



Audit Panel

Report title: Internal Audit Plan 2022/23 and Progress Update

Date: 15 March 2022

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Rich Clarke, Head of Assurance

Outline and recommendations

This report presents a proposed Internal Audit Plan for 2022/23. It sets out the risk analysis that underpins the plan and an assessment on the adequacy of resources available to provide assurance of that risk analysis. Finally it sets out how we intend to use the available resources of around 770 days to provide assurance to Senior Management and Members.

The report also presents a summary of progress in completing the 2021/22 audit plan, including outcome of completed engagements and action on implementing recommendations.

We ask Members to approve the 2022/23 plan and note progress on the 2021/22 plan.

1. Summary

- 1.1. This report summarises the proposed 2022/23 audit plan. It sets out the process for compiling the plan, evaluating and distributing the resources available, working towards the delivery of a Head of Audit Opinion in late Spring 2023 on the Council's governance, risk management and internal control.
- 1.2. The report also summarises progress towards completing the 2021/22 audit plan and critical findings so far.

2. Recommendations

- 2.1. We recommend the Audit Panel:
 - **Approve** the 2022/23 Internal Audit Plan, and
 - **Note** progress on completing the 2021/22 Internal Audit Plan.

3. Policy Context

- 3.1. An effective internal audit plan provides a key component of the governance structure that will support the delivery of all the Council's priorities.

4. Background

- 4.1. The Accounts and Audit Regulations 2015 (as amended) direct that councils “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards”.
- 4.2. The specific context of how internal audit works in the Council is set out in the agreed [Audit Charter](#), approved by this Panel in June 2021.

Internal Audit Plan 2022/23

5. Public Sector Audit Standards Requirements

- 5.1. The [Public Sector Internal Audit Standards](#) set out how the Head of Audit must compile the audit plan in Standards 2010 to 2030. These direct a Head of audit to:
 - Standard 2010: Establish a risk-based plan consistent with the organisation’s goals. The plan must draw on consultation with Senior Management and consider the organisation’s strategies, objectives, risks and risk management processes. The plan must be flexible to changes in risk and circumstance throughout the year. The plan must also work towards delivering a year-end opinion in line with the agreed Audit Charter.
 - Standard 2010.A1: The plan must draw on a documented risk assessment, undertaken at least annually and prepared in consultation with Senior Management.
 - Standard 2020: The Head of Audit must communicate the plan and resource requirements to senior management and Members for approval. The Head of Audit must also communicate the impact of any resource limitations.
 - Standard 2030: The Head of Audit must evaluate whether resources are appropriate, sufficient and effectively deployed to achieve the plan. In the public sector, additionally, there is a specific obligation on the Head of Audit to explain how they have assessed resource requirements and report to Members any concerns.

6. Risk Analysis and Plan Compilation (Standard 2010)

- 6.1. Preparing the plan began with the seconded interim Head of Audit, who worked with the Council from August 2020 to January 2022. This included a risk analysis led by examining existing risk registers at both strategic and directorate levels. In consultation with Directorate Management Teams, this analysis led to drawing up a series of possible engagements that would focus on the most significant risks identified by the Council.
- 6.2. The Head of Assurance, who started in January 2022, developed this approach by undertaking a broader analysis of audit coverage over the past several years, looking at both Lewisham’s structure and work undertaken by audit teams in neighbouring boroughs. This work identified various areas of Council activity that have not been subject to recent audit review and have limited information to contribute to forming a fuller audit risk analysis.
- 6.3. There have historically been two areas – key financial controls and schools – where audit coverage has been allocated cyclically rather than driven by specific risk analysis. On key financial controls, this has meant an annual review of around ten individual systems and on schools, an examination of each on a three (extended to four during the pandemic) year cycle.
- 6.4. Partly in response to findings emerging from our currently ongoing External Quality Assessment Peer Review (we expect the City of London’s report in mid-March), we

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aim to make the 2022/23 plan more responsive to risk in its compilation and implementation. Specific changes include:

- Designating two types of audit engagements, Type 'A' and Type 'B'. Type A engagements are those derived from specific risk analyses. We aim to complete all of these engagements to inform the 2022/23 Audit Opinion. Type 'B' engagements cover areas where our audit knowledge is reduced, so we cannot offer a complete risk evaluation. For these, in 2022/23, we intend to undertake at least some planning work on each to help create an informed picture of the risk and take forward around half to a full engagement in 2022/23. We will hold the remainder for future years, depending on the assessed risk level.
- On key financial controls, in 2022/23, we will undertake a significant piece of work attempting to enhance our understanding of the individual systems and, in particular, how the components impact one another. For example, we hope to understand how the outputs of system 1 affect the accuracy of information processed by system 2. Running alongside our 2022/23 control testing, we intend that this work will enable us to, in future years, complete targeted risk-based work to deliver assurance on individual key controls as well as broader processes.
- On schools, we will continue with the four-year cycle begun by necessity during the pandemic, with most schools now receiving an audit visit once during that cycle. With the balance of resources made available by that move, we will introduce an element of risk-based planning by identifying around five high priority schools each year where we will undertake an engagement even where they would not otherwise be due. We will draw up this list in consultation with the Council's education services, focusing on schools with recent changes in key personnel, issues arising in previous audits or significant changes in their operation.

6.5. The full list of planned engagements, and an analysis of the consequent audit coverage, is in *Appendix A* of this report.

