
2018/19-14 - Capital Expenditure 18-19	13/08/19	Satisfactory	1	3	-	n/a
2018/19-25 - Looked After Children – Case Management	20/08/19	Satisfactory	2	2	1	n/a
2018/19-26 - Payments to Child Care Provider and Foster Carers for Looked After Children 18-19	20/08/19	Limited	2	2	1	Yes
2018/19-27 - Client Contribution for Care Provision 18-19	12/08/19	Limited	4	-	2	Yes

Audit (Corporate)	Date of Final	Audit Opinion	H	M	L	Follow up due
			Recs made			
2018/19-28 - Domestic Waste Management	04/07/19	Satisfactory	1	2	-	n/a
2018/19-56 - Homecare Service	13/08/19	Satisfactory	1	5	1	n/a
2018/19-65 - Pooled Budgets and Section 75 Payments	20/08/19	Satisfactory	-	4	2	n/a

5.4. The executive summaries for the Limited reports issued can be found in Appendix 3.

Additional work

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

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. Management agreed all High or Medium recommendations made.

7. Follow-up reviews

7.1. There were no follow up reviews conducted since the last Audit Panel meeting.

8. Progress against Management Actions

Overdue actions

8.1. This section reports on the status of management actions since the last meeting.

8.2. The cut-off date for management to respond by was the 06/09/19 for those due by the 31/08/19.

8.3. To accompany the table, appendix 2 lists the individual audits with actions that overdue and / or show those taking 12 months or more to complete.

8.4. The number of overdue actions has increased by 10% to 55%, but should be noted that officers may have been off on annual leave when the reminders went out, so missed the reminder. The current overdue position is set out in the table below with more detail by report at Appendix 2.

Month of meeting	Current no. of open actions	No. of overdue actions	Percentage of overdue actions
Sep 19	191	105	55%
Jul 19	151	68	45%
Mar 19	183	80	44%
Dec 18	170	45	26%
Sep 18	164	50	30%

Aged analysis report

- 8.5. The aged analysis report shows how long actions are taking to implement. This age analysis is worked out by using current due date for the action 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	No / % of recs over 12 m
Sep 19	82	43	4	6	27	29	56 / 29%
Jul 19	37	15	19	7	31	42	73 / 48%
Mar 19	38	34	28	14	29	40	69 / 38%
Dec 18	30	32	32	12	25	39	64 / 38%
Sep 18	31	29	28	19	25	32	57 / 35%

- 8.6. The table above shows that the percentage of open actions that are taking over one year to be completed. The percentage of actions taking over 12 months has decreased to 29% from 48%. This is positive and as noted at the July Audit Panel we are conducting a review to update the position on all actions still open from the 2017/18 year or earlier years to get the up to date risk position. This will be reported to the next Audit Panel meeting. Please see appendix 2 for details.

9. Control issues found

- 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. As agreed at the last meeting, the controls will still be reported on, but the detailed appendix will no longer be included. Compliance / Legal and having up to date Procedures are still currently the main control gaps identified.

Type of control	From April to Nov 19	Mar 19	Jul 19	Sep 19	Running Total
Authorisation	-	2	-	-	2
Compliance / Legal	27	-	1	16	44
Financial / Budget Monitoring	3	1	-	4	8
Governance	5	1	7	7	20
Information Security	6	4	7	3	20
IT	-	-	-	2	2
Policies	2	2	1	1	6
Procedures	11	8	10	23	52
Reconciliations	1	-	-	1	2
Separation of duties	-	-	-	-	-
Other	6	2	2	9	19
Total per month	61	20	28	66	175

10. Progress against schools' internal audit plan 2018/19

- 10.1. All school audits for 18/19 are now finalised. Please see below the last four that were finalised since the last meeting. There were four school audits finalised since the last meeting. Of these, one was Limited. The executive summary for this audit is in appendix 6.

Audits (Schools)	Date of Final	Audit Opinion	Recs. Made		
			H	M	L
2018/19-16 - Athelney Primary 18-19	24/07/19	Satisfactory	-	13	9
2018/19-52 - Sydenham Secondary 18-19	05/07/19	Substantial	-	8	7
2018/19-54 - Kilmorie Primary 18-19	19/07/19	Satisfactory	1	2	8
2018/19-55 - Trinity All Through School 18-19	12/07/19	Limited	-	20	3

11. Progress against schools' internal audit plan 2019/20

- 11.1. Fieldwork for all the 24 school audits for 19/20 has been completed, with two reports finalised. The rest are currently being written up, and are expected to be issued as draft during September. Please see appendix 4 for the progress on school audits for 19/20.
- 11.2. Conducting the school audit plan in the first two quarters has worked well. The two school reports that were issued are listed below:

