

Audit, Governance and Standards Committee

Wednesday 5 June 2019

7.00 pm

Ground Floor Meeting Room G02A - 160 Tooley Street, London SE1 2QH

Membership

Councillor James McAsh (Chair)
Councillor Humaira Ali
Councillor Dora Dixon-Fyle MBE
Councillor Nick Dolezal
Councillor Andy Simmons
Councillor Dan Whitehead
Councillor Tom Flynn

Reserves

Councillor Sarah King
Councillor Hamish McCallum
Councillor Bill Williams
Councillor Lorraine Lauder MBE
Councillor Jason Ochere

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

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Contact

Virginia Wynn-Jones on 020 7525 7055 or email: virginia.wynn-jones@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Eleanor Kelly
Chief Executive
Date: 28 May 2019



Audit, Governance and Standards Committee

Wednesday 5 June 2019

7.00 pm

Ground Floor Meeting Room G02A - 160 Tooley Street, London SE1 2QH

Order of Business

Item No.	Title	Page No.
	PART A - OPEN BUSINESS	
	The chair would like to remind members that prior to the meeting they have the opportunity to inform officers of particular areas of interest relating to reports on the agenda, in order for officers to undertake preparatory work to address matters that may arise during debate.	
1.	APOLOGIES FOR ABSENCE	
	To receive any apologies for absence.	
2.	CONFIRMATION OF VOTING MEMBERS	
	A representative of each political group will confirm the voting members of the committee.	
3.	NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT	
	In special circumstances, an item of business may be added to an agenda within five clear days of the meeting.	
4.	DISCLOSURE OF INTERESTS AND DISPENSATIONS	
	Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.	
5.	MINUTES	1 - 4
	To approve as a correct record the minutes of the open section of the meeting held on 11 February 2019.	

Item No.	Title	Page No.
6.	BDO INTERNAL AUDIT PROGRESS REPORT	5 - 59
7.	DRAFT ANNUAL GOVERNANCE STATEMENT 2018-19	60 - 70
8.	DRAFT STATEMENT OF ACCOUNTS	
	This item will be circulated as late and urgent.	
9.	FORMATION OF AUDIT, GOVERNANCE AND STANDARDS SUB-COMMITTEES FOR 2019-20	71 - 72
10.	DRAFT WORK PROGRAMME FOR 2019-20	73 - 82

ANY OTHER OPEN BUSINESS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT

EXCLUSION OF PRESS AND PUBLIC

The following motion should be moved, seconded and approved if the sub-committee wishes to exclude the press and public to deal with reports revealing exempt information:

“That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1-7, Access to Information Procedure rules of the Constitution.”

PART B - CLOSED BUSINESS

Date: 28 May 2019



Audit, Governance and Standards Committee

MINUTES of the OPEN section of the Audit, Governance and Standards Committee held on Monday 11 February 2019 at 7.00 pm at Ground Floor Meeting Room G02B - 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Gavin Edwards (Chair)
Councillor Dora Dixon-Fyle MBE
Councillor Humaira Ali
Councillor Andy Simmons
Councillor Dan Whitehead

OFFICER SUPPORT: Jo Anson, Head of Financial and Information Governance
Norman Coombe, Head of Corporate Team, Legal Services
Doreen Forrester-Brown, Director of Law and Democracy
Emma Marinos, Director of Modernise
Ferenc Morath, Investment Manager
Laura Sandy, Corporate Risk and Insurance Manager
Steve Tredinnick, MD, Shared IT Service
Virginia Wynn-Jones, Constitutional Team
Greg Rubins, BDO
Nick Baker, BDO
Paul Dossett, Grant Thornton
Matt Dean, Grant Thornton

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Nick Dolezal and Victoria Olisa. Apologies for lateness were received from Councillor Andy Simmons.

2. CONFIRMATION OF VOTING MEMBERS

The members present were confirmed as the voting members.

3. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

The chair agreed to accept item 16, appointment of non-voting co-opted members of the civic awards sub-committee for 2018-19, as late and urgent.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

5. MINUTES

The minutes of the last meeting were agreed as a correct record and signed by the chair.

6. GOVERNANCE TOPIC: IT GOVERNANCE

Emma Marinos, director of Modernise, and Steve Tredinnick, interim MD of the shared IT service, presented on this topic.

Members thanked the officers for their presentation.

7. UPDATE ON LEDBURY ESTATE - MANAGEMENT RESPONSE TO RECOMMENDATIONS OF THE INDEPENDENT REVIEW OF THE LEDBURY

Officers presented the report. Members had questions for the officers.

RESOLVED:

1. That the Audit, Governance and Standards Committee noted the contents of the report.

8. BDO INTERNAL AUDIT PROGRESS REPORT

Officers presented the report. Members had questions for the officers.

RESOLVED:

1. That the audit, governance and standards committee noted BDO's internal audit progress report, as attached at Appendix A of the report.

9. BDO DRAFT INTERNAL AUDIT PLAN 2019-20

Officers presented the report. Members had questions for the officers.

RESOLVED:

1. That the audit, governance and standards committee noted BDO's draft internal audit plan 2019-20, as attached at Appendix A of the report.

10. GRANT THORNTON EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 31 MARCH 2019

Officers presented the report. Members had questions for the officers.

RESOLVED:

1. That the audit, governance and standards committee noted Grant Thornton's external audit plan for the year ending 31 March 2019, as attached at Appendix A of the report.

11. GRANT THORNTON 2017-18 EXTERNAL AUDIT CERTIFICATION LETTER

Officers presented the report. Members had questions for the officers.

RESOLVED:

1. That the audit, governance and standards committee noted Grant Thornton's external audit Certification Letter, as attached at Appendix A of the report.

12. ANNUAL REPORT ON CORPORATE RISK AND INSURANCE

Officers presented the report. Members had questions for the officers.

RESOLVED:

1. That the audit, governance and standards committee noted the annual report on corporate risk and insurance.
2. That the audit, governance and standards committee reviewed the current corporate risk register and provided comments to officers for their consideration.

13. FORMATION OF SUB-COMMITTEE TO DECIDE ON AN ALLEGATION AGAINST THE CODE OF CONDUCT FOR MEMBERS

Officers presented the report. Members had questions for the officers.

RESOLVED:

1. That the committee noted the issues outlined in this report.
2. That the committee appointed Councillor Gavin Edwards, Councillor Dora Dixon-Fyle and Councillor Humaira Ali to form a sub-committee to decide on the allegation against the Code of Conduct for Members.
3. That committee appointed Councillor Gavin Edwards as chair of the sub-committee.

14. ANNUAL REPORT ON THE WORK AND PERFORMANCE OF THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE IN 2018-19

Officers presented the report. Members had questions for the officers.

RESOLVED:

1. That the audit, governance and standards committee reviewed the draft self-assessment of good practice attached at Appendix 1 and considered whether it would wish to make any amendments to it.
2. That the audit, governance and standards committee agreed to forward this report on its work and performance in 2018-19 to all councillors, subject to any amendments it wishes to make.

Councillor Humaira Ali recorded her vote against this item.

15. DRAFT WORK PROGRAMME FOR 2019-20

Officers presented the report. Members had questions for the officers.

RESOLVED:

1. That the audit, governance and standards committee considered the proposed draft work programme for 2019-20 and whether they would wish to make amendments to arrangements as set out in paragraphs 8 and 9 of the report, or in respect of any other matters.
2. That the audit, governance and standards committee agreed the work programme for 2019-20 set out in Appendix 2 of the report.

16. APPOINTMENT OF NON-VOTING CO-OPTED MEMBERS OF THE CIVIC AWARDS SUB-COMMITTEE FOR 2018-19

Officers presented the report. Members had questions for the officers.

Officers undertook to ensure that information on the nominees for the role of non-voting co-opted member of the civic awards sub-committee was circulated further in advance of the meeting in future.

RESOLVED:

1. That the committee considered the nominations for the positions of co-opted members of the audit, governance and standards (civic awards) sub-committee outlined in closed Appendix 1 of the report and agreed the nominations.

Meeting ended at 9.00 pm

CHAIR:

DATED:

Item No. 6.	Classification: Open	Date: 5 June 2019	Meeting Name: Audit, governance and standards committee
Report title:		BDO Internal audit progress report	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATION

1. That the audit, governance and standards committee note BDO's internal audit progress report, as attached at Appendix A.

BACKGROUND INFORMATION

2. The purpose of the report is to inform Southwark Council's audit, governance and standards committee of the status of work undertaken by BDO in respect in 2018-19 since the last meeting of the committee on 11 February 2019. The full report is given in Appendix A.

Policy implications

3. This report is not considered to have direct policy implications.

Community impact statement

4. This report is not considered to have direct impact on local people and communities.

Resource implications

5. The fees will be met from existing budget provision.

Consultation

6. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

7. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	Internal audit progress report

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Virginia Wynn-Jones, Principal Constitutional Officer	
Version	Final	
Dated	28 May 2019	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Strategic Director of Finance and Governance	No	N/A
Director of Law and Democracy	No	N/A
Cabinet Member	No	No
Date final report sent to Constitutional Team	28 May 2019	



London Borough of Southwark

INTERNAL AUDIT PROGRESS REPORT

Presented to the Audit, Governance and Standards Committee 5 June 2019

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1. SUMMARY OF WORK SINCE THE LAST MEETING

Purpose of the report

This report informs Southwark Council's audit, governance and standards committee of the status of work undertaken by BDO in respect in 2018-19 since the last meeting of the committee on 11 February 2019. Where audit reports have been finalised, the executive summaries are included in this report.

Internal audit approach and methodology

As part of our audit approach, we agree terms of reference for each piece of work with management, identifying the key risks that are to be covered by the audit. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Our methodology is based on four assurance levels in respect of our overall conclusions as to the design and operational effectiveness of controls within the system reviewed - substantial, moderate, limited or no assurance. The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment. The definitions for our assurance levels are set out in the appendix to this report.

Follow up

As part of finalising each audit report, we agree with management the actions that will be taken in response to each finding and recommendation. Within their response, management include the date by which the actions will be completed.

Internal audit routinely follows up all high and medium recommendations made, in the month after the management implementation date.

Changes to the internal audit plan 2018-19

Since the last meeting of the committee, no further changes have been made to the internal audit plan 2018-19.

Annual report and head of internal audit opinion

The annual report will be presented to the meeting of the audit, governance and standards committee in July 2019, along with the executive summaries of the remaining reports relating to 2018-19, in accordance with the forward plan.

Non internal audit services provided by BDO

Since the last meeting of the committee, no additional non-internal audit work has been commissioned.

Internal audit plan 2019-20

Work has begun on delivery of the internal audit plan for 2019-20, a brief update is provided in section 4.

2. ANTI-FRAUD UPDATE

BDO has been engaged to provide management support and strategic advice to the anti-fraud team at the council. The lead for this work is Nick Baker (FCCA, ACFS), an accredited counter fraud senior manager and forensic accountant within BDO forensic services.

Current activities

The key activities undertaken by the council's anti-fraud team with support from BDO, since the last meeting of the audit, governance and standards committee are:

- A new team structure has been agreed for the corporate anti-fraud team, and recruitment is underway.
- The caseload has been reviewed and is fully allocated to the team.
- A proposal for the council's involvement in the London Counter Fraud Hub is being drafted, pending an update from CIPFA
- A council-wide proactive counter fraud plan is being developed, with a view to targeting departments and areas where risk champions have identified potential areas of a risk. This will be conducted in conjunction with internal audit team where there is synergy arising from assurance and advisory work
- A detailed fraud response plan is being prepared, this will be made available to council staff via the source and the public via the council's website, and regular updates posted.

The introduction of a proactive counter fraud plan and detailed fraud response plan in particular reflect best practice.