7. Resource Analysis (Standards 2020/2030)

7.1. The available resource for the internal audit service comprises around 770 total days. This arises as set out in the chart below:

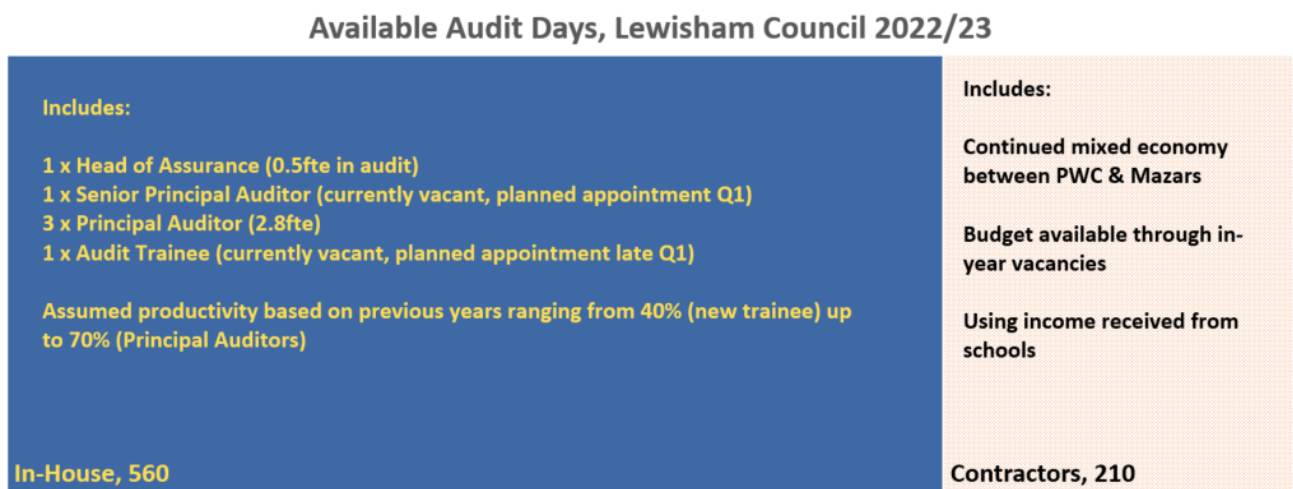


Figure 1: Split in resources between in-house and contract support proposed 2022/23

7.2. This presents an apparent increase on the 600 days set out to the Panel in 2021/22. However, like-for-like, the resource level is materially unchanged. The difference arises because, for 2022/23, we will regard as 'productive' time several activities that have previously been excluded from planning and tracking. These include:

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- Reviewing and approving engagements. Previously, all time spent on audits by management was excluded from consideration, even when that involved work on specific engagements.
- Following up actions. This is a key task in embedding the service improvements resulting from audits and the subject of much Senior Management and Member Interest.
- Planning, reporting and liaison. Reporting our work and providing additional, ad hoc work support and advice is a significant way the audit service can help improve governance across the Council. For example, stepping in to provide assurance when required to access government grants.

7.3. We've included this time in our reckoning to help us understand and track our work in these areas more effectively. This also provides a better comparison with other audit services that include such work as standard within their reckonable time. We aim for 2022/23 to start using the time recording function in our audit software to better track these tasks and aid our reporting.

7.4. However, the Standards still oblige me to report whether I consider the audit service has adequate resources to deliver a robust opinion. There is no objective standard on the quality and quantity of resources needed. However, I've had regard to several indicators when forming a view. First is the relative resource position of Lewisham compared to other London Boroughs, as illustrated below:

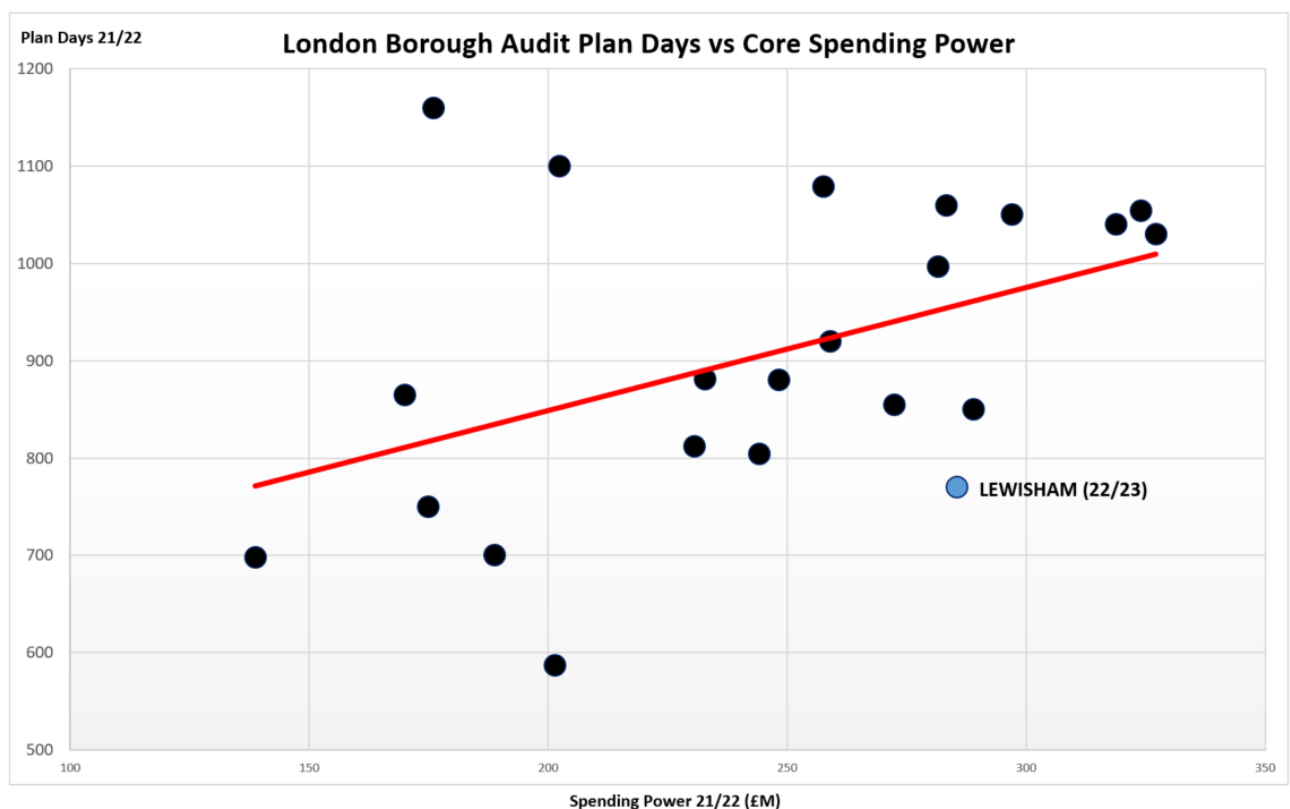


Figure 2: London Borough Audit Plan Days against DLUHC Assessed Core Spending Power (21/22, except Lewisham 22/23)

7.5. Insofar as there is any correlation between audit plan size and authority size, it seems Lewisham is on the lower end of the scale. However, one must note that Lewisham (unlike many other boroughs) has an arms-length housing authority – Lewisham Homes – that separately appoints Mazars as its internal auditor. Adding back those days would bring the Council closer to ‘average’.

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- 7.6. Also, resourcing is not simply a numbers game. The Standards make clear Heads of Audit need to consider quality and quantity. At Lewisham, we have a mixed economy that draws in expertise from PwC and Mazars, both highly experienced audit firms.
- 7.7. We also have an in-house team structured as below:

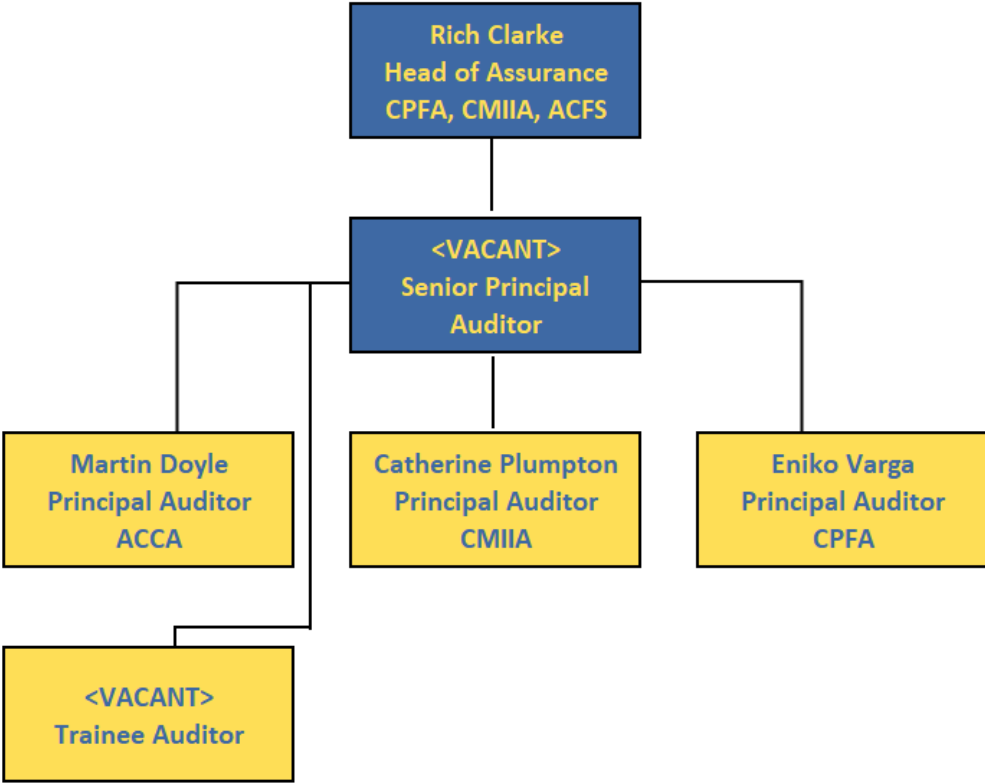


Figure 3: Lewisham Council Internal Audit Team at 1/3/22

- 7.8. Members will note, uniquely in my experience, the entire team holds relevant professional qualifications. Although the team is carrying vacancies, we hope to fill these early in 2022/23.
- 7.9. In conclusion, therefore, I am content to report to Members that, having considered the risk environment, the Council has adequate resources to deliver robust internal audit assurance in 2022/23.