Audits (Schools)	Date of Final	Audit Opinion	Recs. Made		
			H	M	L
2019/20-20 - St Mary's Church of England Primary 19-20	08/07/19	Substantial	-	9	2
2019/20-24 - Torridon Primary 19-20	02/09/19	Satisfactory	-	17	1

School actions

- 11.3. There continues to be a lack of resource to chase schools on their progress on management actions. As such no updates have been received since the last meeting.
- 11.4. The position reported below therefore remains the same plus any new actions. We continue discussion with IT to explore options to enable schools to provide their own updates (such as Office 365 / extranet). In the meantime the lack of updates will continue.
- 11.5. The status of the individual schools where actions are overdue can be found at appendix 5.

Month of meeting	Current no. of open actions	No. of overdue actions	Percentage of overdue actions to open
Sep 19	469	393	84%
Jul 19	307	269	88%

School follow up reviews

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

12. Audit plans for 2019/20

- 12.1. As stated in the last meeting a more detailed audit plan for members to approve can be found in appendix 1.
- 12.2. The breakdown of the plans (corporate and schools) for 2019/20 consists of 852 days. The breakdown of these days are as plan is as follows:
- 145 days for schools - all conducted by in-house
 - 254 days for core financials – conducted by in-house
 - 35 days for follow ups – conducted by in-house
 - 80 days for Contracts / Procurement specific – 50/30 split in-house / Mazars
 - 57 days for General 42/15 split in-house / Mazars
 - 5 days for grant certification – in-house
 - TBC days (allow for 60 days) for IT assessment- Mazars
 - 16 days b/f IT days transferred from 18/19 - Mazars
 - 100 days contingency
 - 100 management / review days
- 12.3. There are currently 34 confirmed corporate audits to be conducted. However, there will be more when the IT plan is finalised with the Contractor.
- 12.4. There are 24 schools audits to complete.
- 12.5. The current split between in-house and contractor is 531 to 121 respectively, (not including management time or contingency). Any changes to the plan will be reported to the Audit Panel in the usual way.
- 12.6. The contingency days are being held to focus on contract and project assurance work. In particular, project assurance work to support the new change governance arrangements introduced by the Executive Management Team following the 2017/18 value for money conclusion.
- 12.7. Due to the overrun of the corporate plan in 18/19, the productive days for 19/20 are slightly reduced. However, this also means that going forward, audit planning (days wise) will become more accurately and in line with delivery.

13. Any other business

13.1. Nothing further to report.

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 – Audit Plan (Corporate and Schools) 2019/20

Type	Audit Name	Scope	Days	Start	Link to Risk Register	Conducted by
Core	Accounts Payable 19-20 (Core Financial Audit)	New Suppliers and Bank Amendments, Payments, Reconciliations, Performance Monitoring, and Information Security and Business Continuity	19	Qrt 3	6. Financial Failure and inability to maintain service delivery within a balanced budget	In-house
Core	Accounts Receivable and Debt Recovery 19-20 (Core Financial Audit)	Raising Invoices, Income and Debt Recovery Write-Off's, Reconciliations, Performance Monitoring, and Information Security and Business Continuity	19	Qrt 3	Loss of income - debt collection (9)	In-house
Core	Banking 19-20 (Core Financial Audit)	Transactions Management, Suspense Accounts, Cheque Printing and Security, Reconciliations, Information Security and Business Continuity, and Prepaid Cards Provider Changeover	12	Qrt 3	6. Financial Failure and inability to maintain service delivery within a balanced budget	In-house
Core	Budget Setting and Monitoring 19-20 (Core Financial Audit)	Budget setting, Budget Loading and Virements, and Budgetary Monitoring and Control	10	Qrt 3	6. Financial Failure and inability to maintain service delivery within a balanced budget	In-house
Core	Business Rates 19-20 (Core Financial Audit)	Business Rate Setting, Billing and Liabilities, Discounts and Relief, Collection and recovery action, Refund Journals and Transfers, VO Amendments, Reconciliations, Information security and BCP	12	Qrt 3	9. Loss of income to the Council	In-house
Core	Capital Expenditure 19-20 (Core Financial Audit)	Project approval governance, Monitoring, Compliance with Project Management Handbook, and Lessons Learnt	15	Qrt 3	9. Loss of income to the Council	In-house
Core	Client Contribution for Care Provision 19-20 (Core Financial Audit)	Financial Assessments, Issuing of Invoices, and Deferred Payment Arrangement Scheme	15	Qrt 3	Loss of income - debt collection (9)	In-house