3. REVIEW OF WORK UNDERTAKEN IN 2018-19

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	Reporting	Committee	Design	Operational Effectiveness
Access to secure housing estates	Director of asset management	10	✓	✓	✓	July 2018	No	Limited
Better care fund	Directors of adult social care and commissioning	15	✓	✓	✓	November 2018	Substantial	Moderate
CCTV	Director of environment	15	✓	✓	✓	July 2018	Substantial	Moderate
CHAPS	Strategic director finance and governance	10	✓	✓	✓	November 2018	Moderate	Moderate
Chargebacks	Director of finance	10	✓	✓	✓	November 2018	Moderate	Moderate
Legal fees	Director of law and democracy	15	✓	✓	✓	November 2018	Moderate	Moderate
Members allowances	Director of law and democracy	10	✓	✓	✓	November 2018	Substantial	Substantial
Parking management	Director of environment	15	✓	✓	✓	November 2018	Moderate	Moderate
Placements - children in care service	Director children's social care	20	✓	✓	✓	November 2018	Moderate	Limited
Right to buy, & Ad hoc sales	Director of customer experience	20	✓	✓	✓	November 2018	Moderate	Moderate
							Limited	Limited
Sheltered housing	Director of resident services	15	✓	✓	✓	November 2018	Substantial	Moderate

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Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	Reporting	Committee	Design	Operational Effectiveness
Tenancy management organisation - Two Towers	Director of communities	25	✓	✓	✓	November 2018	Limited	Moderate
Tenancy management organisation - Haddenhall	Director of communities	25	✓	✓	✓	November 2018	Limited	Moderate
Tenancy management organisation - Browning	Director of communities	25	✓	✓	✓	February 2019	Moderate	Moderate
Community Council manual cheque payments (new request by management)	Strategic director finance and governance	8	✓	✓	✓	February 2019	Limited	Limited
Community support and engagement	Director of communities	15	✓	✓	✓	February 2019	Substantial	Substantial
Contact centre	Director of customer experience	15	✓	✓	✓	February 2019	Moderate	Moderate
Housing solutions - applications and allocations	Director of customer experience	15	✓	✓	✓	February 2019	Moderate	Moderate
Housing benefits and universal credit	Director of exchequer	15	✓	✓	✓	February 2019	Moderate	Moderate
IT change controls	Director of modernise	15	✓	✓	✓	February 2019	Moderate	Limited
Markets	Director of environment	15	✓	✓	✓	February 2019	Moderate	Moderate
Youth service	Director of leisure	15	✓	✓	✓	February 2019	Moderate	Limited

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	Reporting	Committee	Design	Operational Effectiveness
Customer Services Channel Shift	Director of customer experience	15	✓	✓	✓	June 2019	Moderate	Moderate
Waste contract/ PFI	Director of environment	15	✓	✓	✓	June 2019	Moderate	Moderate
National non-domestic rates	Director of exchequer	15	✓	✓	✓	June 2019	Moderate	Moderate
Estates cleaning and grounds maintenance	Director of environment	10	✓	✓	✓	June 2019	Limited	Limited
Adult Learning Service	Director of education	15	✓	✓	✓	June 2019	Substantial	Substantial
Business continuity planning	Head of chief executive's department	25	✓	✓	✓	June 2019	Moderate	Limited
Music Service	Director of education	10	✓	✓	✓	June 2019	Moderate	Moderate
Accounts Payable (Healthcheck)	Director of exchequer	10	✓	✓	✓	June 2019	Moderate	Moderate
Safeguarding - adults	Director of adult social care	15	✓	✓	✓	June 2019	Substantial	Moderate
Public health - health in all policies	Director of health and wellbeing	20	✓	✓	✓	June 2019	Moderate	Moderate
Mosaic operational audit/payments	Directors of adult social care and children's social care	20	✓	✓	✓	June 2019	Moderate	Limited

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	Reporting	Committee	Design	Operational Effectiveness
Data protection / GDPR	Head of financial & information governance	20	✓	✓	✓	June 2019	Substantial	Moderate
Modernise programme	Director of modernise	20	✓	✓	✓	June 2019	N/A - Advisory	N/A - Advisory
IT shared services arrangements	Director of modernise	25	✓	✓	✓ Draft report	July 2019	N/A - Advisory	N/A - Advisory
Commercial Waste	Director of environment	15	✓	✓	✓ Draft report	July 2019		
Health and safety	Director of modernise	20	✓	✓	✓ Draft report	July 2019		
Housing Rents and universal credit	Director of exchequer	15	✓	✓	✓ Draft report	July 2019		
Repairs and maintenance	Director of asset management	20	✓	✓	✓ Draft report	July 2019		
Southwark building services	Director of environment	20	✓	✓	✓ Draft report	July 2019		
Adult day care provision	Director adult social care	15	✓	✓	✓ Draft report	July 2019		
General ledger / SAP / Suspense	Director of exchequer services		✓	✓	✓ Draft report	July 2019		
Budget recovery board (accountability statements)	Strategic director of children's and adults' services	15	✓	✓	✓ Draft report	July 2019		

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	Reporting	Committee	Design	Operational Effectiveness
Payroll	Director of exchequer services	20	✓	✓	✓ Draft report	July 2019		
Procurement - fairer future strategy compliance	Strategic director finance and governance	25	✓	✓	✓ Draft report	July 2019		
Commissioning of social care	Director of commissioning	15	✓	✓	✓ Draft report	July 2019		
IR35	Corporate Governance Panel	20	✓	✓	✓	July 2019		

Schools internal audit plan 2018-19

We have programmed in the internal audit plan for schools on behalf of the director of education, to take place during term times between May 2018 and March 2019. The internal audit assurance opinions provided for the schools where a final report has been issued are as follows:

School	Status	Design	Operational Effectiveness
Ann Bernadt Nursery School	Final Report	Limited	Limited
Dulwich Wood Nursery	Final Report	Moderate	Moderate
John Ruskin Primary School	Final Report	Moderate	Moderate
English Martyrs' Catholic Primary School	Final Report	Substantial	Moderate
Highshore School	Final Report	Moderate	Moderate
Dog Kennel Hill Primary School	Final Report	Moderate	Moderate
Bellenden Primary School	Final Report	Limited	Moderate
Beormund Primary School	Final Report	Substantial	Moderate
Bethlem & Maudsley Hospital School	Final Report	Substantial	Substantial
St James the Great Roman Catholic Primary School	Final Report	Substantial	Moderate

School	Status	Design	Operational Effectiveness
Nell Gwynn Nursery School	Final Report	Moderate	Limited
Cherry Garden School	Final Report	Moderate	Limited
St Anthony's Catholic Primary School	Final Report	Substantial	Substantial
Michael Faraday	Draft Report		
Oliver Goldsmiths	Draft Report		
Kintore Way Nursery School and Children's Centre	Draft Report		
Bessemer Grange	Draft Report		
Dulwich Village Church of England Infants' School	Draft Report		
Notre Dame Roman Catholic Girls School	Draft Report		
Albion Primary School	Draft Report		
St Peter's Walworth Church of England Primary School	Draft Report		
St Joseph's Roman Catholic Primary School	Draft Report		
Lyndhurst Primary School	Draft Report		
St Jude's Church of England Primary School	Draft Report		
St George's Church of England Primary School	Draft Report		
Charles Dickens School	Draft Report		

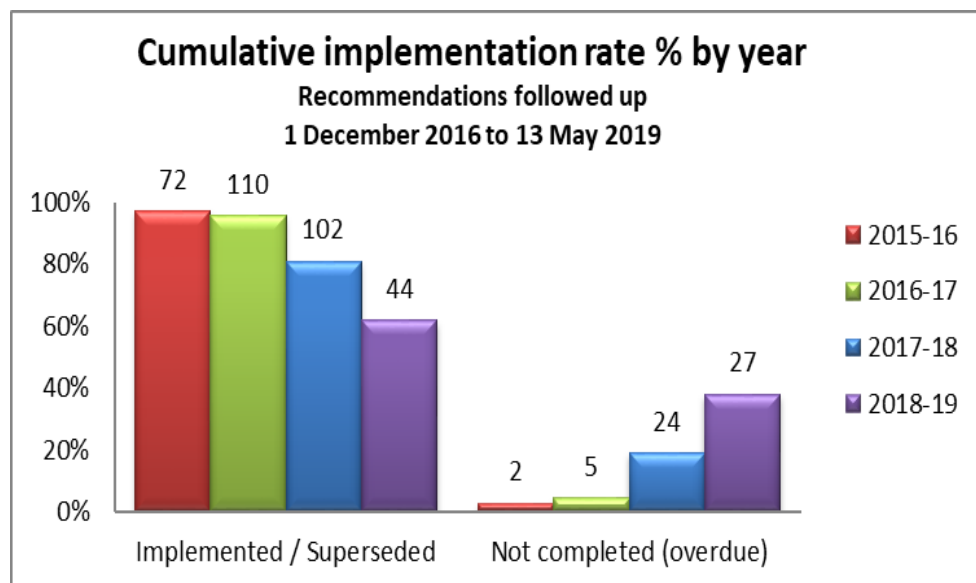
4. INTERNAL AUDIT PLAN 2019-20

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	Reporting	Committee	Design	Operational Effectiveness
Troubled Families Grant	Director of Children's Services	20	Letter of Engagement agreed. Schedule of monthly audits to be undertaken, on a sample of 10% of claims to be submitted			All	April 2019 - no exceptions	
Play Service	Director of environment	15	✓	✓		July 2019		
Volunteer Management	Director of environment / Director of leisure	15	✓	✓		July 2019		
Home Ownership - Garages	Director of exchequer services	15	✓	✓		July 2019		
Housing Solutions - Homelessness (cfwd from 2018-19)	Director of customer experience	20	✓	✓		July 2019		
Major Works	Director of asset management	15	✓	✓		Sept 2019		
Leathermarket CBS Grant (cfwd from 2018-19)	Director of communities	10	✓			July 2019		
Home Ownership - Mortgages	Director of exchequer services	10	✓			Sept 2019		
No recourse to public funds	Director of communities	15	✓			Sept 2019		
Major regeneration programmes and projects	Director of regeneration	20	✓			Sept 2019		
Public health - free healthy school meals (advisory) (cfwd from 2018-19)	Strategic director place and wellbeing	20	✓			Sept 2019		

5. SUMMARY OF RECOMMENDATIONS STATUS

The cumulative summary provided here relates to 386 high and medium recommendations followed up in the period since BDO was appointed as internal auditors to the council on 1 December 2016 to 13 May 2019.

We have confirmed with reference to evidence that 328 (85%) of the recommendations that have fallen due have been implemented within agreed timeframes.



The implementation status of each internal audit is summarised in the table overleaf.

- *The table includes only those audits previously reported to the committee where the recommendations have fallen due and have not been implemented, and have not been previously reported.*
- *Where management assurance has been provided that the recommendations have been implemented but where evidence is yet to be provided, these are classified as in progress, and stated as such.*
- *The table does not include audits that will be followed up as part of another audit during the year (for example in respect of key financial systems).*

RECOMMENDATION IMPLEMENTATION RATES BY AUDIT

	Total High & Medium recommendations raised by BDO due for implementation	Implemented		In progress at the follow up date		No update provided		% verified complete	Management Implementation dates
		H	M	H	M	H	M		
2018-19									
Access to Restricted areas on Housing Estates	8	3	-	-	-	1	4	38%	November 2018 February 2019 May 2019
Parking Management	3	-	3	-	-	-	-	100%	December 2018
Right to Buy and Ad-hoc Sales	2	-	-	1	1	-	-	0%	April 2019 Awaiting evidence
Data Sharing - Multi agency working	4	1	3	-	-	-	-	100%	December 2018 February 2019
Legal Fees	2	-	1	-	1	-	-	50%	January 2019 Awaiting evidence
Residential Placements - Children in Care Services	4	-	-	-	-	1	3	0%	November 2018 February 2019 Revised date required
CHAPS	4	-	1	-	-	2	1	25%	April 2019 Revised date to be advised
Sheltered Housing	1	-	1	-	-	-	-	100%	April 2019
Temporary accommodation	8	-	2	2	4	-	-	25%	December 2018 April 2019 July 2019
Community Council Manual Cheques	4	1	3	-	-	-	-	n/a	These recommendations have been superseded.
Markets	4	-	2	-	2	-	-	50%	April 2019 August 2019
Tenancy Management Organisation - Browning	4	-	4	-	-	-	-	100%	May 2019
Contact centre (SMART)	3	-	-	-	3	-	-	0%	April 2019 June 2019
IT Change Management	3	-	2	-	1	-	-	67%	March 2019 May 2019 September 2019

	Total High & Medium recommendations raised by BDO due for implementation	Implemented		In progress at the follow up date		No update provided		% verified complete	Management Implementation dates
		H	M	H	M	H	M		
<u>2017-18</u>									
Network Security	6	-	-	2	4	-	-	0%	December 2017 October 2018 June 2019
IT disaster recovery	6	-	-	-	-	3	3	0%	April 2019 Revised date to be advised
Children with disabilities service	5	2	2	-	1	-	-	80%	September 2018 June 2019
Land Charges	5	-	2	1	2	-	-	40%	April 2019 Revised date to be advised
Corporate energy	2	-	-	-	-	-	2	0%	December 2017 October 2018 Revised date to be advised
Information Governance	9	2	6	-	1	-	-	88%	June 2018 March 2019 July 2019
Electoral Services	4	-	3	-	1	-	-	75%	April 2018 August 2019
Integration of customer based systems	2	-	1	-	-	-	1	50%	July 2018 November 2018 and January 2019 Revised date to be advised
<u>2016-17</u>									
Planning applications	5	-	-	-	-	-	5	0%	October 2016 April 2018 March 2019 Revised date to be advised
Access to Services	3	-	-	-	-	1	2	0%	August 2018 Revised date to be advised
<u>2015-16</u>									
S106 Agreements	3	-	1	-	-	-	2	33%	October 2016 April 2018 June 2019

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
2018/19 - Right to Buy and Ad-hoc sales		
<p>a) An asset list should be maintained with a potential book value recorded. This should be updated when a sale is completed and as necessary.</p> <p>b) The Sales and Acquisitions Manager need to consult with all departments involved in the ad hoc sales process and agree a formal process for identifying and selling available assets. Responsibilities for the different stages should be formally agreed for each team.</p> <p>High</p>	<p>Director of customer experience</p> <p>April 2019</p>	<p>a) Management has responded that this system would be managed by Asset Management. We were advised that there is a system that records the asset list, however, it does not set any value to each individual asset.</p> <p>We are waiting to confirm who would be best placed in Asset Management for the follow-up.</p> <p>b) Management has responded that they held several meetings with the stakeholders involved in the Ad-Hoc application process. The meetings have clarified the roles and responsibilities of each team/department. They have also set clearer guidance on when an asset would be suitable for sale, and agreed the timeframe for each step in the application process. They advised that these are now being implemented as part of the ad-hoc application process. Management is currently amending guidance notes to reflect these changes as well as drafting a final report to the stakeholders and had expected to complete it by end of April 2019.</p> <p>We are awaiting evidence to confirm this.</p>
<p>a) Once the formal process has been agreed for the properties in the ad-hoc sales, as highlighted in recommendation 1b, key performance indicators for all the stages should be agreed between the different teams to ensure that each stage is owned and managed by each team.</p> <p>b) The KPIs should be monitored by the RCC team and reported to senior management, to ensure sales are made on a timely basis and any potential delays are identified as early as possible.</p> <p>Medium</p>	<p>Director of customer experience</p> <p>April 2019</p>	<p>a) Management stated that several project meetings have been conducted and performance indicators have been re-affirmed or established where no KPI was set previously. This is being set out in the final report and application guidance notes.</p> <p>b) Management stated that per the current process the RCC team will continue to monitor the current and new KPIs for the application process and report issues to senior management so that potential issues are identified early.</p> <p>We are awaiting evidence to confirm this.</p>
2018/19 - Legal Fees		
<p>a) The children's service should liaise with the legal service to confirm who should have access to Visualfiles reports. It should be emphasised that the legal service should be informed of any staffing changes if these staff have access to reports so another nominated person can be granted access and the non-current staff member removed.</p> <p>b) Estimate reports should be made available through Visualfiles. The legal team should liaise with the children's service to discuss the various other report options available so a decision can be reached regarding which will be most useful and ensure children's services have access to all relevant information. These</p>	<p>Head of safeguarding and community services, business manager and head of service permanence</p> <p>January 2019</p>	<p>Management stated that they are waiting to liaise with the children's service for the list of names and feedback on amended report that now includes the current estimate.</p>