8. Proposed Internal Audit Plan 2022/23

- 8.1. Appendix A includes a complete list of proposed engagements. We have drawn up this list based on the risk assessments detailed in section 6 of this report and in consultation with Directorate and Executive Management Teams at the Council and with external audit and colleague groups such as the Local Authority Chief Auditors' Network outside the Council.
- 8.2. The table below sets out headline resource allocation between the different tasks set out in the plan. It also shows the planned division between in-house Mazars and PWC resources.

TASK (# Engagements)	TOTAL DAYS	IN-HOUSE	PWC	MAZARS
Key Financial Controls (1)	70	45	25	
Type A Engagements (14)	210	210		
Type B Engagements (c.7)	105	105		
IT Engagements (2-3)	30		30	
Schools Engagements (25)	185	35		150
Audit Planning & Reporting	30	30		
Member Liaison & Training	5	5		
Agreed Action Follow Up	55	50	5	
LB Croydon Peer Review (1)	10	10		
Unallocated Time	70	70		
Total Days	770	560	60	150

Figure 4: Task Resource Division 2022/23 Proposed Audit Plan

- 8.3. A note on the peer review. Under Standard 1312, an audit service must obtain an External Quality Assessment (EQA) at least every five years. The Standards direct that the EQA must be conducted by an assessor experienced in both the practice of internal audit and the assessment approach. Lewisham Council is part of a peer review network managed by the London Audit Group wherein Boroughs undertake EQAs on one another across a cycle. Direct one-to-one peer reviews are thought to be too much of a potential conflict of interest, so councils do not complete EQAs at the borough, which undertook their own review.
- 8.4. Lewisham's peer review has been underway since before Christmas, led by the City of London. We expect the draft report by mid-March and hope to bring the final report to this Panel at its next meeting. In exchange, we are committed to undertaking an EQA at Croydon in 2022/23.
- 8.5. As described in section 6, we have in 2022/23 made a deliberate effort to expand audit's horizons and consider a broader range of areas across the Council. This reflects the important role of services across the Directorates in delivering Council objectives and, as a result, the broader spread of risk than accounted in audit planning in previous years. In particular, the steps noted at 6.4 aim to move towards a more comprehensive and directly risk-based plan for 2023/24. The chart below shows how this changes the balance of planned work between Directorates.

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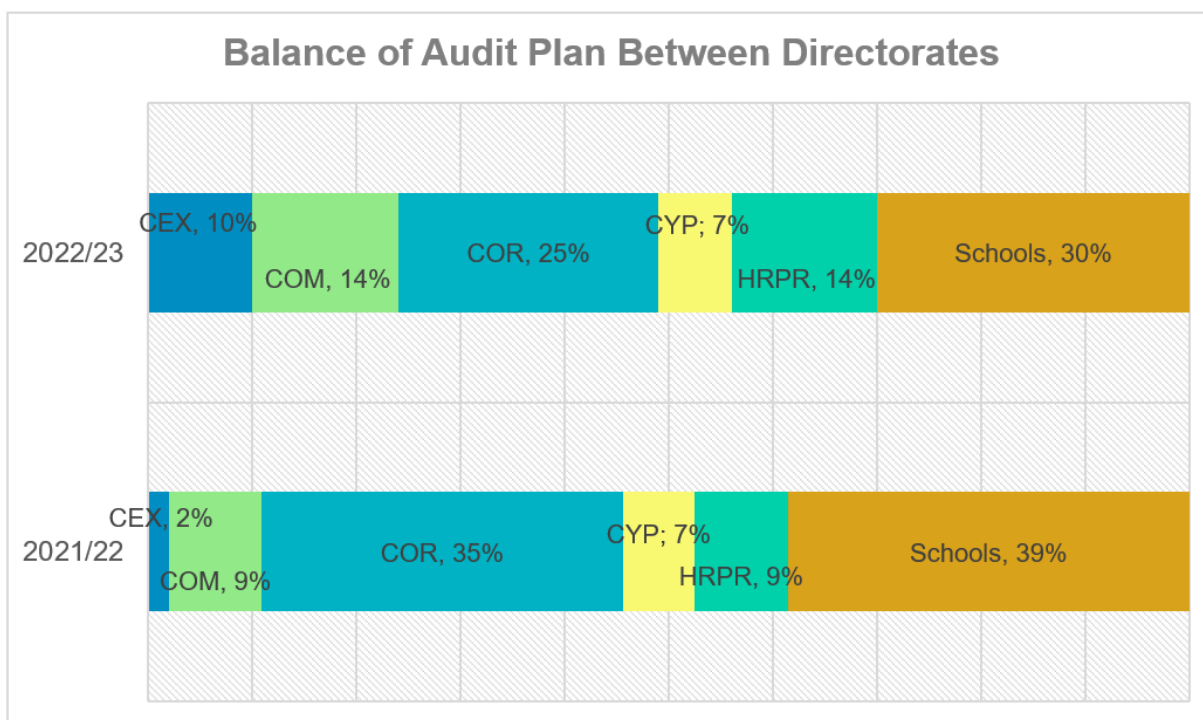


Figure 5: Division of planned audit work between directorates, year to year

- 8.6. The above analysis represents the plan at the time of reporting. However, Standards (especially 2010 on Planning) emphasise the need to keep the plan flexible and responsive to changing needs and risk. This flexibility need is the chief driver for including in the 2022/23 plan, for the first time, a balance of unallocated days set at around 10% of the total. This means not only can we have more ability for rapid response, but that we can accommodate tasks arising in the year without withdrawing planned engagements.
- 8.7. These additional tasks might include, for example, a need to provide certification assurance for central government grants or look more deeply at findings of concern arising from an individual engagement. We will track the use of this time, as noted at 7.3, and report outcomes to Senior Management and Members through this Panel.
- 8.8. However, the need may also arise beyond these unallocated days to make amendments to the plan in response to changing circumstances or as our understanding develops. We will report any plan amendments to EMT and the Audit Panel in our routine reporting. For exceptionally significant changes to the plan, such as removing a planned engagement or a material alteration in resource availability, we will consult EMT and this Panel (or its Chair where the need is urgent between meetings) before amending the plan.