Appendix 1 – Audit Plan (Corporate and Schools) 2019/20

Type	Audit Name	Scope	Days	Start	Link to Risk Register	Conducted by
Core	Council Tax 19-20 (Core Financial Audit)	Council Tax Setting, Billing and Liability, Discounts and Exemptions, Collection and Recovery Action, Refunds, Journals, and Transfers, Valuation Office Amendments, Reconciliations, Information Security and Business Continuity, performance Monitoring and Performance Monitoring.	15	Qrt 3	Loss of income - debt collection (9)	In-house
Core	Direct Payments (Core Financial Audit) 19-20	Setting up a Direct Payment, Payments, Utilisation Monitoring, reviews and budgeting, and Terminations and Recovery of Payments.	15	Qrt 3	9. Loss of income to the Council	In-house
Core	Housing Benefit and Council Tax Reduction Scheme (CTRS) 19-20 (Core Financial Audit)	Applications and Assessments, Reconciliations, - Appeals, Discretionary HB, CTRS Recipients, Amendments, and HB to UC Transition NB – reduced scope if HB goes to DWP.	20	Qrt 3	6. Financial Failure and inability to maintain service delivery within a balanced budget	In-house
Core	Main Accounting 19-20 (Core Financial Audit)	See previous audit for scope	15	Qrt 3	6. Financial Failure and inability to maintain service delivery within a balanced budget	In-house
Core	Asset Management 19-20 (Core Financial Audit)	Asset management, Disposals, Reconciliations, and implementation of oracle cloud asset register.	12	Qrt 3	6. Financial Failure and inability to maintain service delivery within a balanced budget	In-house
Core	Payments to Adult Care Providers 19-20 (Core Financial Audit)	Set up and Review of support Plans, Payments to Providers, and Budgetary Control.	15	Qrt 3	6. Financial Failure and inability to maintain service delivery within a balanced budget	In-house

Appendix 1 – Audit Plan (Corporate and Schools) 2019/20

Type	Audit Name	Scope	Days	Start	Link to Risk Register	Conducted by
Core	Payments to Child Care Provider and Foster Carers for Looked After Children 19-20 (Core Financial Audit)	Assessments, Payments, Budgetary Control, Exception Reporting, and GDPR / DPA	16	Qrt 3	Unforeseen expenditure/loss of income from funding streams (8)	In-house
Core	Payroll 19-20 (Core Financial Audit)	Starters and Leavers, Benefits - Paternity, Maternity and Sick Pay, Payments Amendments, Honorariums and Petty Cash, Deductions to third parties, Teachers Contributions, and Reconciliations	16	Qrt 3	6. Financial Failure and inability to maintain service delivery within a balanced budget	In-house
Core	Pensions for LGPS 19-20 (Core Financial Audit)	S Pension Payments, Transfers in and out of the Pension Scheme, Contributions and Amendments, Reconciliations, Pension Fund Valuations, and Pension Fund Investments	16	Qrt 3	8. Lack of provision for unforeseen expenditure or loss of income in respect of Council's liabilities or funding streams.	In-house
Core	Treasury Management 19-20 (Core Financial Audit)	Regulatory and Management Requirements, Cash flow forecasting , Investments, borrowing and reconciliations, and Performance Monitoring and Reporting	12	Qrt 3	8. Lack of provision for unforeseen expenditure or loss of income in respect of Council's liabilities or funding streams.	In-house
GEN	Schools' Finance	To review the framework, support and advice of the school finance team. - look at how they work out the funding, create the financial regulations and scheme of delegation, and process returns from schools.	12	Qrt 3/4	Unforeseen expenditure/loss of income from funding streams	In-house
GEN	Rogue Landlords	To review the framework of rogue landlords. Including how to identify them, process of resolving issues including any legal action	15	Qrt 3/4	Respond to legislative change (5)	In-house