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>reports should then be used to assist in the budget setting process, where appropriate.</p> <p>Medium</p>		
2018/19 - Temporary Accommodation		
<p>Management should ensure that all staff involve in the process of collecting, checking and confirming invoices are required to update iWorld to match the data in the financial system (SAP).</p> <p>Reconciliation of the two systems should then happen at regular intervals to ensure that the information contained in one matches the other. Any inconsistencies should be followed up and resolved and the reasons for recurring inconsistencies should be investigated and addressed.</p> <p>Longer term, the two systems should be integrated and information input in one system should automatically update in the other.</p> <p>High</p>	<p>Chioma Okwunodulu Placements Team Manager November 2018</p>	<p>Management has responded that the Business Support Team has developed an early draft sign in register policy for Southwark Council that will be shared with partners. Feedback will be sought in future meetings on this policy, but want to clarify under what circumstances an invoice will be processed without a sign in, deadlines around this, exceptions, who is responsible for stages of the cancellation process when no response received.</p> <p>A meeting was held with Housing Solutions, TA Income, and Northgate Support on 10 May 2019. Intention to reconcile Northgate data with SAP. Aim initially to do this for TA types (e.g. nightly rate self-contained) and then possibly by provider.</p> <p>Current process is for all TA invoices to get checked against iWorld data before being authorised.</p> <p>Design improvement: to reduce fraudulent activity risk in Business Support Team by annually rotating which TA providers' invoices are assigned for checking for each BSO. At present the BSO is assigned certain providers and these are not rotated.</p> <p>A further follow up will be carried out before the next audit, governance and standards committee.</p>
<p>a) Management should have formal agreements with landlords and agents that state the standards expected by providers of private properties. The council is currently in the process of deciding on a suitable property procurement framework in collaboration with the legal department (discussed in finding 8). The requirement for a formal agreement can be discussed and the best course of action decided upon as part of any new procurement process. The council then needs to determine a cost effective way of verifying the standards provided.</p> <p>b) Management should review the procedure for the incentive payments to landlords and ensure there is a formal policy and agreement with the providers regarding the council's right to claw back payments. The criteria and recourse specifics for such action should be clear to landlords. Staff should also be informed to be able to implement the policy consistently. This can also form part of the current discussions regarding the procurement framework.</p>	<p>Overall - Ian Swift, Group Services Manager Housing Solutions Support - Procurement Officers, Placement Officers; Visiting officer NFNO, Resettlement officers, Reviews Officers; Mitzi Myrie January 2019</p>	<p>Management has responded that they are in the process of drawing up a generic agreement which will be formulated with all providers. This will include the standards expected to adhere to. They have met with legal on several occasions with the last meeting taking place on 10 May 2019. They will be getting further external council in to provide further advice alongside drafting up the agreement.</p> <p>Inspections: The management do not have data on the spot checks of 15% properties. They have recently had the web inspections form completed. This will require all inspection officers to have a tablet.</p> <p>As part of a review of the providers (Nightly paid to PSL), a lot more inspections will be required to be carried out. This is a task that is ongoing and can be achieved with all officers who carry out inspections and home visits additional investment in officer equipment i.e. iPads will be required in order to ensure accurate data is recorded and in a timely manner.</p>

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
High		A further follow up will be carried out before the next audit, governance and standards committee.
<p>A reconciliation needs to be completed on a monthly basis to reconcile the data held on iWorld and SAP for the length of stay by clients at a property and the amounts being charged to ensure the correct information is being recorded in each system.</p> <p>Medium</p>	<p>Overall - Ian Swift, Group Services Manager, Housing Solutions Support - Alexander Skerten - Project and change manager Neill Moore - Divisional accountant Paul Senior - Principal operations manager</p> <p>April 2019 and June 2019</p>	<p>Management has responded that a meeting is arranged for 17 May 2019 to add costs codes to separate out incentive payments to improve reconciliation process and accuracy.</p> <p>Recommendation reviewed, but main blocker is still that SAP records total payment to provider and does not provide line by line breakdown of payments on each property.</p> <p>A further follow up will be carried out before the next audit, governance and standards committee.</p>
<p>a) Management should ensure that staff implement the payment controls in place, such as the daily register reconciliation with invoices received for nightly lets. There should be periodic reviews of the process by appropriately senior staff to confirm the control has been implemented consistently and a record of the review should be kept. Any instances identified where the control has not been implemented should be followed up with the staff member responsible.</p> <p>b) Management should also ensure that payment reconciliation of nightly lets are reviewed by the Business Support Manager before they are sent to finance for payment. A record of the review should be kept and senior management should periodically review the record to ensure the control is implemented. Any instances identified where the control has not been implemented should be followed up with the staff member responsible.</p> <p>c) The Business Support Manager should review the reconciliation of payments for private sector leases before they are sent to finance to ensure any unusual payments are identified and investigated. To manage the work load this control may bring about, the review can happen for amounts over a certain limit. A record of the review should be kept. The Procurement Manager should communicate any reviews they might have performed themselves to avoid duplication.</p> <p>d) Management should increase resilience of the service regarding the reconciliation of PSL</p>	<p>Sola Oduntan Business Support Manager January 2019</p>	<p>Management has responded that the restructuring within the service has halted the implementation of agreed future procedures. There is no longer a Business Support Manager within the current structure and work is under way to find a replacement. All Nightly paid cases are however recorded and this is listed on the system. This figure is monitored on a weekly basis and reported to senior management.</p> <p>A further follow up will be carried out before the next audit, governance and standards committee.</p>

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>payments, by ensuring that other members of staff are able to perform the reconciliation. The business support team, whose duties include the reconciliation of invoices to tenancy records, should be able to understand the process and perform the task when necessary for PSLs as well as for the nightly lets. The Procurement Assistant currently responsible should also create detailed guidance notes for the process.</p> <p>e) The reconciliation of invoices can be streamlined and made more efficient if providers are required to send their invoices on standard templates that will allow staff to quickly and easily identify the information they need. The prospect should be examined as part of the current rethinking of processes and procurement framework.</p> <p>Medium</p>		
<p>a) Management should ensure they disseminate policies and procedures to staff and offer training and support when introducing new policies. They should monitor implementation and test staff at regular intervals or offer refresher training to ensure the policies are followed, are clear to all and address shifts to practice or technology.</p> <p>b) Management should ensure that during the review and update of policies and procedures, they include the essential controls and authorisation processes to ensure all staff are aware of them when performing their duties.</p> <p>Medium</p>	<p>Mitzi Myrie New Business and Procurement Manager and Chioma Okwunodulu Placements Team Manager February 2019</p>	<p>Management has responded that Housing Solutions Service Action Plan includes item to update and unite all team procedures in one folder. Audit recommendations on testing staff/refresher training etc. to be communicated to officers.</p> <p>A further follow up will be carried out before the next audit, governance and standards committee.</p>
<p>a) Management should ensure that a formal decision on the exemption from using the Contract Standing Orders is approved and recorded as well as the reasons for the exemption.</p> <p>b) They should also record any discussions, decisions and reasons for the frameworks to be used instead and any other ways they ensure value for money in the procurement of properties. Their meetings with the Legal team and Corporate Procurement should provide direction and advice on what is the best course of action around this issue.</p> <p>Medium</p>	<p>Mitzi Myrie, New Business and Procurement Manager March 2019</p>	<p>Management has responded that a meeting was conducted on 10 May 2019 and it was agreed that further legal advice will be provided to assist in establishing all the relevant procurement procedures are followed as well as drawing up agreements between the client and the Council as well as between the providers and Council.</p> <p>A further follow up will be carried out before the next audit, governance and standards committee.</p>
2018/19 - Markets		
<p>a) When the annual renewal process is undertaken for the upcoming financial year, a review of all ongoing traders' files should be undertaken to ensure that all supporting documentation has been provided. If any missing</p>	<p>Hannah Lilley Markets Team Leader March 2019 August 2019</p>	<p>Management has responded that FGL system implementation is still on track and scheduled for first phase to start June/July 2019</p> <p>We will seek an update of this position in August 2019.</p>

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>documents are identified, these should be requested prior to the permit being renewed.</p> <p>b) When undertaking walk-around at the markets, it should be confirmed that current pitch plates are displayed by all traders. Any non-compliance should be recorded to identify any traders consistently not displaying their pitch plates.</p> <p>c) When confirming registration with the food hygiene team, the registration number should be recorded on the application form to evidence this check has been undertaken. The expectation regarding food hygiene certificates should be clarified to ensure consistent documentation is provided by traders. This should then be requested and ensure it is retained for all relevant traders during the 2019-20 renewal process.</p> <p>Medium</p>		
<p>a) Trading licences should record the location the trader is permitted to trade from to ensure the correct fee is paid and the trader does not unknowingly receive a discount.</p> <p>b) Invoices should only be accepted from temporary traders for the correct value for that day. If an incorrect invoice is presented, it should be explained that this can be used at a later date, however a correct paid invoice must be presented to allow trading for that day.</p> <p>c) Invoices for application and renewal should be held in traders' files, recording the purpose of the invoice clearly. Prior to renewal licences being issued, it should be confirmed that these invoices have been paid, with the officer undertaking the check signing the invoice as confirmation the payment has been received.</p> <p>Medium</p>	<p>Hannah Lilley Markets Team Leader February 2019 August 2019</p>	<p>As stated above.</p>
2018/19 - Contact Centre (SMART)		
<p>a) The guidance available to staff should be expanded to clarify some of the instances when there is more discretion in the approach taken by staff. Staff should then document on Answerlink the reason a certain approach was taken if this was not in line with guidance. The quality reviews undertaken on a sample of cases should scrutinise the level of detail recorded on Answerlink and whether this sufficiently captures the key details from the call.</p> <p>b) The quality review should include enhanced scrutiny of each of the elements in isolation to ensure sufficient information is recorded on all systems to reflect the key details of the case. An enhanced sample check, in addition to the current review, should be conducted focusing on</p>	<p>Sean Conway Contact centre operations manager</p> <p>Samir Ramani Quality and training manager Rohan Jayasena - contact centre team leader - SMART</p> <p>Janice Jones-Alleyne</p>	<p>Management has responded that the a new staff guidance manual is currently being updated to make clear where there is scope for discretion, in the course of action taken, within agreed parameters. Examples will be provided. Staff must always explain why a particular course of action was taken, in a clear and concise manner. A move to more 'live' call monitoring will help ensure this is carried out in a consistent manner. The Answerlink & Mosaic systems will be checked to ensure that notes are relevant, complete and consistent across the 2 systems. 10 cases will checked daily (24 hours) by the Quality Officer. These checks will be documented. Reoccurring issues identified:</p>

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
specific areas which have recurring issues identified. Medium	Contact centre team leader December 2018 June 2019	Refresher training to be provided to group/ individuals and documented. We will seek an update in July 2019.
a) The SMART exceptions reports should detail any common themes identified and how these will be addressed, for example through additional training for staff. b) Higher level reports should be produced on a set periodic basis (we would suggest quarterly as a minimum) and provided to senior management, including the director of customer experience. The information to be included in these reports should be confirmed to ensure this is sufficient but not excessive for monitoring and decision making purposes. These reports should also include any significant or recurring issues identified in the SMART exceptions report (per part a). Medium	Samir Ramani Quality and training manager Rohan Jayasena Contact centre team leader - SMART Jerry Aina Performance and reporting manager March 2019 June 2019	As stated above.
a) The guidance should be updated to include additional information relating to when the SMART team may need to contact the adults' service and the documentation that should be saved to Answerlink to evidence this correspondence. This guidance should be a framework including the main areas which the team may come across, such as inappropriate equipment or deteriorating needs, and who should be contacted in these instances, as well as who should be contacted within the SMART service for any other areas not covered or which they are unsure of. b) Staff should be reminded of the need to review Mosaic each time they answer a call to ensure they have the most up to date information available and to then update Mosaic after the call with any relevant information, in line with the guidance. This should form part of the enhanced spot checks, per recommendation 1b. Medium	Samir Ramani Quality and training manager Rohan Jayasena Contact centre team leader - SMART Janice Jones-Alleyne Contact centre team leader February 2019 June 2019	Management has responded that the new guidance manual will include clear guidance on the circumstances when the SMART staff should contact the Adult Social Care team. This will cover; Identifying client needs, who to contact and evidencing actions taken. The manual will also cover the requirement for call handlers to review Mosaic every time they receive a call so they are aware of all the relevant facts in relation to their client. Moreover, to update both Mosaic and Answerlink after the call. This will be subject to the scrutiny checks as outlined as stated above. We will seek an update in July 2019.
2018/19 - IT Change Management		
The Shared ICT Service should develop a Change management policy to document standardized methods and procedures to meet the change management requirements supporting the Council's operations. It should include but not be limited to: · Scope and objectives of the change management process · categorising (e.g., between infrastructures, operating systems, networks, application	Chris Anderson- Interim Service Delivery Lead, Shared ICT Service Mark Compton- James- Head of IT & digital services March 2019	Management responded that Change management on the infrastructure side rests with SICTS and it is right that this is the focus for the implementation at the moment given the large number of P1 and Major Incidents resulting from poorly executed Infrastructure change. There has been improvement in recent months, but this is still very much WIP with significant challenges remaining particularly