Audit Progress Update 2021/22

9. Completed Engagements

- 9.1. Since the last update to the Panel in December 2021, we have concluded the following seven engagements.

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Engagement Title	Assurance Rating	Finding Priorities		
		High	Medium	Low
Corporate Resources				
Capital Expenditure	Satisfactory	1	5	0
Client Contributions for Care Provision	Limited	3	3	1
Chief Executives				
HR Policies (Follow Up)	N/A	(2)	(1)	0
Children & Young People				
Early Help Service Transformation	Limited	2	5	1
Schools				
Downderry Primary	Satisfactory	2	3	1
Baring Primary	Limited	4	4	4
All Saints CofE Primary	Satisfactory	1	8	1

Figure 6: Completed Engagements since December 2021 Audit Panel Update

- 9.2. Actions for the follow-up review are in brackets to show we found the actions agreed in the original report published April 2021 are complete.
- 9.3. In Appendix C, we provide more information about the three engagements completed with an adverse assurance rating.

10. Agreed Action Implementation

- 10.1. A significant part of internal audit's mission to add value and improve the Council's operations is ensuring officers complete agreed actions following audit findings. This has been in recent times reckoned as an area of weakness at Lewisham, with significant interest from this Panel in seeking an improved record.
- 10.2. Officers have made significant progress in recent years. The implementation rate for 2019/20 reported to this panel was 56%. We began the year with a significantly higher rate, but still some persistent outstanding actions, some dating back to 2017. In December 2021, Members received a detailed report setting out the then 14 outstanding overdue high priority actions.
- 10.3. The current position is we have just 7 outstanding overdue high priority actions. Six of these are in the same area – Oracle Payroll controls – where we are in close communication with the service and the PwC specialists who undertook the audit in autumn 2021. Here we understand the reasons for delays and have conducted work on the interim controls that remain in place.
- 10.4. While this represents a significant improvement that has continued to enhance the Council's control environment, it has exposed the next frontier for improvement in increasing how often officers are able to complete actions on time. The chart over the page shows the current position (as at 1 March 2022) for all 150 high priority actions that were live in 2021/22 (comprising 40 brought forward from 2020/21 and earlier, and 110 raised in year).
- 10.5. For 2022/23 we will focus on helping officers to complete actions on time. This includes reviewing our own approach, to make sure we are agreeing on clear and precise actions that allow a fair evaluation of a target date and looking at how we consider deferral requests

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High Priority Actions Live During 2021/22

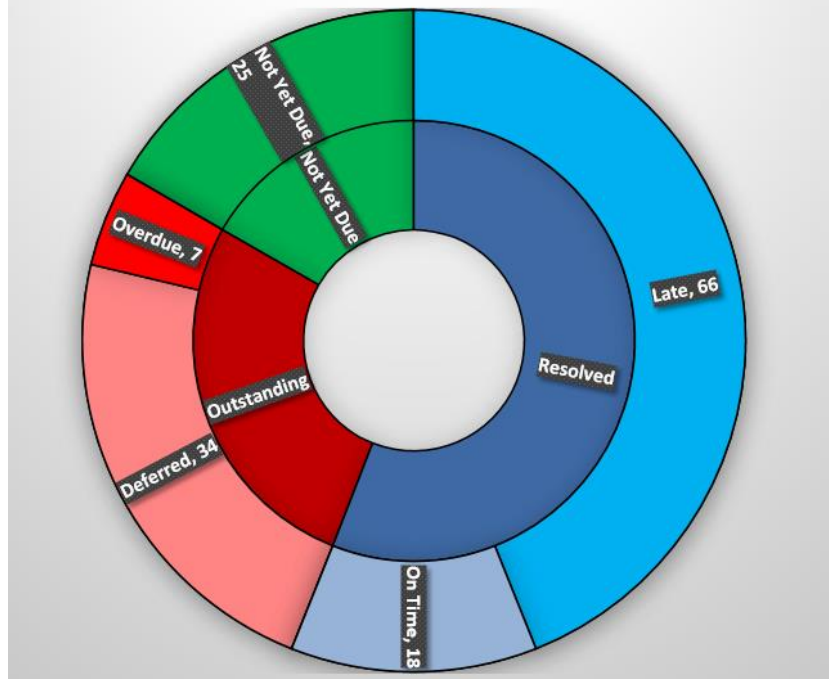


Figure 7: Position of High Priority Actions Live During 2021/22 as at 1 March 2022

11. Concluding The 2021/22 Audit Plan

- 11.1. In December, we reported to Members that continued resource pressure caused by vacancies, restructures and diversion to covid-related work had led to a small number of engagement cancellations.
- 11.2. Since December, the restructure complete and covid-related work at a low level, we have continued to complete the remaining plan. Our current expectation is that we will complete the remaining work in sufficient time to support a robust Head of Audit opinion to inform the Council's Annual Governance Statement.
- 11.3. Appendix B sets out the engagements listed on the 2021/22 Audit Plan and progress so far and expected.