Appendix 1 – Audit Plan (Corporate and Schools) 2019/20

Type	Audit Name	Scope	Days	Start	Link to Risk Register	Conducted by
GEN	Planning Control	To review the framework of the planning control department	15	Qrt 3/4	Respond to legislative change (5)	In-house
GEN	VAT Audit	To review the controls around claiming and paying VAT	15	Qrt 3/4	Respond to legislative change (5)	Mazars
IT	IT Assessment	To be confirmed. Meeting to be held with specialist auditor and Head of IT	TBC	Qrt 3/4	ICT not fit for purpose/does not meet business needs (2)	Mazars
IT	Office 365 and SharePoint	To review the security and access to office 365 and SharePoint	7	Qrt 3/4	ICT not fit for purpose/does not meet business needs (2)	Mazars
IT	Oracle HR and Payroll – Post implementation	To review the post implementation of the Oracle Cloud HR and Payroll system	5	Qrt 3/4	ICT not fit for purpose/does not meet business needs (2)	Mazars
IT	LBL IT Strategy	To review the IT Strategy to ensure it is fit for purpose and achievable	8	Qrt 3/4	ICT not fit for purpose/does not meet business needs (2)	Mazars
IT	New Phone System and BCP	To review the new ACD system that is due to be implemented by April 18	7	Qrt 3	ICT not fit for purpose/does not meet business needs (2)	Mazars
IT	Self Service IT Processes	To review the BCP, ease of access and security of the council's self service systems	8	Qrt 3	ICT not fit for purpose/does not meet business needs (2)	Mazars
CON	Contract Monitoring	Select a number of contracts to review how effective contract monitoring is. NB Currently split into four separate reviews.	50	Qrt 2/3	failure to manage suppliers and procurement programmes. (13)	In-house

Appendix 1 – Audit Plan (Corporate and Schools) 2019/20

Type	Audit Name	Scope	Days	Start	Link to Risk Register	Conducted by
CON	Tendering / Procuring contracts and supplier	To review the controls around the tendering / procuring contracts and supplier resilience	20	Qrt 3/4	Failure to manage suppliers and procurement programmes. (13)	Mazars
CON	Lewisham Gateway Development	To review the allocation of contracts and use of ring-fenced funds / grants.	10	Qrt 3/4	Failure to manage suppliers and procurement programmes. (13)	Mazars
GRANT	Supporting Families Grant (TFP) Grant Verification	MHCLG requirement - sample testing of claims	5	Qrt 1-4	Statutory requirement	In-house
Follow Ups	Follow ups reviews on limited reports	Follow up on Limited and No Assurance Reports	35	Qrt 2-4	n/a	In-house

Type	Dir	Audit Name	Scope	Days	Start	Conducted by
SCH	SCH	Brindishe Green Primary	Procurement, Income, Asset Management, Governance, Banking, Budget Monitoring, Payroll, HR and Information Governance	6	Qrt 1/2	In-house
SCH	SCH	Brindishe Manor	As Above	6	Qrt 1/2	In-house
SCH	SCH	Clyde Nursery	As Above	6	Qrt 1/2	In-house
SCH	SCH	Dalmain Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	Deptford Park Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	Drumbeat Special School	As Above	7	Qrt 1/2	In-house
SCH	SCH	Good Shepherd Catholic School	As Above	6	Qrt 1/2	In-house
SCH	SCH	Holy Cross Catholic Primary	As Above	6	Qrt 1/2	In-house

Appendix 1 – Audit Plan (Corporate and Schools) 2019/20

Type	Dir	Audit Name	Scope	Days	Start	Conducted by
SCH	SCH	Horniman Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	John Stainer Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	Lucas Vale Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	Marvels Lane Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	Myatt Garden Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	Rangefield Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	Rathern Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	Rushey Green Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	Sandhurst Junior (Primary from April 18)	As Above	6	Qrt 1/2	In-house
SCH	SCH	St Augustine's Catholic Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	St Joseph's Catholic Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	St Mary's CE Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	St Stephen's CE Primary	As Above	6	Qrt 1/2	In-house
SCH	SCH	Stillness Infant	As Above	6	Qrt 1/2	In-house
SCH	SCH	Stillness Jnr	As Above	6	Qrt 1/2	In-house
SCH	SCH	Torridon Primary	As Above	6	Qrt 1/2	In-house

Appendix 2 - Status of corporate actions.

Name of Audit (Corporate)	Opinion	Final Report Date	Actions Overdue		Actions taking over 12mth	
			H	M	H	M
Accounts Payable 17-18	Satisfactory	20/04/18		2		1
Accounts Payable 2016-17	Satisfactory	16/03/17		2		1
Accounts Receivable 17-18	Satisfactory	26/06/18		1		1
Adherence to the FOIA and DPA 17-18	Satisfactory	06/02/18		1		
Adherence to the Local Government Transparency Code	Limited	12/10/18	1		2	9
Adult Social Care System - Back up and BCP	Limited	04/04/16			1	
Apprenticeship Levy Spend including Professional Qualifications	Limited	27/09/18	3	3		
Banking 17-18	Satisfactory	22/02/18	1		3	
Budget Monitoring and Setting 2017-18	Satisfactory	05/12/17		2		1
Capital Expenditure 18-19	Satisfactory	13/08/19	1	2		
Client Contributions to Care Provision 16-17	Satisfactory	24/05/17		1		
Complaints (Corporate)	Satisfactory	06/11/18		3		
Data Breach Management	Limited	18/05/17		2		2

Appendix 2 - Status of corporate actions.