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>systems, purchased/package application software)</p> <ul style="list-style-type: none"> · prioritising changes based on predefined criteria (e.g., business and technical needs for the change and legal, regulatory and contractual requirements) · segregation of duties · analysing risks and impact on infrastructure, systems and applications. · Considering security, legal, contractual and compliance implications in the assessment process for the requested change and that business owners are involved. · requiring each requested change to be formally approved by the business owners of the process and IT technical stakeholders · tracking overall project status <p>The policy should be ratified and communicated to all stakeholders. Furthermore, there should be a standardised change management process identified to manage all the changes requested by the LBS applications and the departmental service applications across the council.</p> <p>Medium</p>	<p>May 2019 September 2019</p>	<p>with engagement across partner councils and communications.</p> <p>There has been some work with the Southwark application team to share the Change Management processes and tools designed by SICTS and we have begun to use for some priority areas such as Election software. In addition the whole applications team has now been trained on ITIL best practice, which includes change management. Beyond this, rolling out Change Management to the Applications team has not been a priority for rapid implementation due to focus on the DC Migration and given that incidents caused by application changes is far less of a problem.</p> <p>Going forward, better collaboration between Southwark IT&DS and SICTS is needed, as many changes involve both infrastructure and application aspects. As Southwark (and SICTS) make fuller use of Cloud and Managed Hosting solutions, it will be important that supplier adherence to change management is part of the assessment that is made during procurement. In addition there is a significant risk with those applications where the technical management sits outside IT&DS as there will be potentially risky IT activity outside SICTS or IT&DS control and it is not clear what plans there are for these areas to follow change management.</p> <p>A further follow-up will be carried out in September 2019.</p>
2017/18 - Children with disabilities services		
<p>A formal recharging procedure should be drawn up, clearly outlining the recharging process. It should also state that recharges should be reviewed and agreed on quarterly.</p> <p>Medium</p>	<p>Kerry Rabey, Service Manager AAD/LD25+ September 2018</p>	<p>Management has responded that a joint funding protocol for Social Care and Education is now in place. There is not a specific finance form currently in place. The health cases are discussed on a case by case basis and reviewed regularly. There is not an established policy for this despite attempts to engage with the CCG to develop one. This is still ongoing with a hope that we can develop a clear protocol and related procedures.</p>
2017/18 - Land Charges		
<p>All costs associated with the provision of the land charges service should be determined for a one year period, including both direct and indirect costs. This information should be collated and compared to the total number of searches provided over a one year period to determine an approximate cost per search. This should be compared to previous years to determine how the level of requests will impact on the expenditure to determine the fixed and variable costs, to allow for the costs to be extrapolated to ensure that they are in</p>	<p>Planning support and land charges manager Group manager - validation and fast track Director of planning March 2019</p>	<p>Management has responded that the budget and costs will be worked out with our Divisional finance manager to review the current charges in place since the last review in 2015 sometime this year, as the service has moved from legal to planning division.</p> <p>A further follow up will be carried out before the next audit, governance and standards committee.</p>

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<p>line with projections for future requests. The information should be reviewed annually to ensure it remains a true reflection of costs.</p> <p>High</p>		
<p>A review should be undertaken to identify the benefits, costs and risks associated with offering a personal search service undertaken by council officers. This review should include the costs to the service and the possible implications should incorrect data be supplied, as well as whether the decision is in line with council objectives. Alternatives should also be explored, such as offering the self-service at other council buildings and benchmarking against other councils to identify best practice. The reasoning behind the decision should be documented and reviewed on a regular basis.</p> <p>Medium</p>	<p>Planning support and land charges manager Group manager - validation and fast track March 2019</p>	<p>Management has responded that they have to provide a personal search service, however when the planned move of the land charges register to HM land registry then there will be no cost to the council as agents will use HM land registry direct to get a copy of the register for free with them.</p> <p>A further follow up will be carried out before the next audit, governance and standards committee.</p>
<p>The council should undertake a review to confirm the anticipated financial loss as a result of the transition of local land charges to Land Registry. Appropriate steps should be taken to determine how this loss will be offset by the council, to ensure appropriate cost-savings measures will be implemented in a timely manner.</p> <p>Medium</p>	<p>Planning support and land charges manager Group manager - validation and fast track December 2018</p>	<p>Management has responded that they will work out the loss of the LLC1 search cost to HM land registry when there are clear proposals to transfer the register of local land charges, this cost can be done at the time later this year and work out costs of the service with Finance.</p> <p>A further follow up will be carried out before the next audit, governance and standards committee.</p>
2017/18 - Information Governance		
<p>A firm, but realistic, deadline should be set for staff to complete the mandatory e-learning information governance training course. This should be communicated through various means across the council, such as by email and a post on 'The Source'.</p> <p>Progress towards council-wide completion of the course should be monitored close to the deadline and reminders issued to those (and possibly their line managers) yet to complete. Any staff who miss the deadline should be reported to the relevant directors for investigations into the reasons for non-compliance.</p> <p>Medium</p>	<p>Information Governance Manager January 2018 June 2019</p>	<p>Management has responded that there have been technical glitches in terms of access to training material by the staff and maintaining a record of who actually has completed the training. This should be resolved by end of June 2019 as advised by the Head of Financial and Information Governance.</p> <p>We will follow-up in July 2019.</p>
2017/18 - Electoral Services		
<p>The council should undertake a review to confirm the anticipated financial loss as a result of the transition of local land charges to Land Registry. Appropriate steps should be taken to determine how this loss will be offset by the council, to ensure appropriate cost-savings measures will be implemented in a timely manner.</p> <p>Medium</p>	<p>Planning support and land charges manager Group manager - validation and fast track December 2018</p>	<p>We have not received an update from management on this, therefore a further follow up will be carried out before the next audit, governance and standards committee.</p>








Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
2017/18 - Network Security		
<p>All devices that are running unsupported operating systems should be upgraded to operating systems that are supported by the developer. Where it is not possible to upgrade the operating system of a device, it must be isolated from the council's IT network and appropriate security controls should be implemented.</p> <p>High</p>	<p>Jason Carney Enterprise Architect - IT Shared Services. July 2017 June 2019</p>	<p>This recommendation has been affected by a change freeze that was put in place until 15 January 18 due to the transition to the shared ICT service and SAP HANA. Evidence was provided of the road map to upgrades, with non-compliant servers being addressed by September 2018 for the transition to shared ICT service servers. Due to ongoing issues with the link between Spring Park and the new Datacentres, the migration from the 2003 has been delayed. This activity will continue until the completion of the Southwark datacentre migration to the new datacentre.</p>
<p>Management must apply all missing operating system and firmware patches to the council's IT estate. Where an operating system or firmware patch cannot be applied to a device the council should implement appropriate security arrangements.</p> <p>Furthermore, there should be a defined and consistent procedure in place for applying operating system and firmware patches as and when they are made available.</p> <p>High</p>	<p>Jason Carney Enterprise Architect - IT Shared Services. July 2017 June 2019</p>	<p>A review has been undertaken to apply patches. A risk-based approach is being taken to ensure continuity of systems. Processes were explained and provided for testing and applying patches. This procedure will be put in place as part of the data migration project to ensure that shared ICT service servers run with only appropriate patches. Ongoing System Centre Config. Manager (SCCM) is being used to deploy updates, windows 2003 servers which can't be patched are part of the project to upgrade during the datacentre moves.</p>
<p>Management should establish a complete record of the council's firewall rules, which includes but is not limited to:</p> <ul style="list-style-type: none"> • The service that the firewall rule supports, including the owner of the service • Whether the rule allows for inbound, outbound or both connections • The expected levels of traffic for the rule. <p>Furthermore, a full review of the Council's internal and external firewall rules should be performed and, where necessary, insecure or redundant rules should be removed.</p> <p>Medium</p>	<p>Jason Carney Enterprise Architect - IT Shared Services. July 2017 June 2019</p>	<p>As part of the data centre migration, firewall rules will be reviewed and vendors will be consulted to establish the required rules for their products. The shared ICT service has elected to not copy and paste the rules across due to the risks associated. Evidence was shown of the security management policy which addresses the recommendation and will be put in place. During the move to the new datacentre new Firewall rules will be created and documented. This will allow for the removal of obsolete firewall rules as only active rules will be migrated across.</p>
<p>The anti-malware signatures for all council IT assets should be updated with the most recent anti-malware signature. Devices that cannot be updated should be isolated from the council's IT network.</p> <p>Furthermore, Capita should be required to provide assurance that the devices running the Microsoft Endpoint anti-malware solution have up to date anti-malware signatures.</p> <p>Medium</p>	<p>Jason Carney Enterprise Architect - IT Shared Services. October 2018 June 2019</p>	<p>A review of antivirus and anti-malware issues will be undertaken as part of the data centre migration. Evidence was provided of the antivirus procedures that will be put in place. The Symantec Anti-virus pattern files are updated on a regular basis. Symantec licenses have been extended until November 2019. With the move to the new datacentre System Centre Endpoint Protection (SCEP) will be deployed and updated. Symantec reports are now available to show coverage.</p>
<p>The council's IT network diagram should be reviewed in order to establish whether:</p> <ul style="list-style-type: none"> • Connections to external networks are secured 	<p>Jason Carney Enterprise</p>	<p>Work on this remains in progress, delays caused by link issues between Spring and the new datacentre have delayed moves. An audit has been carried out by Fordway of all the links in</p>

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
<ul style="list-style-type: none"> • Appropriate redundancies exist within the IT network to prevent a loss of service. <p>Action should be taken to address any issues with the design and configuration of the IT network.</p> <p>Medium</p>	<p>Architect - IT Shared Services.</p> <p>May 2017 June 2019</p>	<p>to the old datacentres. Virtual Private Network (VPN) links are secure. During the move of services which should be in the demilitarized zone (DMZ) will be placed within the DMZ in the new network infrastructure being deployed by Fordway and Axiom.</p>
<p>Network activity should be baselined and proactively monitored in order to identify unusual or suspicious activity. This monitoring should include, but not be limited to:</p> <ul style="list-style-type: none"> • A record of the balance of network activity and external traffic • A record of all open and closed ports and where these have been changed • A record of standard network activity for any given time, which includes known peaks. <p>Furthermore, management should establish a programme to review the efficacy of the network security controls that have been deployed.</p> <p>Medium</p>	<p>Jason Carney Enterprise Architect - IT Shared Services.</p> <p>October 2017 May 2019</p>	<p>When the council transitioned from Capita, Capita retained the configuration of the System Centre Operations Manager (SCOM) monitoring system as intellectual property. As part of the data migration project, the shared ICT service will review the monitoring requirements and reconfigure SCOM to address this recommendation. This security design has now been implemented. A server plan has been provided that shows that this process is underway. As the servers are moved to the new network infrastructure, the new Juniper infrastructure has some Intrusion Detection built in. This will log anomalies to the monitoring infrastructure. The monitoring solution (Splunk) is in place and being configured. The new network is scheduled for completion in early 2019 with all the servers being moved on to it as part of the moves from Spring\Cody and Tooley street. A record of open and closed ports is kept within the firewall rules. These are checked during the IT Health check. Copies of the rule sets will be copied to a file share on a monthly basis to check for changes.</p>

6. KEY PERFORMANCE INDICATORS

Description	Target	Actual and comment	RAG Rating
% of audits from the plan reported to the planned meeting of the audit, governance and standards committee (as per the approved terms of reference).	90%	74% This reflects 4 audits where the reporting has been delayed due to staff absence at BDO, 6 audits where management responses were not received by the committee reporting deadline and 2 audits where council staff asked for deferral of fieldwork due to staff availability.	
% of high and medium rated recommendations implemented by the agreed management implementation date	75%	85% As reported in section 5 of this report.	
% of recommendations in draft report accepted by audit sponsor / owner	90%	95%	
% of draft reports issued within 15 working days of the audit closure meeting.	90%	91%	
% of returned audit satisfaction survey forms achieving a score of 4 or 5 out of 5	75%	100% In respect of the audit reports finalised for 2018-19, we have received three completed surveys, two of which rated us as 4 and one which rated us as 5 out of 5.	
Annual chief officer and audit, governance and standards satisfaction survey results	Average of 75% and above	The annual survey will be issued in June 2019	
% of audits from the plan completed to draft report stage by 31 March 2019	100%	85% This relates to audits commenced in quarter 4, where fieldwork was ongoing during March and April. This was due to timing and staff availability at BDO and within the council	

APPENDIX 1 – EXECUTIVE SUMMARIES (NOT PREVIOUSLY REPORTED)

HM39 Customer Services Channel Shift February 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		Moderate	Moderate	Medium	-
				Low	-
Purpose of audit	To review the progress of the customer access strategy and ensure controls are in place to develop the five- point plan, monitor progress and delivery of services and to ensure potential savings are being realised.	Added value	18 people were interviewed who had contacted the council by traditional channels to establish the most common reasons for not using new electronic channels, and from that feedback, themes were identified which will help in continuing the channel shift approach taken by the council. This supported common findings from the service's own analysis which evidenced that the majority of customers who have not engaged with new channels have done so due to personal preference, rather than issues with the new channels or a lack of understanding or awareness. However, there was also a lack of confidence that issues would be addressed due to a number of clients having a poor experience in the past with receiving responses in a timely manner.		
<p>Background: The council decided to bring the call centre, one stop shops and revenue and benefits services back in house to direct management in 2013, in response to continual dissatisfaction from customers over the outsourced provision. Subsequent surveys following this decision have shown that customer satisfaction has improved. The council launched the web based My Southwark account in July 2012, which enables an individual to register for an account and review financial account balances, for example council tax, raise an enquiry, complaint or request a service, such as a property repair. To date the take up of accounts is close to 150,000. Subsequently the council has been reducing the number of sites customers can physically attend as it develops the electronic access for customers. Due to the recent closure of the Walworth Road Service Point, the Peckham Service Point is the only remaining site. Customers can continue to call the council's contact centre. The council produced a Digital Strategy in February 2016 detailing its ambitions as a digital council and borough and the Customer Access Strategy was refreshed in 2017 to cover the period 2017-2020. Both were approved by cabinet.</p> <p>Good practice:</p> <ul style="list-style-type: none"> The council uses a number of techniques to identify customer needs and access preferences, including, surveys, reviews and training engagements. Key stakeholders have been identified throughout the channels shift process. A channel plan has been developed, in the form of a road map, outlining the timetable for the various projects to be implemented. 					