Report Implications, Background Papers and Appendices

12. Financial implications

- 12.1. The 2022/23 audit plan uses resources drawn from agreed budgets.
- 12.2. There are no further financial implications arising directly from the report.

13. Legal implications

- 13.1. The Accounts and Audit Regulations 2015 (as amended) direct the Council to undertake an effective internal audit, having regard to Public Sector Internal Audit Standards. This plan and update help the Council fulfil its obligations as set out in the Regulations.
- 13.2. There are no further legal implications arising directly from the report.

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14. Equalities implications

- 14.1. There are no equalities implications arising directly from the report.
- 14.2. Members may be interested to note that we are participating, through our involvement in the London Audit Group, in the first nationwide study on diversity within local authority internal audit. Results of the study will be available in early summer.

15. Climate change and environmental implications

- 15.1. There are no climate change or environmental implications arising directly from the report.

16. Crime and disorder implications

- 16.1. There are no crime or disorder implications arising directly from the report.

17. Health and wellbeing implications

- 17.1. There are no health and wellbeing implications arising directly from the report.

18. Background papers

- 18.1. There are no relevant background papers to note.

19. Report author and contact

- 19.1. For any queries on the report, please contact its author: Rich Clarke, Head of Assurance on 020 8314 8730 (extension 48730) or by email at rich.clarke@lewisham.gov.uk.

20. Appendices

- Appendix A – List of engagements proposed for 2022/23 Audit Plan
- Appendix B – List of 2021/22 Audit Plan engagements with progress
- Appendix C – Summaries of recently completed engagements with adverse assurance ratings

All appendices appear as subsequent pages to this report rather than as separate documents.

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Appendix A

List of Planned Engagements 2022/23

Title	Est. Days	Type
Chief Executive's Directorate		
Programme Management Office (see note 1)	40	A
Elections (see note 2)	15	B
Communications	15	B
Wholly Owned Company Governance	15	B
Corporate Resources Directorate		
Key Financial Controls (see note 3)	70	A
Contract Procurement	15	A
Contract Management	15	A
IT Audit: Application	12	A
IT Audit: Asset Management	12	A
Business Continuity Planning	15	A
IT Audit: Risk Assessment Follow Up	10	B
Counter Fraud & Corruption	15	B
Housing, Regeneration and Public Realm Directorate		
Corporate Asset Management (Voids)	15	A
Section 106/CIL	15	A
Flood Management	15	A

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Title	Est. Days	Type
Wearside Depot Operations	15	A
Food Safety	15	B
Parking Enforcement	15	B
Building Control	15	B
Community Services Directorate		
Air Quality Strategy	15	A
Adult Safeguarding	15	A
Client Contributions For Care Provision	15	A
Preventative Health Services	15	A
Libraries	15	B
Parks	15	B
Bereavement Services	15	B
Children & Young People Directorate		
Child Safeguarding	15	A
Special Needs Commissioning	15	A
Early Years Education	15	B
Access and Inclusion	15	B
Schools		
Routine Cycle Schools (see note 4)	150	n/a
Priority Schools (see note 4)	35	n/a

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Type A: Identified for review following examining Directorate and Corporate Risk Registers.

Type B: Identified for review following examining prior years' audit coverage, council financing information and audit plans of other boroughs. None of these areas have received an internal audit review at Lewisham for 5+ years. We will undertake at least some work in each Type B area during 2022/23 to either (a) support an in-year engagement or (b) better inform a risk assessment for an engagement scheduled in a subsequent year. We expect to deliver about half of the Type B areas as 2022/23 engagements.

Note 1: Planned as deep dive into a small selection of transformation projects, examining project governance, financial controls, reporting and benefits realisation.

Note 2: Work to begin subsequent to 2022 council elections.

Note 3: Currently a list of 11 systems each examined annually. The plan in 2022/23 is to treat as a larger project with PWC assistance, with individual and combined reports and an overarching goal of mapping controls and assurance sources to inform a fully risk-based approach from 2023/24 onwards.

Note 4: As set out at 6.4, we aim to move away from a flat 3-year cycle towards a more risk based approach. For 2022/23 that will mean having a standard 4-year cycle for most schools (around 20 per year) with a smaller number of priority schools (around 5) highlighted because of risk indicators such as recent changes in key management. We will work with the Council's schools service in Q1 of 2022/23 to draw up a full programme.

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Appendix B

Audit Plan 2021/22 Progress

Engagement Title	Status	Actual / (Expected) Report Date
Audit Work Complete		
Compliance & Enforcement Surge Funding Grant	Certified	30 April
Community Testing Programme Grant	Certified	3 August
Climate Change	Final Report	11 October
Youth First Contract Management	Final Report	26 October
SEND Contract Management	Final Report	26 October
Coopers Lane Primary	Final Report	22 November
Downderry Primary	Final Report	30 November
Early Help Service Transformation	Final Report	30 November
Baring Primary	Final Report	13 January
Client Contributions For Care Provision	Final Report	17 January
Capital Expenditure	Final Report	17 January
All Saints CofE Primary	Final Report	31 January
HR Policies Follow Up	Final Report	9 February
Council Tax	Draft Report	(8 March)
Business Rates	Draft Report	(8 March)
Health & Safety On Corporate Estate	Draft Report	(15 March)
Beecroft Garden Primary	Draft Report	(15 March)
Brindishe Lee Primary	Draft Report	(15 March)
Homelessness	Draft Report	(22 March)
Data Protection	Draft Report	(30 March)
Academy (IT Audit)	Draft Report	(30 March)