Name of Audit (Corporate)	Opinion	Final Report Date	Actions Overdue		Actions taking over 12mth	
			H	M	H	M
Direct Payments 18-19	Satisfactory	23/04/19		1		
Direct Payments 17-18	Satisfactory	22/03/18		1		
Domestic Waste Management	Satisfactory	04/07/19	2	2		
Expenses Reimbursed by Payroll 16-17	Satisfactory	30/01/17		1		
Fostering Arrangements	Satisfactory	14/03/19		7		
Garden Waste Service 2017/18	Satisfactory	05/01/18		2		
Governor Services	Substantial	05/06/18		1		1
Health Visiting	Limited	29/05/18	1	1	1	1
Homecare Service	Satisfactory	13/08/19		5		
Homelessness Applicants 2017/18	Satisfactory	18/05/18		1		
Housing Benefit and Council Tax Reduction Scheme (CTRS) 18-19	Substantial	14/03/19		1		
IT Helpdesk - Shared Services	Substantial	17/05/19				2
Implementation of GDPR	Substantial	04/06/19		4		
Lewisham Services for Schools Website	Substantial	03/03/19		3		1

Appendix 2 - Status of corporate actions.

Name of Audit (Corporate)	Opinion	Final Report Date	Actions Overdue		Actions taking over 12mth	
			H	M	H	M
Looked After Children – Case Management	Satisfactory	20/08/19	1	1		
Main Accounting 17-18	Satisfactory	06/02/18	1	2	1	1
Mobile Devices Contract 16-17	Satisfactory	07/07/17		1		1
Monitoring of Child Care Providers	Limited	17/10/17	1		1	1
Multi-Agency Safeguarding Hub Arrangements 2017/18	Advisory / Consultancy	28/09/17	1	5	1	5
Oracle Cloud - Migration 17-18	No Assurance	02/07/18	1		1	
Parking Contract 2017/18	Satisfactory	27/11/17		1		
Payments to Child Care Provider and Foster Carers for Looked After Children 18-19	Limited	20/08/19	10			
Payroll 18-19	Satisfactory	08/05/19		5		
Pensions 17-18	Satisfactory	15/01/18		1		1
Performance Indicators and Service Planning 17-18	Advisory / Consultancy	21/07/17		1		
Performance Management Framework for Child Social Care (CSC)	Satisfactory	02/07/19		2		

Appendix 2 - Status of corporate actions.

Name of Audit (Corporate)	Opinion	Final Report Date	Actions Overdue		Actions taking over 12mth	
			H	M	H	M
Pooled Budgets and Section 75 Payments	Satisfactory	20//08/19				1
Prepaid Cards 16-17	Limited	17/03/17				3
Public Sector Network 16-17	Limited	01/02/17				1
Recording of Safe Guarding – Section 42 Referrals	Limited	03/07/17		1		7
Recruitment Process	Satisfactory	04/06/19		1		
Schools' Catering Contract 16-17	Limited	03/03/17		3		3
South London and Maudsley NHS (SLaM)	Satisfactory	14/07/15		1		
Special Educational Needs	Substantial	24/06/19		2		
Synergy Application	Satisfactory	19/06/18	1	1		
		Total	26	79	12	44

Payments to Child Care Providers and Foster Carers for Looked After Children – 2018/19

Overall Audit Opinion - Limited

	Process Areas	High	Medium	Low
▲	1. Assessments of Care Providers	1	-	-
▲	2. Payments	3	-	1
★	3. Budgetary Control	-	-	1
★	4. Exception Reporting	-	-	-
▲	5. GDPR/DPA	1	-	-
	Total	4	-	2

Key ★ Substantial ● Satisfactory ▲ Limited ■ No Assurance

Introduction

The background for this internal audit is 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. This internal audit is limited assurance due to the contracts with Semi-Independent providers not being in place and the continued issues with the retention of contracts, the monitoring of providers and the recovery of outstanding cost volume discounts.

Assurance Opinion and Recommendations Made

Payments to Child Care Providers and Foster Carers for Looked After Children has been assigned a rating of Limited. (Satisfactory in 2017/18)

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

5 High Recommendations (Three of which are re-occurring)
2 Low Recommendations

Key Findings

- Contracts with Independent Fostering Agencies (IFAs) were held as hard copies with the Legal team. When testing not all IFA contracts could be obtained, (Re-occurring.)