- The council is targeting services based upon volume and the priorities are outlined in the digital road map.
- There are two KPIs in place, which are reported in the customer experience and housing and modernisation performance reports.
- Customer satisfaction is monitored at contact centres, and the data collected is analysed to inform decision making relating to channel shift.

Key findings:

- Council-wide resource plans are not in place to ensure the availability of staff within the transitioning services as well as the digital delivery team.
- The digital road map (channel shift action plan) does not accurately reflect the priorities of the council as a whole.
- There is no analysis of online feedback currently undertaken to identify poor service that may impact on customers’ choice of contact methods.

Looking forward: supporting the council’s journey from limited to substantial assurance

Design	Moderate	→	Substantial	A council-wide listing of priorities should be implemented which can be used to assign resources and enable more effective monitoring to be undertaken.
Operational Effectiveness	Moderate	→	Substantial	

Follow up

Due to the long term nature of the implementation of the customer access strategy and required engagement with departments, an interim follow up of the implementation of the high recommendation will be carried out in September 2019, and a further follow up in April 2020.

ESR55 Waste Contract/PFI April 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		Moderate	Moderate	Medium	-
				Low	2
Purpose of audit	To provide assurance over the contract and financial management arrangements on the PFI.	Added value	We comparison the council to nine other London boroughs on the rates of reuse, recycling or composting of household waste and the residual rates of waste per household. This identified that Southwark was the second largest collector of household waste per person, narrowly behind Westminster. However Southwark performed much better than Westminster with 34% of household waste being sent for reuse, recycling or composting, compared with 17.4% in Westminster.		
<p>Background:</p> <p>The council entered into a 25 year Private Finance Initiative (PFI) arrangement with Veolia in 2008. The waste facility is based at Devon Street and was built as part of the contract. Payments by the council are driven by the tonnage of waste collected by the contractor using a calculation outlined in the original contract. The council aims to maximise the amount of waste which is used in other means, thereby minimising the waste going to landfill. Currently approximately 3% of all waste goes to landfill, meaning the remaining 97% is used for other means. To achieve this target, this is built into the contract with Veolia, based upon a hierarchy of optimal actions to be taken beginning with minimise waste, reuse waste, recycle, recover by generating value for waste in other means and lastly sending waste to landfill. There is a target in place for 40% of all waste to be recycled, with contractual performance deductions imposed on the contractor if this is not met.</p> <p>Per the contract, an annual reconciliation is initiated by Veolia and reviewed by the council to either agree or dispute the net reconciled value for the year to identify the total payments due to or from the council, less any performance deductions. Currently a value in the hundreds of thousands of pounds is in dispute. The contractor have not provided this reconciliation for the past two years, however the council have completed their own. Invoices are issued to the council on a monthly basis. The council can receive income in the form of royalties, which are linked to third party waste disposal tonnage, and agreed savings. The savings have also been disputed and therefore have not been paid for the previous year.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • The annual reconciliation had been prepared in a timely manner, collating the information used across the year. • Landfill and recovery rates are monitored on a monthly basis and reported to senior management. • A comprehensive invoice checking process is in place. <p>Key findings:</p> <ul style="list-style-type: none"> • Errors were identified in the invoice checking spreadsheet relating to royalties and performance deductions, however it was determined that these were immaterial in respect of the contract as a whole. 					

- The incidents report could not be reconciled to the monthly performance deductions due to checks not being documented.
- The monthly invoice checking process is complex and undocumented. The spreadsheet features some key comments justifying why particular actions were taken, but this does not detail the process as a whole.

Looking forward: supporting the council's journey from moderate to substantial assurance

Design	Moderate → Substantial	<ul style="list-style-type: none"> • Update the procedures to provide additional guidance on contacting the Local Ambulance Service (for call handlers), the need to liaise with the adults' service and the documentation and commentary required relating to client calls. • Implement documented guidance for the monthly invoice checking process. • Record how performance deductions are determined.
Operational Effectiveness	Moderate → Substantial	<ul style="list-style-type: none"> • Undertake a review of the monthly checking spreadsheet to ensure there are no errors. • Ensure payment authorisation is only received after accuracy has been confirmed. • Document discussions relating to performance issues and how these are to be addressed.

Follow up
A review of the actions taken since the audit will be undertaken in June 2019.

MA02 National Non-Domestic Rates December 2018		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		Moderate	Moderate	Medium	3
				Low	1
Purpose of audit	To provide assurance on the continuing adequacy of the design and operational effectiveness of internal controls, processes and records in place to mitigate the identified risks relating to the collection of national non domestic rates.	Added value	Data analytics was performed to identify any potential duplicate accounts (names and/or addresses) as well as reviewing the council's NNDR aged debtors to establish levels of debt by age. This analysis detailed that the council could potentially reduce their NNDR debt by half by focusing on the 27 highest debt accounts.		
<p>Background:</p> <p>National non-domestic rates (NNDR) are collected from commercial properties within the borough by the council, based on their rateable value which is determined by the Valuation Office Agency (VOA). Rateable values are subject to change, for example when properties are altered, and relief and exemptions may also be awarded for empty properties, or when properties are occupied by charities or small businesses. Furthermore, additional local relief incentives are also available such as the discretionary rate relief which was approved by cabinet in September 2017. In 2017-18, the council collected £273m, and it anticipates to collect £313m for 2018-19. The council are also responsible for collecting a levy for five Business Improvement Districts (BIDs) in the borough, on behalf of the BID companies, and includes 1,914 properties. The council receives 3% of this income for collecting the levy.</p> <p>NNDR are managed using the council's Northgate system, and supporting documents are uploaded to the information@work system.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • NNDR refunds are appropriately processed and authorised. • Bills are issued in a timely manner; this is completed automatically by the Northgate system when amendments are made. • Debts are actively pursued in a timely manner to recover overdue funds owed to the council. • Unrecoverable debts are being written off periodically, and according to the council's write off policy. <p>Key findings:</p> <ul style="list-style-type: none"> • There are delays in reporting updates and amendments to properties to the VOA which have been identified by the Council, and reporting of changes are not consistently chased up. • Quality assurance processes are not providing sufficient analysis of errors made with regards to data quality. • Reconciliations of VOA schedules and Northgate data are not completed, reviewed and approved in a timely manner, and are not appropriately signed. • When awarding relief and exemption to rates, we found that there was no evidence of application forms, charity registration, inspections, and 					

<p>approval for some of the cases we reviewed, where this is a requirement according to the Council's guidance.</p> <ul style="list-style-type: none"> Chargebacks are not sufficiently managed to ensure they do not re-occur. 			
<p>Looking forward: supporting the council's journey from moderate to substantial assurance</p>			
Design	Moderate	→ Substantial	<ul style="list-style-type: none"> Review and improve quality assurance process and reporting Reconciliations of VOA schedules and Northgate to be completed (reviewed and approved) within two weeks and signatures embedded.
Operational Effectiveness	Moderate	→ Substantial	<ul style="list-style-type: none"> Review workload of VOA updates processing and chase up reports to the VOA if not actioned in 90 days Ensure the guidance regarding the evidence and approval required for awarding relief and exemption is being complied with. Ensure chargebacks are appropriately addressed, reporting repeat offenders to the legal team and issuing chargeback letters.
<p>Follow up A review of the actions taken since the audit will be undertaken in quarter 3, 2019-20 as part of the annual audit.</p>			

ESR47 Estates Cleaning and Grounds Maintenance April 2019	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	2
	Limited	Limited	Medium	2
			Low	1

Purpose of audit	To provide assurance over the operational effectiveness of the estates cleaning and grounds maintenance service, including whether they are achieving their objectives and have suitable monitoring arrangements in place.	Added value	N/A
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Background:

The council is responsible for the estate cleaning and grounds maintenance for circa 400 estates and 1500 blocks of building within the borough. Estate cleaning and grounds maintenance is part of the council's cleaning, grounds maintenance and tree services. It is further spilt into four areas (central, south, north east and north west) with each being managed by an area manager. There are four teams within each area team and they are estate, grounds, streets and special team. There is a clear division of the responsibility of each team due to the estate cleaning and grounds maintenance being funded by the housing revenue account and street cleaning funded by the general fund. The costs of the estate cleaning and grounds maintenance is recharged from the home ownership team and is calculated based on the time taken to undertake the tasks. Annual reviews are undertaken of the costs associated to ensure they are accurate and appropriate. The 2017-18 recharges for estate cleaning and grounds maintenance were £11,908,056 and £2,152,443 respectively, with a total of £13,434,572 estimated to be recharged for 2018-19. A health and safety audit plan is in place reviewing all aspects of the estate cleaning service to ensure any risks are being appropriately managed. The performance of the service is reviewed against a number of key performance indicators, including the percentage of inspected sites to contractual standard and the number of inspections carried out.

Key findings:

- The service level agreement was out of date, it covered the period from 1 April 2013 to 31 March 2014. Both integrated cleaning and grounds maintenance service (ICC) and the housing department were in agreement that the SLA needs to be updated.
- Service specifications are repetitive and are not aligned to appropriate and measurable performance targets, meaning performance cannot and has not been effectively monitored.
- The evidence provided relating to the monitoring of the SLA was inadequate and there was a lack of response by the housing department to the complaints raised and services requested, by the housing department. The SLA delegated the overarching responsibility of contract monitoring to the council's housing department.
- Cleaning of estates was monitored mostly informally, therefore it was not possible to confirm whether it happened in the documented frequencies as stated in the SLA.
- Resident services officer (RSO) and ICC meetings occur either quarterly or monthly, suggesting there is a lack of a consistent and routine approach.

Quarterly meetings between the housing area manager and ICC service manager are not taking place.

- No guidance documents or training has been provided for members of staff conducting monthly inspections to support a consistent approach.
- From the review of a sample of six monthly inspections, it was established that estate inspections undertaken by the housing department are not always timely and no consistent approach was defined for estate inspections, with no formal guidance/requirements in place, apart from scoring the estate and recording repairs. In addition, repairs were not always completed within the due date.

Looking forward: supporting the council’s journey from moderate to substantial assurance

Design	Limited	→ Substantial	<ul style="list-style-type: none"> • Management should conduct a thorough review of its expected performance requirements to determine key specifications and KPIs before preparation of the new SLA and agreement with ICC. Service specifications and KPI's included need to be clear, realistic, meaningful, structured and measurable. • KPIs should include area such as complaints, service requests and defaults. Customer satisfaction surveys with the residents should also be conducted. • The monitoring arrangements stated in the SLA should be reviewed in consultation with the ICC management. • A formal document should be put in place outlining requirements of staff when completing an estate inspection. • A guidance document tailored specifically to resident services officers and communal repairs officers should be put in place. The document should outline the officer’s responsibilities in relation to estate and grounds inspections and provide sufficient direction to ensure they are able to perform their duties effectively and efficiently without compromising the level of quality required.
Operational Effectiveness	Limited	→ Substantial	<ul style="list-style-type: none"> • The service specifications and KPI's should be annually reviewed to measure their appropriateness, ensuring that value for money is being provided through the SLA. • Management should ensure that the monitoring requirements of the SLA are complied with and formal evidence retained of meetings and poor performance or potential issues followed up to resolution.

Follow up
A review of the actions taken since the audit will be undertaken in September 2019.

