

# MINUTES OF THE AUDIT PANEL MEETING

Tuesday 7 December 2021 at 7pm

PRESENT: Councillor Rathbone, Councillor Sheikh, Councillor Hall and Councillor Millbank

MEMBER(S) OF THE PANEL ALSO JOINING THE MEETING VIRTUALLY: Ian Pleace (Independent Member), Carole Murray (Independent Member), Stephen Warren (Independent Member)

## 1. Declarations of Interest

Stephen Warren declared an interest in item 4, stating he was undertaking some consultancy work for PSAA Limited that appoint the Council's auditor. The work is of a general nature and in his view did not disqualify him from participation of the meeting

## 2. Minutes of 16 September, 20 October, 10 November

The minutes of 20 October did not headline which specific audits were being referenced. The Chair suggested that the audits were outlined in previous reports.

The minutes of 16 September were agreed as an accurate record.

The minutes of 10 November were agreed as an accurate record.

## 3. External Audit

This report was presented by the Director of Finance. The report highlighted the LBL response to the Grant Thornton Audit Findings report, as well as the general progress of the audit:

The Audit was reported at full Council, at the time only one item was outstanding. Progress with these actions is a standing agenda item for the Audit Panel so an update was said will be reported at the March meeting.

The full set of accounts had not been signed off- in the Council report, there was a delegation to the Executive Director for Corporate Resources to finalise the last remaining issue. The findings and this officer response remained as reported in November.

Under one of the actions in the report, "the Officers will review the level of logging available from the Cloud and, if it is available, will implement regular review procedures around it", it was raised that there would be a control risk if it was not available. The presenting officer responded that it has been agreed to have this as a standing item as was done the previous year, so will be updated alongside the concluding of the audit findings.

The report was noted.

#### 4. Internal Audit

The Interim Head of Internal Audit presented this report. She summarised the internal audit activity, since the last meeting:

7 audits had been completed since as listed in the report. From these audits, 36 areas of improvement had been identified, of which 3 were identified as high risk, as detailed in table 2 of the report.

There was 1 limited assurance report for the Payroll audit from the 2020/21 audit plan. Work from the 2021/22 audit plan had since begun after approval in June. 68% of the audits from the plan have begun 9% had reached final report. Since the audit was agreed in June, there has been some pressure on internal audit resources, making it not possible to complete the plan with the current resource. All of the financial systems audits will be completed, however it was agreed by executive management that the audits in table 3 are deferred.

Discussing management progress in regards to implementations of audit recommendations, she stated that 221 actions had been tracked since April, and of those, 190 actions had been assessed as completed or no longer applicable. The rest are in progress.

A new Head of Internal Audit has been appointed and will start in January.

The deferral of the CYP budget audit was raised by Members, and why it is not proceeding considering it will help improve the service. It was responded that an audit of the budget was carried out last year, focusing predominantly on social care, and the recommendations of this are being followed up. The new Head of Finance has a strong background in social care and his input will ensure that the recommendations will be implemented. It was recommended by Members that management review/commentary from CYP and revised dates be included in the tables referring to deferrals of audits.

The Chair also highlighted that not completing reconciliations on time, referring to the payroll audit of the 2020/21 audit plan is not good for morale and is particularly concerning for employees of the Council to ensure they are paid correctly. He stated that it is important to see an improvement of this.

**Action:** CYP officers to be invited to discuss their ability to review and implement audit recommendations

The report was noted.

#### 5. Strategic Risk

The Director of Finance presented this report. The report provided an update on Council's Strategic Risks, as detailed in the Strategic Risk Register, for the quarter ending 30 September 2021.

In terms of the risks, Information Governance Failure has reduced from red to amber following implementation of actions. ICT infrastructure score has also reduced. Cultural resistance to change has been renamed as Pace of change negatively impacts service delivery and employee morale and this risk has been downgraded from red to amber. The judgement for the Covid emergency response risk is that it has been downgraded from red to amber to reflect the Future Lewisham plans and work with partners.

Actions continue to be monitored. Most actions in the Strategic Register are either completed or progressing satisfactorily in accordance with expected timescales. However, numerous dates have slipped or been extended, largely due to the diversion of resources as a result of COVID-19.

The report also detailed an update on the management of financial risk as previously requested. Further detail on the risks relating to IT will be reported at the next meeting.

It was suggested that a cash-flow forecast in regards to the management of financial risk would provide more insight on longer term risk viability. The presenting officer stated that they could provide medium-term financial strategy assumptions to see how the plan is built from a funding perspective.

In regards to the advocacy of internal control, it was mentioned by members that there was no action of training staff or managers. The presenting officer responded that a lot has been done for the director group to ensure the boundary between finance and budget holder and accountability for money is more broadly shared going forward as well as rebuilding these skills with other management.

**Action:** ICT representative will be invited to discuss IT risks

**Action:** Risk 1A1 deferred as it has dropped from red to amber. 2B1 and 2B2 will be the risks scrutinised by the Panel for the next meeting.

The meeting finished at 8.20pm