Appendix 3 – Limited Executive Summaries

- There is a formal Quality Assurance (QA) sheet that should be completed when providers in the Preferred Provider Framework (PPF) are being monitored. Despite this, providers were not being monitored regularly if at all. When examining five providers it was established that zero QA sheets could be obtained and that these providers were not inspected, (Re-occurring.)
- Limited action had been taken to pursue cost volume discounts (CVD) provided for under the Preferred Provider Framework contract, with only £2,789 being collected on the outstanding £263,113.06 detailed in the 2017/18 audit report. (Re-occurring.)
- The Council was out of contract with semi-independent providers, although an informal agreement could be found in the Invitation to Tender (ITT).
- Some payment decisions are made outside of panel meeting. These payment decisions were not documented, therefore in some cases payment alterations to care providers could not be supported.
- Letters updating care providers on Data Protection Act (DPA) 2018 and General Data Protection Regulation (GDPR) requirements had not been sent to 17 of the 19 IFA providers. Similarly, none of the IFA's had returned the required "Data Processor GDPR Compliance Assurance Statement".

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Areas that worked well

- The constituents of the PPF have been suitably authorised at Mayor & Cabinet.
- The PPF meet the eligibility criteria established in the Business Questionnaire which can be located in the appendices of each contract.

Client Contribution for Care Provision 2018/19

Overall Audit Opinion - Limited

	Process Areas	High	Medium	Low
▲	1. Financial Assessments	1	3	2
▲	2. Issuing of Invoices	1	2	-
▲	3. Deferred Payment Arrangement Scheme	3	3	-

Key ★ Substantial ● Satisfactory ▲ Limited ■ No Assurance

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.

Basis of Opinion

Audit testing has identified a number processes that puts at risk the service objective of issuing accurate invoices for care provision to all eligible service users. Due to this the audit has been given a Limited Assurance opinion.

The process areas that impacted upon the assurance opinion were the identification of clients that require a financial assessment and the actual issuing of invoices to service users.

Audit testing established that not all service users were having a financial assessment. In addition, financial assessments for non-residential service users took place after they started receiving care.

The Council implemented a new financial management system, Oracle Cloud in May 2018. However, the finance system was not set up with a four-weekly billing function. As a work around, clients assessed contributions are stored on a spreadsheet and uploaded to Oracle Cloud to issue invoices. The approximate value of contributions billed to clients on a four weekly basis is £1,000,000. As client contributions are not stored on a secure software application with daily backups, it puts at risk a large amount of Council revenue.

Client charging is an IT project designed to automate some of the processes involved in conducting financial assessments and issuing invoices to service users. Client charging was due to go live on ContrOCC (Adult social care finance system) on the 28/05/2018. However, the implementation did not go ahead as planned. At present there is no planned date for the implementation of client charging.

Appendix 3 – Limited Executive Summaries

Assurance Opinion and Recommendations Made

Client Contribution for Care Provision 2018/19 has been assigned a rating of Limited.

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

5 High recommendations,

8 Medium Recommendations, and

2 Low Recommendations (Of these one was raised in the previous audit).

Key Findings *indicates reoccurring recommendation

- Review of 25 service users with an active care plan on LAS and no financial assessment identified eight were not exempt from a financial assessment.
 - Due to a migration issue with Oracle Cloud in May 2018 approximately 400 service users were not invoiced their assessed four weekly contribution. In addition, as Oracle Cloud does not have a 4-weekly billing functionality, service users assessed client contributions are stored on a spreadsheet instead of being held on a secure software application.
 - Testing of four Deferred Payment Agreements identified that an equity limit had not been calculated, as required by the Care Act statutory guidance. In addition, interest on deferred payments has not been calculated and added to the service user account.
 - Of four Deferred Payment Agreements (DPA) tested, one service user did not meet the eligibility criteria for a DPA.
 - Four weekly invoices sent to Deferred Payment Agreement service users, are not split between their assessed contribution and deferred charges for that period. In addition, two service users with the Money Management team are not having their assessed contributions paid.
 - Of 26 financial assessments tested, the data used for three did not agree to the source documents and/or treatment of capital, income and expenses as documented in the Council policy.
 - Examination of three informal reviews identified the review was not carried out by an officer independent of the disputed financial assessment, as required by Council policy.
 - Review of 14 service users that received care from the Council for the first time identified eight had a financial assessment completed after the start of their care plan.
 - Invoice requests forms are printed on paper and hand delivered to the Income and Payment team instead of being communicated electronically.
 - Of 26 service users tested, two were issued inaccurate invoices.
 - Deferred Payment Agreement service users are not being sent six-monthly statements, as required by the Care Act statutory guidance.
 - Of four Deferred Payment Agreement service users tested, one did not have up to date building insurance on file.
 - Of four Deferred Payment Agreements tested, only one service user was charged an annual administration fee.
-

Areas that worked well

- A comprehensive Charging and Financial Assessment policy has been developed and published on the Council website.