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Engagement Title	Status	Actual / (Expected) Report Date
Audit Work Underway		
Supporting Families Grant	Fieldwork	(31 March)
Targeted Community Testing	Fieldwork	(31 March)
Brent Knoll Special	Fieldwork	(31 March)
St Winifred's Catholic Primary	Fieldwork	(31 March)
Grinling Gibbons Primary	Fieldwork	(31 March)
John Ball Primary	Fieldwork	(31 March)
Sir Francis Drake Primary	Fieldwork	(31 March)
Health & Safety In Temporary Accommodation	Fieldwork	(11 April)
Housing Benefit & CTRS	Fieldwork	(15 April)
Banking	Fieldwork	(15 April)
Main Accounting System	Fieldwork	(15 April)
Pension Scheme Administration	Fieldwork	(17 April)
Asset Management	Fieldwork	(17 April)
Payroll	Fieldwork	(17 April)
IT Security Arrangements	Terms Agreed	(30 April)
Treasury Management	Terms Agreed	(30 April)
Audit Work Scheduled		
Eliot Bank Primary	Scheduled	(30 April)
Haseltine Primary	Scheduled	(30 April)
New Woodlands Special	Scheduled	(30 April)
Our Lady and Philip Neri	Scheduled	(30 April)
Elfrida Primary	Scheduled	(30 April)
Kelvin Grove	Scheduled	(30 April)

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Engagement Title	Status	Actual / (Expected) Report Date
St William of York Catholic Primary	Scheduled	(30 April)
Fairlawn Primary	Scheduled	(30 April)
Accounts Receivable	Scheduled	(14 May)
Accounts Payable	Scheduled	(14 May)
Highways Follow-Up	Scheduled	(14 May)
Adult Safeguarding	Scheduled	(31 May)
Environmental Services Budget Management	Scheduled	(31 May)
Holy Trinity CE Primary	Scheduled	(31 May)
St Bartholomew's CE Primary	Scheduled	(31 May)
Greenvale Special	Scheduled	(15 June)
St James' Hatcham CE Primary	Scheduled	(15 June)
Perrymount Primary	Pending	(tbc)
St John Baptist CE Primary	Pending	(tbc)
St Saviour's RC Primary	Pending	(tbc)
Cancelled Engagements (all previously advised)		
Section 106/CIL	Cancelled	N/A
Building For Lewisham	Cancelled	N/A
Office 365	Cancelled	N/A
Risk Management	Cancelled	N/A
Leisure Contract	Cancelled	N/A
Business Continuity in Community Services	Cancelled	N/A
Budget Management (CYP)	Cancelled	N/A
Partnership Arrangements (COM)	Cancelled	N/A
Performance Information	Cancelled	N/A

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Appendix C

Adverse Assurance Rating Engagement Summaries

21. Early Help Service Transformation (30 November 2021)

Overall Audit Opinion - Limited

	Process Areas	High	Medium	Low
★	1. Governance	0	1	0
▲	2. Project Management, Deliverables and Outcomes	1	3	0
▲	3. Monitoring and Reporting	1	1	1
	Total	2	5	1

Key ★ Substantial ● Satisfactory ▲ Limited ■ No Assurance

Key Findings

- A detailed programme plan was not developed for the Early Help & Prevention Programme that set out what needed to be done, milestones, timescales and action owners. In addition, it was identified that a progress tracker was not maintained for the Programme that detailed progress against actions / milestones. Therefore, all the objectives of the programme in terms of transforming the early help services may not have been achieved.
- A framework for monitoring the impact of the Early Help & Prevention Strategy has not been developed. In addition, quality assurance measures for the outputs / deliverables of the Strategy are not in place.
- A detailed risk register was not developed for the Early Help & Prevention Programme to enable monitoring of the risks that could prevent achieving the objectives of the Programme.
- A reporting framework was not developed for the Programme that detailed the frequency of reporting to each board and by whom, or what information content should be shared. In addition, a detailed communication plan was not developed that detailed the frequency and information to be shared with the different stakeholders of the Programme.
- As per the Early Help & Prevention Improvement Programme Board terms of reference, the board was required to meet monthly. However, meeting minutes could only be provided for one meeting of the Board.
- Early Help & Prevention Programme documentation was not stored in a consistent shared location.
- it was reported to Mayor & Cabinet on 9 December 2020 that a full equalities analysis assessment (EAA) was being completed for each operational delivery plan underpinning the seven work streams in the Early Help and Prevention Strategy. However, an EAA for only one workstream has been completed to date.

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Areas that worked well

- The programme objectives, scope, benefits and high level measures of success were developed and documented at the start of the programme.
- A programme board was created to monitor the delivery of the objectives of the Early Help and Prevention Improvement Programme. In addition, terms of reference for the programme board were developed.
- A project initiation document (PID) was developed for the Early Help and Prevention Improvement Programme. The PID was approved by the Council's Executive Management Team (EMT).
- Since the Early Help & Prevention Strategy was approved by Mayor & Cabinet on 9 December 2020, a quarterly report has been presented to the Children & Young People Select Committee on the progress with implementation of the Strategy.