CAS41 Adult Learning Services May 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Substantial	Medium	-
				Low	2
Purpose of audit	To provide assurance over compliance with the control framework in place, including retention of documentation to support eligibility for ESFA funding and the collection of payments when the eligibility criteria have not been met.	Added value	We carried out benchmarking to compare the various adult learning courses offered by other councils. The benchmarking identified that the council offers significant variety of courses compared to other councils which provide limited courses. Due to the variety of courses we were unable to compare the course fees for each individual course which is offered to other local authorities. However, we did compare the standard and concessionary fees charged per hour and confirmed the fees charged are consistent with other councils.		
<p>Background:</p> <p>The adult learning service provides courses to learners aged 19 or older at the time of enrolment. Family learning courses are also offered meaning learners may be younger if attending with a parent or carer. Courses may be funded or subsidised by the Education and Skills Funding Agency (ESFA) provided set criteria have been met. These include this particular learning aim or course being the learner's first in the current academic year and proof of residential status or entitlement to active benefits. If the criteria are not met, the learner will be required to pay the standard fees for their course. Courses have different fees depending on the level and type of course, what is being provided and the length of the course. The fees are approved annually by Cabinet. Concessionary fees may also be charged at the council's discretion if additional evidence is provided, such as a letter from Job Centre Plus or proof of state pension. Fees are collected by credit or debit card either at the Thomas Carlton Centre or locally at the learning centre if the course is being taught off-site. If a course spans 20 weeks or longer the learner has the opportunity to pay by instalments if they can provide evidence that they can meet the repayments. This option is generally discouraged by the council to avoid learners falling into a debt position. Registration fees are paid for at enrolment. Funding returns are submitted to the ESFA to claim the funding allocation. The ESFA can dispute the eligibility of learners, and if the council cannot substantiate their claim, the funding for these learners will not be provided. The council also commissions subcontractors to provide some courses on their behalf to eligible learners.</p> <p>Good practice:</p> <ul style="list-style-type: none"> The adult learning service has a fee policy dated 2018-19 that has been reviewed and approved by the children and adults board. For the academic year 2018-19 the Gateway 2 report for the use of subcontractors to deliver services was approved by the strategic director of children's and adult's services. Fees have been accurately charged to learners that have evidenced that they meet the criteria outlined by the ESFA funding requirements, and we confirmed for the sample tested that these were consistent with the fee policy. 					

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- Appropriate recovery action has been taken for the learners which pay for their courses through instalments, and we confirmed that payments outstanding are monitored on a monthly basis.
 - Contracts are in place with all subcontractors, which have been signed by both parties and clearly outline role, responsibilities, payments and evidence requirements for the individual learner records submissions.
 - Subcontractors are paid once appropriate evidence has been submitted to the adult learning team that the learner has attended the course.
 - The ESFA funding return is submitted at the end of the academic year to reconcile the actual number of learners with the initial funding received.

Key findings:

- An overarching procedure is not in place that sets out expected practices for the adult learning service team, including key deadlines for the selection of subcontractors to deliver learning.
- For one case out of 25 tested, there was no documentary evidence to confirm that learners that have been charged concessionary fees are eligible to receive this reduced fee.

TR04 Business Continuity Planning May 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Limited	Medium	7
				Low	-
Purpose of audit	To review the robustness of business continuity planning arrangements across the council, including plans, roles and responsibilities, communication, scenario planning and testing and lessons learned.	Added value	<p>We surveyed 191 officers on BCP arrangements and received 77 responses. This produced useful information, such as:</p> <ul style="list-style-type: none"> • 45% were not aware of or had not read their department's BCP • 61% had received no communications or training on BCP from management • 47% would not know what to do if the BCP was invoked. <p>We also provided a business continuity maturity assessment matrix from the IIA/Global Technology Audit Guide (GTAG) which the council can use to gauge and assess the maturity level of the council's business continuity arrangements, and implement any necessary changes. The council may wish to pay extra attention to objectives six and seven of the matrix which relate to training and awareness and BCP testing, as we have identified findings in these areas.</p>		
<p>Background:</p> <p>The emergency planning team oversees the council's emergency planning processes, and ensures that business continuity plans (BCPs) are in place at department and corporate level. Business continuity leads within each department of the council are responsible for ensuring that their BCPs are reviewed and updated, with the support of the emergency planning team. The team is also responsible for facilitating emergency planning exercises across the council, as well as taking part in external pan London council exercises. There has been a recent review of processes and BCPs by the team to ensure that plans are up to date and fit for purpose, and include all relevant and required information. The council also has an overarching BCP which outlines the council's response to events which could prevent the usual delivery of council services.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • The council has a BCP steering group with their first meeting in January 2019, where best practice is discussed and shared. • Best practice templates for BCPs are provided by the emergency planning team for use by the BCP leads which include all categories of required information. • The emergency planning and resilience manager attends the central business continuity forum where lessons learned are discussed and shared with counterparts. <p>Key findings:</p> <ul style="list-style-type: none"> • The council's overarching BCP which is dated January 2019 is yet to be approved, and business information system priorities across the council 					

<p>have not been identified.</p> <ul style="list-style-type: none"> • Departmental BCPs have not been reviewed within the last year (3 of 6), or have been reviewed and updated but are yet to be approved (3 of 6). • Key information relating to contact details within department BCPs is out of date or incorrect. • There is not enough clarity of the roles and obligations of BCP leads. • Staff are not aware of their department BCPs and how to report and react to business continuity risks. • Although various aspects of business continuity have been tested, full testing of business continuity plans has not been undertaken. • Lessons learned and results from scenario testing are not fed back to BCP leads and not used to inform the review of BCPs. 			
<p>Looking forward: supporting the council's journey from moderate to substantial assurance</p>			
Design	Moderate	→ Substantial	<ul style="list-style-type: none"> • Ensure that all officers have an awareness of business continuity planning, their departmental BCP, and how to identify and report a business continuity risk. • Ensure that scenario and BCP testing is carried out at least annually which tests all aspects of a BCP.
Operational Effectiveness	Limited	→ Substantial	<ul style="list-style-type: none"> • Ensure overarching council BCP is approved, and identify prioritisation of business information systems • Ensure all BCPs have been reviewed and approved and that information and contact details within all BCPs are correct and up to date. • Ensure that BCP leads are formally identified and recorded for all departments, and roles and responsibilities of BCP leads are clarified and documented. • Ensure lessons learned are identified following scenario and BCP testing, documented and shared with relevant officers and leads. • Ensure that results and lessons learned from scenario and BCP testing are used to inform the review of BCPs and that BCPs are updated to include necessary changes.
<p>Follow up A review of the actions taken since the audit will be undertaken in August 2019 and again in March 2020.</p>			

CAS44 Music Service May 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	4
				Low	2
Purpose of audit	To provide assurance over how effectively the music service is operating, including the use of grant funding and the recording of equipment.		Added value	N/A	
<p>Background:</p> <p>The council's music service provides music opportunities to children and young people aged between 3 and 19 in Southwark. This service is run on a not for profit basis, with any additional income received being put back into the service, for example through the purchase of additional instruments. The council receive grant funding of approximately £400,000 from the Arts Council which can be used for funding seven types of activities: whole class instrumental tuition, progression groups, group ensemble, singing, continuous professional development, choir and performances. Schools can select the types of classes they would like to receive from a programme, each with their own cost. Currently the council is offering seven types of instruments: African drums, samba, strings, bass, woodwind, ukulele or recorder. In addition to this, the council also provides curriculum teaching in schools, which includes the provision of a tutor, loan of instruments, central tutor training and a mentor. This service is funded by the schools with a cost of £1,000 per year and is currently offered in approximately half the schools in the borough. This income, coupled with miscellaneous other schools and parents payments, totals approximately £200,000 per year.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • An inventory listing outlining instruments owned by the service is in place. • Fee notification letters had been sent to all schools. • Tutors in the service had received enhanced DBS clearances and completed annual declarations. • Fees for 2017-18 had been paid by all schools in our sample. <p>Key findings:</p> <ul style="list-style-type: none"> • The inventory listing of equipment did not record the exact number for some of the equipment and did not record the acquisition date to enable this to be reconciled with a list of purchases. • Agreements were not in place with schools or third parties, either for programmes to be completed, equipment being loaned or the use of storage space. • A recent review of fees being charged had not been undertaken. • Sample testing identified some incorrect amounts were being charged to schools. 					

Looking forward: supporting the council's journey from moderate to substantial assurance			
Design	Moderate	→ Substantial	<ul style="list-style-type: none"> • Update the inventory listing to include instrument acquisition dates. • Create agreements with schools and third parties to cover equipment loans and storage arrangements. • Undertake a costing exercise of all programmes offered to confirm the appropriateness of current fees and discounts.
Operational Effectiveness	Moderate	→ Substantial	<ul style="list-style-type: none"> • Ensure signed agreements are in place with all schools for the current academic year which reflect the programmes they are actually receiving. • Ensure the fee listing records all fees and documentation is retained for instances where this has not been followed. • Record all equipment movements between schools and storage. • Request regular information is provided relating to outstanding fees.
<p>Follow up A review of the actions taken since the audit will be undertaken in August 2019 and again in January 2020.</p>			

MA07 Accounts Payable May 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		Moderate	Moderate	Medium	2
				Low	-
Purpose of audit	To provide assurance on the arrangements to manage creditor payments processed via SAP (both by the Financial Control and Processing team and other departments) to ensure that they are promptly and effectively brought into use.	Added value	We used data analytics as part of the audit and a number of tests have been performed. Some anomalies were identified and were reported to the Head of financial control and processing to resolve and provide a response as part of the finalisation of the audit.		
<p>Background:</p> <p>The council's main financial system is SAP within which accounts payable transactions are recorded; SAP allows invoices to be scanned onto the system and electronic purchase ordering /invoice approval linked to the council's scheme of management. To support the processing of these transactions the council has a central financial control and processing (FC&P) team within the exchequer service division. There is a service agreement between FC&P and the council. The role of FC&P involves processing the payments and in particular areas, oversight of checking invoices or undertaking high level checks. Purchase Orders can be raised electronically through the SAP system, these are work-flowed to the relevant individuals or via email, which are the sources of evidence and sign off for FC&P to raise the order electronically. Goods are received via SAP or can be receipted via email to the FC&P Team confirming the receipt of goods. Once the purchase order, invoice and goods receipted are completed (three way match) the invoice will be processed for payment. Non-purchase orders are raised via email (typically) on Excel spreadsheets which detail the requisition and contain authorisation of the delegated purchase within it. Invoices raised by suppliers are issued to the departments who should conduct the relevant checks before providing them to FC&P - it is not the role of FC&P to assess the accuracy, completeness and validity of the invoices received, but the relevant budget holder. FC&P undertakes payment runs every day at 1pm and as part of this check for duplicate payments; any items flagged as duplicates or unusual will not be processed for payment. New/amended vendors are dealt with by the SAP helpdesk which is based in the council. CHAPS payments are dealt with by treasury team and banking team - FC&P do not get involved with these payments. The process of CHAPS payment is covered by the internal audit ADD03 CHAPS Payment. FC&P is led by the head of financial control and processing who reports into the head of assessments and payment, and is split into three teams: control, processing and quality.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • Potential duplicate payments are flagged using the AP forensics software introduced a year ago prior to payment runs. Payments that require further clarification are automatically blocked from being paid until checked and released manually. • A well-defined workflow system operates within the SAP system which restricts the approval of items to the relevant staff members. 					

Key findings:

- A number of variations between SAP authorisation limits and the schemes of management were identified. A review of staff who had an unlimited authorisation level on SAP but did not on the relevant Departmental Scheme of Management identified 29 occasions where Purchase Orders, totalling £118m, were authorised above their authority.
- Vendor checks are not completed during the creating of new vendors on SAP.
- Purchase Orders are being authorised after the date of the invoice received, thus indicating retrospective authorisation.

Looking forward: supporting the council's journey from moderate to substantial assurance

Design	Moderate →	Substantial	<ul style="list-style-type: none">• SAP authorisation levels to be reviewed and adjusted to meet Schemes of management requirements.• Procedures should be updated to reflect the current process in regards to the use of good receipt notes.
Operational Effectiveness	Moderate →	Substantial	<ul style="list-style-type: none">• Regular review and updating of departmental Schemes of Management.• Review of SAP authorisation levels to match to Scheme of Management levels.• Confirmation of checks undertaken between SAP authorisation limits and departmental Schemes of Management.• Ensuring all payment documentation is uploaded on to SAP as evidence.• Company house checks and VAT checks must be completed prior to new vendors being set up in the system.

Follow up

A review of the actions taken since the audit will be undertaken in quarter 3, 2019-20 as part of the annual audit.

CAS10 Safeguarding (Adults) May 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	3
				Low	1
Purpose of audit	To provide assurance over the controls in place to ensure that adults who are entitled to statutory safeguarding provisions are properly safeguarded and statutory requirements are met.	Added value	We used data analytics from Mosaic of all safeguarding cases raised since April 2018. We have assessed the timeliness of all 561 safeguarding concerns that have been raised in line with the indicative timeframes stated in the council's safeguarding processes.		
<p>Background:</p> <p>Section 42 of the Care Act 2014 requires that each local authority must make enquiries, or cause others to do so, if it believes an adult is experiencing, or is at risk of, abuse or neglect. An enquiry should establish whether any action needs to be taken to prevent or stop abuse or neglect, and if so, by whom. The council's adults' safeguarding process is made up of four stages, each with indicative timeframes for completion:</p> <ul style="list-style-type: none"> • Respond to reported concerns within one working day. • Undertake a safeguarding enquiry within 25 working days. • Implement a safeguarding plan within five working days of the enquiry report and review the plan not more than three months later. • Close the enquiry, with the actions being closed within five working days of the closure decision. <p>The indicative timeframes reflect accepted good practice, whilst accepting that some actions and decisions are outside of the council's control and dependent upon other agencies (e.g. police investigative work) and the statutory requirement under the Care Act for person-centred safeguarding practice and the involvement of individuals in the necessary actions. The adults' service use the Mosaic system for recording details relating to their safeguarding cases. The 'Adults Safeguarding Workflow Process' outlines how the various safeguarding forms should be completed, including the concern, enquiry, review and closure forms and the mandatory information which must be included. The reasons for any delays should also be documented on Mosaic.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • There are appropriate safeguarding processes and procedures in place that have been distributed to staff. • The workflow process provides sufficient detail and mandatory information that need to be completed prior to progressing onto the next stage. • There is a coherent and logical procedure that should be followed beginning with the safeguarding concern, safeguarding enquiry, safeguarding plan and closure. 					