Appendix 3 – Limited Executive Summaries

- Review of 26 client financial assessments identified that financial data was obtained from independent sources including the DWP system (CIS), housing benefit system and council tax system. Where applicable, service users were requested to forward additional information.
- An uplift of client contributions is conducted annually. A sample review identified that service users are notified of the change of contribution in writing.
- Review of 15 one off invoice request forms and 22 periodic request forms identified the amount billed to the service user agreed to the request form and ContrOCC.

Review of four Deferred Payments Agreements established a legal charge was placed on the service user property as security.

Appendix 4 Progress on the Schools' Audit Plan for 2019/20

Audit	Status	Report date	Assurance opinion	H	M	L
2019/20-24 - Torricon Primary 19-20	Final	02/09/19	Satisfactory	-	17	1
2019/20-20 - St Mary's Church of England Primary 19-20	Final	08/07/19	Substantial	-	9	2
2019/20-17 - Sandhurst Primary 19-20	At Review Stage					
2019/20-07 - Good Shepherd Catholic Primary School 19-20	At Review Stage					
2019/20-01 - Brindishe Green Primary 19-20	Fieldwork End					
2019/20-02 - Brindishe Manor Primary 19-20	Fieldwork End					
2019/20-03 - Clyde Nursery 19-20	Fieldwork End					
2019/20-04 - Dalmain Primary 19-20	Fieldwork End					
2019/20-05 - Deptford Park Primary 19-20	Fieldwork End					
2019/20-06 - Drumbeat Special School 19-20	Fieldwork End					
2019/20-08 - Holy Cross Catholic Primary 19-20	Fieldwork End					
2019/20-09 - Horniman Primary 19-20	Fieldwork End					
2019/20-10 - John Stainer Primary 19-20	Fieldwork End					
2019/20-11 - Lucas Vale Primary 19-20	Fieldwork End					
2019/20-12 - Marvels Lane Primary 19-20	Fieldwork End					
2019/20-13 - Myatt Garden Primary 19-20	Fieldwork End					
2019/20-14 - Rangefield Primary 19-20	Fieldwork End					
2019/20-15 - Rathfern Primary 19-20	Fieldwork End					

Appendix 4 Progress on the Schools' Audit Plan for 2019/20

2019/20-16 - Rushey Green Primary 19-20	Fieldwork End					
2019/20-18 - St Augustine's Catholic Primary 19-20	Fieldwork End					
2019/20-19 - St Joseph's Catholic Primary 19-20	Fieldwork End					
2019/20-21 - St Stephen's Church of England Primary 19-20	Fieldwork End					
2019/20-22 - Stillness Infant 19-20	Fieldwork End					
2019/20-23 - Stillness Junior 19-20	Fieldwork End					

Appendix 5 – Schools’ Progress on Recommendations

Name of Audit (Schools)	Opinion	H Actions Overdue	M Actions Overdue
Addey and Stanhope Secondary 18-19	Satisfactory	1	13
Athelney Primary 18-19	Satisfactory		23
Baring Primary School 2017-18	Satisfactory	3	9
Beecroft Garden Primary School 2017-18	Satisfactory		6
Bonus Pastor Catholic College 18-19	Limited	15	28
Brent Knoll School 2017-18	Satisfactory		3
Chelwood Nursery School 2018-19	Satisfactory		7
Conisborough College 18-19	Limited	5	17
Deptford Green Secondary 18-19	Limited	4	13
Edmund Waller Primary 18-19	Satisfactory		16
Elfrida Primary School 2017-18	Satisfactory		12
Fairlawn Primary 18-19	Substantial		1
Forest Hill School 2015-16	Satisfactory		2
Forest Hill Secondary School 18-19	Satisfactory		11
Forster Park Primary 18-19	Satisfactory	4	10
Holbeach Primary School 2018-19	Substantial		8
Horniman's School 16-17	Satisfactory		1
Kelvin Grove Primary School 2017-18	Substantial		2
Kender Primary School 2018-19	Satisfactory	2	13
Kilmorie Primary 18-19	Satisfactory	2	8
Launcelot Primary 18-19	Satisfactory		9
New Woodlands School 17-18	Substantial		2
Prendergast - Hilly Fields 2015-16	Satisfactory		2