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22. Client Contributions for Care Provision

Overall Audit Opinion - Limited

	Process Areas	High	Medium	Low
★	1. Service Users with Care Packages and Their Eligibility for Care and Support From the Council	0	0	0
▲	2. Carrying Out Financial Assessments	2	1	0
★	3. Issuing of Invoices	0	0	0
▲	4. Deferred Payment Agreements (DPA)	1	2	1
	Total	3	3	1

Key ★ Substantial ● Satisfactory ▲ Limited ■ No Assurance

Key Findings

- Testing of four service users with an active deferred payment agreement (DPA) account on ContrOCC identified: three had not been charged a set-up fee and three had not been charged an annual administration fee. In addition, a review of two terminated DPAs identified for one, which was paid and closed, that no interest had been charged to the deferred account on Oracle Cloud.
- The Adult Social Care Charging and Financial Assessment Framework was reviewed and updated on 12 July 2021. However, the revised charging framework has not been published on the Council's website. In addition, a version of the charging framework is still published on the Council's website, which was previously found to have inconsistencies between the value of the upper capital limit for clients receiving non-residential care on the policy and the information published on the Council website.
- It was identified for three out of 10 service users whose packages of care were being funded temporarily through the national discharge fund via the NHS, that they were not returned to normalised client charging after the funding ceased. This resulted in the Council failing to issue invoices to the three service users, totalling £18,884.85.
- A review of four non-residential financial assessments for new service users identified for all four cases that the relevant Adult Social Care officer did not request a pre-service financial assessment as soon as it was apparent that the service user was going to require a package of care, as required by procedures. This resulted in a delay in each service user's financial assessment being carried out.
- A project commenced in August 2021 to migrate DPA debtor accounts from Oracle Cloud onto ContrOCC. However, testing of five DPAs identified one had not been migrated. In addition, testing of three DPA accounts that had been migrated to ContrOCC identified for all three that the deferred debtor account on Oracle Cloud had not been credited and closed after the migration.

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- It was identified for one DPA which was entered into on 30 January 2021 that a legal mortgage charge was not secured on the service user's property with HM Land Registry as security nor did the Council have a priority on the service user's property with HM Land Registry to prevent registration of a first legal mortgage charge by another party.

Areas that worked well

- A review of Adult Social Care records for 20 service users with an active package of care and no financial assessment identified that all 20 service users were exempt from charging.
- A review of 10 financial assessments identified for all 10 assessments that relevant financial information such as benefits, occupational pension, property ownership, disability-related expenditure, other expenses and savings was obtained. It was confirmed for each assessment tested, that the data entered on the financial assessment agreed to the source documents and the income, expenses and capital were treated in line with legislation and Council policy.
- A review of charges invoiced to a sample of 50 service users since the implementation of client charging on ContrOCC on 29 March 2021 identified for all 50 service users that the amount invoiced through Oracle Cloud matched the amount on each service user's financial assessment.
- Reconciling the total value of invoice and credit notes on the interface file exported from ContrOCC for three four-weekly billing periods to the invoices and credit notes generated on Oracle Cloud identified for all three billing periods that the amounts matched.
- Testing of two DPAs identified for both DPAs that a written contract was in place which was signed by both the service user or their power of attorney and a senior officer of the Council.

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23. Baring Primary School

Overall Audit Opinion: Limited

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

Key ★ Substantial ● Satisfactory ▲ Limited ■ No Assurance

Key Findings

- The School's Financial Management Policy did not include procurement card procedures, did not clearly detail the delegated financial limits of the Headteacher or School Business Manager (SBM) for purchases and incorrectly detailed that the school voluntary fund did not need to be separately audited (Medium).
- Finance and Personnel Committee (and /or Governing Body) approval was not evidenced for the sample of three purchases with a value of over £5000 tested (High).
- The purchase orders for two of the sample of 15 transactions tested were raised after the corresponding invoice dates. In addition, goods or services received checks were not evidenced for 12 out of the sample of 15 transactions sampled (High).
- Appropriately completed 'Check Employment Status for Tax' (CEST) checks were not available for the sample of four transactions tested (where payment had been made to individuals) (High).
- There was no evidence of required meetings being held with the Headteacher, payment plans being agreed or the Governing Body informed for the two outstanding debts sampled (one of which was written off and the other was covered by the Council). In addition, the Debt Recovery Policy was dated 2017 – 2019 (Medium).
- Disposal documentation was not available for the sample of two disposed inventory items tested. Furthermore, one of the items (recorded as disposed of in 2015) was still held at the School (Low).
- The School's voluntary fund had not been audited since 2017/18 (High).

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- The School has not published Governing Body meeting minutes online, as required by regulations (Low)
- Reconciliation of the 2020/21 approved budget to the budget input onto the School's Financial Management System (FMS) identified a number of variances (Medium).
- Although copies of instructions to the bank to add or remove bank signatories were held by the School, a confirmation from the bank of the current signatories at the School was not available at the time of audit (Low).
- Appropriate evidence of 'Right to Work in the UK' checks had not retained for the one new starter in the last 12 months (Medium).
- While daily data back-ups of the School's Financial systems were conducted, copies of these were only taken off site weekly (Low).

Areas that worked well:

- Invoices had been authorised for payment.
- The Governing Body met as required.
- The correct payroll payments were made.
- Manual records were held securely on site.
- The School's bank account was not overdrawn at any stage during the last financial year.

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