- Through sample testing we confirmed that:
 - Adults are kept informed and aware of safeguarding cases as well as the adult’s consent being obtained and validated through each stage within the workflow process.
 - Safeguarding enquiries are documented and evidenced within Mosaic; this includes sufficient detail of the investigations undertaken and the outcomes of the enquiry.
 - The outcomes of the enquiries are clearly outlined therefore there is sufficient evidence that the risk has been mitigated or minimised for the enquiry to be closed.
 - Appropriate safeguarding plans have been implemented and evidenced. The adult has also had an opportunity to express and contribute to the outcomes of their safeguarding plan.

Key findings:

- Insufficient detail around the decisions when more than one concern has been raised on the same individual and the reasons for actions being undertaken has not been recorded within Mosaic. 74% of cases exceeded the deadline of one day for concerns to be reported.
- The workflow processes from the concern to enquiry stage is not always being followed and we identified delays in enquiries being undertaken and closed.
- Not all safeguarding concern, enquiry and closure forms are approved by an independent decision maker.

Looking forward: supporting the council’s journey from moderate to substantial assurance

Operational Effectiveness	Moderate	→	Substantial	<ul style="list-style-type: none"> • Cross referencing safeguarding concerns to avoid any duplication of enquiries being undertaken • Ensure all stages within the workflow are completed chronologically and within a timely manner • Appropriate authorisation has been sought from an appropriate decision maker prior to proceeding to the next stage.
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Follow up

A review of the actions taken since the audit will be undertaken in August 2019.

ESR62 Public Health - health in all policies May 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	3
				Low	-
Purpose of audit	<p>To provide assurance over the adequacy and effectiveness of the new delivery mechanisms in this area via the integration of health and wellbeing policies:</p> <ul style="list-style-type: none"> • The Southwark public health team and its relationships (contacts (formal or informal), partnership working, policies and programmes) with other departments across the council. • Other major departments and teams across Southwark Council and the ways in which the public health team currently influence and inform the nature of contacts (formal or informal), partnership working, policies and programmes. • Opportunities to develop, strengthen and formalise contacts (formal or informal), partnership working, policies and programmes between departments and the public health team. 	Added value	<p>We completed the following:</p> <ul style="list-style-type: none"> • Benchmarked the council’s performance in adopting the Health in All Policies (HiAP) approach against the principles put forward by the Local Government Association and Public Health England. • In order to further highlight the potential benefits a successfully implemented HiAP strategy could bring to the council, we have outlined a number of outcomes achieved by other local authorities after they have adopted the Health in All Policies approach. • Utilised a staff survey to help determine awareness and knowledge of the public health team support and strategies. 		
<p>Background:</p> <p>Health in all policies is a council wide strategy to ensure that the council is considering the health implications and opportunities in all of its procedures. It is intended to emphasise the importance of health when working, with the goal of cultivating healthier employees who will therefore be more motivated and productive. Guidance from national government as well as from other authorities is being used to inform the methods with which the public health and wellbeing team will attempt to incorporate these considerations into all policies and procedures in the council. The public health and wellbeing team are actively engaging with the other departments of the council to try and ensure that health and wellbeing is being incorporated into any policies and procedures being crafted. This involves attempting to create and maintain open and easy to access lines of communication between the departments and the public health and wellbeing team. Each department should be collaborating with the public health team on relevant initiative(s), and have either a formal or informal link to the public health team. Either of these will help facilitate the lines of communication, collaboration, joint working, and planning between staff in each department and the public health and wellbeing team.</p>					

Good practice:

- The public health team has assisted in supporting policies on school meals and healthy eating and used their data analytics expertise to assist with the data captured in the Southwark Big Conversation to identify trends.
- The strategic director of place and wellbeing liaises with directors to further develop their understanding of the health in all policies approach. In addition, the strategic groups and boards that are in place include public health representatives. For example, on the alcohol prevention group and the suicide prevention steering group.
- There are national targets the council is measured on for items such as sexual health or obesity, which are formally monitored in returns to the government.

Key findings:

- There is no formal guidance that has been communicated to council departments clearly covering the role of the public health team and how they can play a role in policy development and dissemination.
- There is a lack of awareness of the support available to departments from the public health team which, coupled with the above, means that departments do not know how to effectively integrate the health in all policies approach into their own policies and procedures.
- There are no formal designated public health champions in departments.
- The assistant director to public health, the health improvement partnership manager and the head of public health programmes have provided guidance documents that are available online. However, it is unclear how these documents are being used by other departments.
- No records are maintained on the impact on public health of local developments, e.g. new housing.

Looking forward: supporting the council's journey from moderate to substantial assurance

Design	Moderate →	Substantial	<ul style="list-style-type: none"> • Clarify roles and responsibilities within the public health team. • Work with departments to identify public health champions. • Communicate directly with directors and departmental management teams. • Develop consistent guidance for departments to refer to in contacting the public health team and for assistance in developing policies.
Operational Effectiveness	Moderate →	Substantial	<ul style="list-style-type: none"> • Update the Source. • A means of assessing and monitoring the public health team's impact on local projects and in the communities within the borough should be developed.

Follow up

A review of the actions taken since the audit will be undertaken in April 2020.

FG21 Data Protection / GDPR May 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	1
				Low	-
Purpose of audit	To provide assurance over the compliance with the new regulations across the council's departments, with a focus on data owners' responsibilities.		Added value	Assessment against best practice principles and drawing on practices in other organisations.	
<p>Background:</p> <p>On 25 May 2018, regulations governing the collection, processing, and transmission of personal identifiable information was superseded by the General Data Protection Regulation (the GDPR). As a data controller, the council is responsible for ensuring that its ways of working with personal information comply with the requirements of the GDPR. Further, in addition to accessing their own information, GDPR explicitly defines the rights of the individual with regards to how their data is processed. The Information Commissioner's Office (the ICO) is responsible for enforcing the GDPR and penalties for non-compliance include audits, restricted ability to process personal information, or financial penalties. According to guidance from the Information Commissioner's Office (ICO), the GDPR requires data protection by design and default, previously known as 'privacy by design'. This means, per data protection law, organisations must put in place appropriate technical and organisational measures to implement the data protection principles and safeguard individual rights. All requests relating to personal data matters are received centrally by the customer resolution team, through the access info mailbox. Requests are then distributed to the relevant departments for the appropriate action to take place</p> <p>Good practice:</p> <ul style="list-style-type: none"> • An information audit was conducted, identifying its lawful basis of processing for GDPR compliance and mapping out its current data flows to identify the information assets it held, which were then incorporated within an information asset register, which was regularly monitored. • The council is registered with the ICO and uses its lawful basis of processing for data sharing and processing. • An appropriate data protection policy is in place, which has nominated the council's strategic director of finance & governance as data protection officer (DPO) and implemented appropriate technical and organisational measures to help compliance with data protection principles including data minimisation, pseudonymisation and transparency. • There is an appropriate data protection impact assessment (DPIA) technical policy and guidance to ensure staff understand when to conduct a DPIA and has a documented framework which links to existing risk management, project management, and new ways of working and integrates data protection into processing activities. • Provision of privacy information to staff and documented procedures for responding to individual requests raised under GDPR are published and available to review on the council's intranet (i.e. The Source). Children and adults services were provided the same privacy information explaining the risks involved in processing and the safeguards the council have put in place. • The council has implemented an Information Security policy which details its approach to information security, the technical and organisational 					

measures that were implemented and the roles and responsibilities staff have in relation to keeping information secure. The policy is supported by appropriate security measures and highlights effective processes to identify, report, manage and resolve any personal data breaches.

- Policies and procedures have been communicated to all staff that clearly set out when it is appropriate for them to share or disclose data and has assigned responsibility to an appropriate member of staff for ensuring effective data sharing.
- The council maintains a log of all decisions to share personal data and has a data sharing agreement (DSA) with any party it routinely shares personal data with or transfers large data to and these agreements are regularly reviewed.
- A subject access request policy clearly sets out when it is appropriate for staff to disclose data, with roles and responsibilities assigned. Adequate formal guidance and training on an ongoing basis was provided to staff that regularly make decisions about whether to share personal data with third parties and monthly progress was reviewed and reported to the corporate governance panel.
- A records management policy has been published, subject to a regular review process and has defined and allocated records management responsibilities. Appropriate formal mandatory induction training with regular refresher material was provided to relevant staff. There are defined mandatory and refresher training programmes which provides data protection awareness for all staff, to ensure compliance with GDPR.
- The council has implemented controls over appropriate access to the restricted records storage areas, in order to prevent unauthorised access, damage, theft or loss.

Key findings:

- The council has not conducted any regular periodic reviews to monitor its own compliance with data protection policies, records management procedures and effectiveness of data handling and security controls.

Looking forward: supporting the council's journey from moderate to substantial assurance

Operational Effectiveness	Moderate	→ Substantial	<ul style="list-style-type: none"> • Provide guidance to departments on a good practice approach to monitoring compliance with data protection in relation to records management. • Collate results for consideration by senior management and to inform improvement actions.
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Follow up

A review of the actions taken since the audit will be undertaken in October 2019.

CAS63 Mosaic Operational Audit / Payments May 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		Moderate	Limited	Medium	1
				Low	-
Purpose of audit	To provide assurance over arrangements for recording, approving and processing social care packages within Mosaic, such that only valid and accurate amounts are generated for processing and payment.	Added value	<p>A reconciliation exercise was undertaken between a list of all council's active staff, against a list of the mental health team with access to Mosaic system, to ensure they were all current and have access levels commensurate with their role</p> <p>This exercise identified that the access levels were appropriate to the role they were designated to. However, testing confirmed that five individuals with access to Mosaic, had left the council but their access was still active.</p>		
<p>Background:</p> <p>Mosaic is the council's care database, and the majority of invoices received by the council for care packages are processed for payment via SAP through interfaces. There remain some cases where invoices still need to be paid directly from SAP, these will be considered as part of MA07 - Creditor Payments. Care plans are authorised initially through consideration by the appropriate panel or delegated officer. The details are loaded on to Mosaic including the amount and payment cycle (e.g. weekly or monthly). The care plans are authorised on Mosaic by electronic workflow and a payment cycle commences at the next appropriate date. Mosaic will automatically pick up a payment based on the payment cycle and produce an interface file which is sent to the SAP team to be processed via SAP. The financial control and processing team perform a basic reconciliation of number of records and amount and run the interface through SAP to generate the payments. Invoices received from providers are received by the appropriate finance team and details loaded on to Mosaic against the relevant case. New / amended vendors are dealt with by the SAP Helpdesk which is based in the council. This is an annual audit, as Mosaic is now a key system that drives social care payments made by the council. Through discussion with management, we have determined the specific areas of social care to focus on in this financial year, based upon the volume and materiality of transactions being processed through the system and specific areas of concern.</p> <p>Good practice:</p> <ul style="list-style-type: none"> The council has appropriate documented and approved policies and procedures that set out staff's roles and responsibilities. There is a set of local procedures and guidance in place, to help guide the social worker teams and the finance teams in the processing and preparation of Mosaic payments, available on the council's intranet, providing step by step guidance of the processes. We confirmed that the adult social care and personal budget policies and procedures are designed to ensure compliance with relevant legislation including care act 2014, care and support statutory guidance & regulations 2018 and mental health act 1983. Interface files from the Mosaic system to the SAP system have several in built checks to reject mistakes and incorrect payments. 					

- A monthly reconciliation is undertaken on the interface control report in a timely manner with any variances appropriately investigated and authorised.
- Sufficient checks are undertaken to confirm the validity of data in the Mosaic interface before payments are made via SAP. Sample testing confirmed that all the payments were appropriately processed with sufficient checks taken and segregation of duties in operation.

Key findings:

- No user systems access review has been undertaken to ensure that the accounts for any staff leaving South London and Maudsley NHS Trust (SLAM), who have access to the council’s data or the council have been deactivated in a timely manner. Sample testing of 25 council staff, confirmed that in five cases, staff had left the council, however their accounts have not been deactivated.
- The workflow report highlighted several inconsistencies in the sampled client records including incomplete workflows and key information missing, such as workflow approvals, service start and end dates, workflow task IDs and evidence of annual review.
- Testing identified:
 - 29/50 client records had workflow approvals missing
 - 2/50 client records had no workflow information available
 - 6/50 care plans were not on Mosaic
 - 6/50 care plans had not been subject to an annual review
 - 6/50 financial assessment had not been subject to an annual review.
- The Mosaic systems and support team advised that the missing approvals would either be an e-mail from a team manager or on a paper version of a panel sheet, and that they would have been loaded in the CareStore document management system. The only way to verify these records would be to check the care store for each individual case or contact the relevant social worker to check for e-mails if they have not been loaded into CareStore. As the primary database for social care records, Mosaic does not hold all pertinent records for current cases.

Looking forward: supporting the council’s journey from moderate / limited to substantial assurance

Design	Moderate →	Substantial	<ul style="list-style-type: none"> • A regular reconciliation exercise should be completed, at least every six months, between all council and SLAM active employees against the individual accounts with Mosaic access.
Operational Effectiveness	Limited →	Substantial	<ul style="list-style-type: none"> • All required documentation should be completed, saved centrally and signed off within Mosaic. • Staff should be reminded of these requirements and further training provided if necessary. • Mosaic systems and support team should take a proactive approach in analysing all the cases processed within the month, to highlight the incomplete records and inform relevant managers to ensure compliance and full utilisation of the Mosaic System.

Follow up

A review of the actions taken since the audit will be undertaken in quarter 3, 2019-20, as part of the annual internal audit of the system and controls.

