

MINUTES OF THE AUDIT PANEL MEETING

Thursday 16 September 2021 at 7pm

Present: Councillor Rathbone, Councillor Millbank, Councillor Hall, Councillor Wise, councillor Sheikh and Councillor Gibbons

1. Minutes

The minutes of the last meeting were agreed as accurate.

2. Declarations of Interest

Stephen Warren declared an interest in Item 4 as undertaking consultancy work with PSAA in respect of audit fees.

3. External Audit

This report provided an overview of the progress being made on completing the 2020/21 external audit process.

The audit, being held remotely, is significantly more time consuming than conducting an audit on site, which reflected in the duration it takes to complete an audit. Auditors are anticipating conclusion in October. The timescale for this year is that the VFM is completed no more than 3 months later than the financial statements audit.

It was suggested that the appendix includes a summary of the NAO report on good practice in annual reporting-it may be useful at a subsequent meeting of the Panel to ask management how they will take the reporting into account.

It was also asked that regarding the exit package that was paid for a post over 2 accounting periods, can the Panel have a note of the total exit package. It was agreed that a briefing will be sent to Members confirming the total numbers.

4. Progress on External Audit 19/20 Action Plan

The Director of Financial Services presented this item. He highlighted some key points in his presentation.

Under the action plan of the main accounts, a robust review of the draft financial statements was undertaken to ensure there are fewer errors in the future. They were completed on time and given to GT auditors on time. The public inspection period was ran for 6 weeks and all questions raised were responded to as a part of the process.

The cut-off testing procedure was strengthened. It is anticipated that the audit findings report will confirm the added effort given to that process.

The Declarations of Interest process for Members was completed. It has been agreed that this will also include the Interests of Independent Members.

As per the discussion at the last meeting, the action plans reported contained more detail and anticipated times of completion.

Discuss the General IT action plan, it was reported that end-users with critical IT privileges within Oracle Lewisham will arrange a 6 monthly review of user access, whereby managers sign off on their staffs role access, including elevated access integral to the service areas.

Academy Benefits is accessed via SSO, based on the user's network credentials. Therefore access has been ceased with immediate effect as soon as the active directory account is disabled by SICTS, following the completion of the leaver form by the user's line manager.

On the Pension Fund action plan, this remained as it was reported last. It will be progress once the audit is completed.

It was asked how Members' registers of interest were checked and confirmed as accurate. Management work with governance to oversee that all members complete and sign their forms, and confirm the details annually, and the forms are passed on to GT to test dutifully as part of their audit.

It was suggested that target dates for completion would be useful for the action points which are outstanding.

5. Risk Management Update

The Head of Finance presented this report.

Risk was last reported to Audit Panel on 23 June 2021 and to management on 28 July 2021. One risk (Disruption to Council services from Brexit) was deleted from the Strategic Risk Register this quarter.

Cultural resistance to change negatively impacting employee relations was renamed 'Pace of change negatively impacts service delivery and employee morale' and has been downgraded from red to amber to more accurately reflect the current status. The COVID emergency response risk was downgraded from red to amber to reflect the Future Lewisham plans and work with partners.

All actions in the Strategic Register were either completed or progressing satisfactorily in accordance with expected timescales, with the exception of Information governance, Child Safeguarding Workforce development, Supervision Policy and CSE Strategy, planning system and IT security and disaster recovery plans, where the dates have slipped or been extended largely due to the diversion of resources as a result of COVID-19.

The Chair asked for an update on the two red risks which were interrogated by the Panel- internal controls frameworks and cyber security- which both have significant milestones to reach. It was responded that some of these were kept open partly until the external audit was completed. The counter fraud work continues as there continues to be a reduction in business rates to local business and the monitoring from central government continues- this results in a diversion of resources. The Microsoft 365 project and other IT controls are being tracked.

Action: The Panel discussed the risks they will interrogate next and agreed to further look at Information Governance Failure and Financial Failure (1A.1.5A1)

6. Internal Audit

The Interim Head of Internal Audit presented this report. She discussed three main areas: the completed work since the June meeting, the work in progress and how managers are progressing with the implementation of internal audit recommendations.

13 audits have been completed since the last meeting. 69 areas for improvement have been identified across the 13 audits. 4 of the audits have been given limited assurance opinions. The details of the 16 high-rated findings were presented in the report.

Regarding audit work in progress, 33% of the audits have started but only 3% of those have reached completion.

Regarding the implementation of audit recommendations, 168 actions have been tracked since the beginning of April and all had target dates that were before the 31st July. As of the beginning of September, 87% of those were self-assessed. The 8 high-rated actions which have not been fully completed or implemented yet were presented in the report.

Concern over the monitoring of big contracts in domiciliary care and passenger transport was raised- it was said that the findings appear to be centred on monitoring. The Chair stated that there has been persistent and large overspends and the fact that the reports presented were showing weaknesses in terms of verifications of invoices, non-achievement of full cost recovery, and overspends in these 2 areas was concerning as a lot of the budget has been injected into them. Officers stated the work on the recovery of funds is ongoing and some has been achieved. He stated that the Panel may require to see the officers from both departments before the Panel to explain what action will be taken to resolve this.

Councillor Millbank suggested that the Public Accounts Committee have also been looking into this and may also want to be reported to on the matter.

The Panel agreed to allow the Chair to discuss the matter with the Public Accounts Committee Chair and bring it forward to joint discussion if the Chairs agree.

The Chair asked, on the matter of audits of overdue actions, what the progress was of client contributions for care provision 19/20 and the apprenticeship overspend. The officer responded that these actions were delayed because of the wait for the introduction of Controcc and therefore delayed as they were to implement it in April. It is now part of the 2021/22 audit plan which has now commenced.

7. Management Responses to Risk Assessment

The Panel will discuss the issues raise with Grant Thornton at the next meeting.

The meeting finished at 8.35pm