Appendix 5 – Schools’ Progress on Recommendations

Prendergast Ladywell 18-19	Substantial		10
Prendergast School (Secondary) 18-19	Satisfactory	4	10
Prendergast Vale School 18-19	Substantial		4
Sandhurst Infants School 16-17	Substantial		2
Sandhurst Junior School 16-17	Satisfactory		1
Sedgehill Secondary 18-19	Satisfactory	3	11
Sir Francis Drake Primary School	Substantial		8
St Augustine's Catholic Primary School	Substantial		1
St James Hatcham CE Primary School 2017/18	Satisfactory		16
St Margaret's Lee CE Primary 18-19	Substantial		1
St Mary Magdalens Primary School 18-19	Satisfactory	3	26
St Saviour's RC Primary School 17-18	Satisfactory		1
St William of York Catholic School 17-18	Substantial		3
St Winifred's Catholic Primary School 17-18	Substantial		4
Sydenham Secondary 18-19	Substantial		6
Torridon Primary School 18-19	Satisfactory		1
Trinity All Through School 18-19	Limited		25
Watergate (special) 18-19	Substantial		1
TOTAL		33	274

Trinity All Through School 18-19 - 55

Overall Audit Opinion - Limited

	Process Areas	High	Medium	Low
▲	4. Procurement	-	6	-
▲	5. Income	-	3	-
▲	6. Asset Management	-	2	-
●	7. Governance	-	3	2
▲	8. Budget Monitoring	-	2	-
▲	9. Banking	-	2	-
●	10. Payroll	-	1	-
●	11. HR	-	1	1
★	12. Information Security	-	-	-
	Total	0	20	3

Key ★ Substantial ● Satisfactory ▲ Limited ■ No Assurance

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.

Basis of Opinion

A Limited Assurance opinion has been given since internal controls in key areas were not operating fully. For the first eight months of the financial year 2018/19, bank reconciliations could not be completed due to accounting errors and manual adjustments on the finance system, Wauton Samuel. In addition, there was no evidence that monthly budget monitoring took place as required, since no budget reports (including forecasting) were retained. Bank reconciliations and budget monitoring are significant risk areas which impact the School's financial management.

Assurance Opinion and Recommendations Made

Trinity All Through School 18-19 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:

20 Medium Recommendations, of these 6 were made in the previous report, and
3 Low Recommendations.

Key Findings *indicates reoccurring recommendation

- * Bank reconciliation for the first eight months of 2018/19 could not be completed due to accounting errors and manual adjustments which were not documented.
- * One new starter had only one reference obtained.
- * Register of Interest forms were not completed by two governors and one employee with financial management responsibilities.
- * Testing of nine purchases with a purchase order identified five were raised and authorised after the invoice date and one was not dated. In addition, one purchase order was raised and authorised by the same officer.
- * There was no evidence that payroll reconciliations for the period January to December 2018 had been completed.
- * Three higher value purchases did not have a sufficient number of quotations as required by the School financial management policy.
- A Debt Recovery policy was not documented.
- Evidence of authorisation for the disposal of one laptop could not be provided. In addition, the asset disposal policy had not been recently reviewed.
- Evidence that budget monitoring was discussed was not provided.
- Of a sample of 15 invoices, four were not paid within 30 days.
- One item of expenditure for £150,000, was not entered under the correct expenditure code on the finance system.
- Review of procurement card purchases identified a number of purchases were not for the benefit of the school or pupils. These included purchases of flowers and alcohol.
- Seven purchases had no evidence of a goods / services received check.
- System reports detailing income and expenditure were not available to evidence the financial information presented to the Resource Committee.
- The 2018/19 budget, was not signed and submitted to the Local Authority until 13/06/18, which is after the Local Authority deadline of 01/05/18.
- The annual stock take of the Asset Register was not carried out in the past year. Inspection of three assets identified they were not security marked as property of the School. Portable attractive items were not included in the Asset Register.
- The lettings procedures do not include an approved schedule of charges.
- There was no evidence of an IR35 assessment for two individuals paid off payroll.
- Three lettings did not have a completed application form, nor did they have evidence of third party insurance on file.
- While the school is intending to move to a new finance system, it was not clear that advice from the Schools' Finance team had been obtained to ensure the figures were correct, due to the accounting issues that occurred during the year.

Areas that worked well

- The Governing Body and Resource Committee met regularly and decisions were recorded.
- Starter and leaver forms were authorised.
- HR documentation evidencing the right to work in the UK, and DBS checks were retained on employee HR files.
- The Schools data is backed up daily through a third party and is encrypted.