HM62 Modernisation Programme May 2019		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		N/A - Advisory Review		Medium	4
				Low	-
Purpose of audit	We selected a sample of eight projects across the three strategies and reviewed the governance and reporting arrangements, project management documentation and monitoring, definition and evaluation arrangements of objectives and benefits and controls around change management.	Added value	Assessment against best practice principles and drawing on practices in other organisations.		
<p>Background:</p> <p>On 1 November 2016, Cabinet agreed a collection of strategies to transform and modernise the council as part of Southwark’s Fairer Future modernisation programme 2017-2020. The purpose of the programme is “to modernise the council by transforming where and how we work, in order to better serve the council’s customers”. The modernise programme is made up of three key strategies, which have the following aims:</p> <ul style="list-style-type: none"> • Workplace - to provide a bright, modern, flexible work environment for all staff that supports mobility, productivity and collaboration across departments • Workforce - to develop the culture, skills, processes and management capability to support a productive, motivated and high performing workforce • IT - to deliver, modern, reliable, secure, cost effective technology that supports the digital strategy and enables service transformation across the council. <p>The workplace strategy aims to create attractive and inspiring work environments to support new workstyles, increase adaptability of space, and business performance. It describes creating a two centre model between Tooley Street and Queens Road by the development of a new building on the Queens Road campus as well as developing a new depot. The workforce strategy is made up of nine key areas to provide staff with a more consistent experience and enable more effective communication. The IT strategy has six key deliverables which will build an evolving and responsive IT service that meets the requirements of staff and residents.</p> <p>The programmes, work plans and work streams for each strategy will assist in the delivery of the overall modernisation programme. A different approach is taken for the key deliverables within the three strategies depending upon the level of complexity and degree of change involved. Whilst some of the projects have their own governance arrangements and project boards, the modernisation strategy board is the centralised function which oversees the modernisation programme.</p>					

Good practice:

- A defined governance structure had been established for the projects reviewed, which was proportionate to the complexity of the project. In one case where the governance structure was proved to be ineffective, management had reviewed the arrangements and is in the process of establishing a new governance structure (“Smarter Working” renamed “Smarter Southwark” work programme)
- Reporting lines for the projects had been established and updates were provided to overseeing managers/bodies on a regular basis. The senior management team also reports to the director of modernise regularly (every two weeks). For larger projects, highlight (progress) project reports are produced
- Project managers and owners are aware of the value of open communication with staff and have requested feedback, created communication strategies and arranged staff training where appropriate to keep staff informed and involved in the process.

Key findings:

- The project benefits are not distinct from objectives and they are not articulated in a way that assists with their measurement and evaluation. No clear plans are in place about how realised benefit will be measured and evaluated against the initial plans (high)
- The format of highlight reports submitted to the modernisation strategy board is inconsistent between the different strategy teams. The information presented is not adequate to form a clear picture of progress, delays and issues, especially for the Workforce and Workplace strategies.
- Individual project highlight reports have different formats and do not consistently contain all the necessary information for a comprehensive progress update.
- Project management documentation requirements are not consistent between projects and teams.
- No clear method is used to estimate project staffing needs, internal staff capacity and accurate project costs for the life of the project.

Conclusion:

The council has several controls in place for managing the projects and work programmes under the modernisation programme. These include establishing governance structures and reporting lines, creating and submitting regular progress reports to overseeing managers and bodies, creating project documentation to ensure projects are managed effectively in a controlled environment and establishing communication strategies with staff impacted by the changes of the modernisation programme.





However, improvements are needed in the way benefit evaluation is articulated and planned and in the reports and updates provided to the modernisation strategy board. Improvements can also be achieved in the project management products and documentation to ensure these are consistent across the council and contain necessary information to provide clear and comprehensive progress updates for all projects. Staffing needs should also be considered and documented at the business case stage to ensure the council has staff capacity to take on new projects and that the project costing is accurate.

Follow up

A review of the actions taken since the review will be undertaken in October 2019.

APPENDIX 2

OPINION SIGNIFICANCE DEFINITION

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

FOR MORE INFORMATION:**Greg Rubins, Engagement Partner and Chief Audit Executive****Greg.Rubins@BDO.co.uk****Angela Mason-Bell, Manager****Angela.Mason-Bell@BDO.co.uk**

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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Item No. 7.	Classification: Open	Date: 5 June 2019	Meeting Name: Audit, Governance and Standards Committee
Report title:		Draft Annual Governance Statement 2018-19	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATION

1. That the audit, governance and standards committee note the draft Annual Governance Statement 2018-19 as attached at Appendix 1.

BACKGROUND INFORMATION

2. The Accounts and Audit Regulations 2015 require that the annual governance statement be presented to and approved by an appropriate committee of the council. Under the constitution, the audit, governance and standards committee is the body that formally receives the annual governance statement.
3. The regulations require the annual governance statement to accompany the signed and dated accounts and to be approved at the same time as the statement of accounts. Formal approval will therefore be sought at the July meeting.
4. Following this approval, the annual governance statement should be signed by the most senior member of the council and most senior officer, who are the leader of the council and the chief executive.

KEY ISSUES FOR CONSIDERATION

5. Every year, each local authority is required by law to conduct a review of the effectiveness of its system of internal control and to publish a statement reporting on the review, the annual governance statement (AGS), with its financial statements.
6. The annual governance statement is therefore a mandatory statement that recognises, records and publishes the council's governance arrangements as defined in the CIPFA/SOLACE framework for good governance in local authorities. It reflects how the council conducts its business, both internally and in its dealings with others. Its objective is to provide assurance on the effectiveness of the corporate governance arrangements and to identify significant governance issues requiring management action.
7. The statement is produced following a review of the council's governance arrangements and system of internal control. The review consists of an evaluation of the council's governance arrangements against the best practice described in the CIPFA guidelines. This includes an assessment of the systems and processes for:

- establishing the council's principal statutory obligations and organisational objectives and applying the six CIPFA/SOLACE core principles of good governance
 - identifying the principal risks to the achievement of the council's objectives
 - identifying and evaluating key controls to manage the council's principal risks
 - obtaining assurances on the effectiveness of key controls.
8. The assurances on the effectiveness of key controls are obtained throughout the year in the form of internal and external audit and inspection reports, risk management and performance activities. In addition, each strategic director completes an annual governance assurance statement describing the key governance and internal control arrangements within their department, the arrangements they have made to provide assurance that those arrangements are effective and any opportunities for improvement identified through the assurance review processes.
9. The corporate governance panel (CGP) is responsible for evaluating assurances and the supporting evidence, and agreeing the final draft of the AGS. In agreeing the final draft AGS, the CGP will consider issues that are of significance and comment on the final draft AGS as appropriate. Issues that are considered 'significant' are those that meet the following criteria:
- The issue has seriously prejudiced or prevented achievement of a principal objective;
 - The issue has resulted in a need to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business;
 - The issue has led to a material impact on the accounts;
 - The audit, governance and standards committee has advised that it should be considered significant for this purpose;
 - The chief audit executive has reported on it as significant in the annual opinion on the internal control environment;
 - The issue, or its impact, has attracted significant public interest or seriously damaged the reputation of the organisation; the issue has resulted in formal action being taken by the section 151 officer and/or monitoring officer.
10. The draft AGS (Appendix 1) is presented to the audit, governance and standards committee for review. It will be brought again in July for further consideration and approval and, subject to this approval, will need to be signed by the leader of the council and the chief executive.

Community Impact Statement

11. This report and the accompanying annual governance statement are not considered to have a direct impact on local people and communities. However, good governance arrangements are important to the delivery of local services and to the achievement of outcomes.

Resource implications

12. There are no direct resource implications in this report.

Consultation

13. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

14. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Financial and Information Governance files	Finance and Governance, Second Floor, Tooley Street	Rob Woollatt 020 7525 0614

APPENDICES

No.	Title
Appendix 1	Draft Annual Governance Statement 2018-19

Audit Trail

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Rob Woollatt, Interim Departmental Finance Manager	
Version	Final	
Dated	23 May 2019	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	No	N/A
Strategic Director of Finance and Governance	N/A	N/A
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team	24 May 2019	

APPENDIX 1

Annual Governance Statement 2018-19

Introduction and Acknowledgement of Responsibility

Southwark Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

The Principles of Good Governance

The CIPFA/SoLACE Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector. The document sets out seven core principles that underpin the governance framework and these are set out in Table 1 below

Table 1 – Core Principles of the CIPFA/SoLACE Framework



Annex 1 sets out in more detail how the council is meeting these seven requirements in practice.

Key Elements of the Council's Governance Framework

The governance framework at Southwark Council comprises the systems and processes, culture and values which the council has adopted in order to deliver on the above principles. The governance framework incorporated into this AGS has been in place at Southwark Council for the year ended 31 March 2019 and up to the date of the approval for the statement of accounts.

Table 2 – Overview of the Councils Governance framework

<p style="text-align: center;">Council, Cabinet and Leader</p> <ul style="list-style-type: none"> ➤ Provide leadership, approve the budget, develop and set policy ➤ Approve the constitution which sets out how the council operates ➤ Agree Council Plan priorities, developed in consultation with residents and stakeholders 	<p style="text-align: center;">Scrutiny and review</p> <ul style="list-style-type: none"> ➤ Scrutiny committees review council policy and can challenge decisions ➤ Audit, Governance and Standards Committee reviews governance and promotes and maintains high standards of conduct by councillors
<p style="text-align: center;">Decision making</p> <ul style="list-style-type: none"> ➤ All decisions made in compliance with law and council constitution ➤ All meetings are held in public ➤ Decisions are recorded on the council website 	<p style="text-align: center;">Risk Management</p> <ul style="list-style-type: none"> ➤ Risk management strategy ensures proper management of risks ➤ Risk registers identify both strategic and operational risks
<p style="text-align: center;">Chief Officers Team</p> <ul style="list-style-type: none"> ➤ Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective chief officer team (COT) ➤ The strategic director of finance and governance is the council's Section 151 officer and is responsible for safeguarding the council's financial position and ensuring value for money ➤ The director of law and democracy is the council's monitoring officer who, with the strategic director of finance and governance, is responsible for ensuring legality and promoting high standards of conduct in public life. 	

The council assembly is responsible for approving the budget, developing policies, making constitutional decisions and deciding local legislation. The council assembly elects the leader for a term of four years, and the leader appoints a cabinet of up to ten councillors (including him/herself), each holding a special portfolio of responsibility.

The council's constitution is updated throughout the year and sets out how the council operates. It states what matters are reserved for decision by the whole council, the responsibilities of the cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels, committees and community councils. Decision-making powers not reserved for councillors

are delegated to chief officers and heads of service. The monitoring officer ensures that all decisions made are legal and supports the audit, governance and standards committee in promoting high standards of conduct amongst members.

The overview and scrutiny committee and its sub-committees scrutinise decisions made by the cabinet, and those delegated to officers, and review services provided by the council and its partners. The scrutiny officer promotes and supports the council's scrutiny functions.

The cabinet has developed a fairer future vision for Southwark, which is published on the council's website. It is reviewed and updated according to changing statutory requirements, the evolving social and economic situation, analyses of needs and the performance of the council against its priorities. The vision is underpinned by five principles and guides ten promises, made to help achieve the vision.

The overall budget and policy framework of the council is set by the council assembly and all decisions are made within this framework. The council's overall policy is represented through the council plan, which is developed alongside the budget through consultation with residents and other stakeholders in the borough, and which sets out how the fairer future vision will be delivered. Performance against the council plan is monitored throughout the year. Progress is reviewed quarterly by the leader, lead cabinet member for performance and respective cabinet members and is reported through an annual performance report at the end of each financial year. The council also monitors its performance through feedback from its residents and service users.

The council welcomes views from the public and community as part of the constitutional process. These views are considered through formal and informal consultation processes, attendance at local meetings (e.g. community council meetings) or contact with a local ward councillor. Trades unions are consulted on issues that affect council staff.

The council plan is a key reference tool for Fairer Future medium term financial strategy and integrated efficiency plan (2017-18 to 2019-20) which enables the council to make best use of financial resources available and to enable the continued provision of value for money services that meet the needs of residents, businesses and other stakeholders. A new council plan for the period to 2022 was approved by Council Assembly in November 2018. At the broadest level, the council also works with a number of key strategic partners.

From the council plan, service plans and business plans are developed and individual officer work plans are agreed, with performance targets agreed at every level. Detailed budgets are aligned to corresponding plans following a robust budget challenge process, which challenges managers to demonstrate efficiency and value for money, and performance is monitored and managed at every level on a regular basis.

The performance management process helps to identify learning and development needs, which are translated into personal development plans for staff. Members are also offered development opportunities, in line with their own personal development plans. The council provides a complete programme of learning and development to officers and members. Senior officers are also expected to keep abreast of developments in their profession.

The council also has a whistleblowing policy, which encourages staff and other concerned parties to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

The council expects the highest standards of conduct and personal behaviour from members and staff; and promotes and maintains high standards of conduct by both elected and co-opted members of the authority. These standards are defined and communicated through codes of conduct, protocols and other documents.

The council's financial management arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2010) as set out in the "Application Note to Delivering Good Governance in Local Government: Framework". The chief financial officer is the strategic director of finance and governance, who has statutory responsibility for the proper management of the council's finances and is a key member of the chief officer team. He formally devolves the management of the council's finances within departments to strategic directors through the Scheme of Delegation for Financial Authority and Accountability. Strategic directors further devolve decision making through departmental schemes of management. The strategic director of finance and governance also provides detailed finance protocols, financial regulations, procedures, guidance and finance training for managers and staff.

The council's assurance arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Head of Internal Audit in Public Service Organisations" (2010). The chief audit executive reports functionally to the audit, governance and standards committee, which approves the audit plan and strategy and receives reports throughout the year on audit and anti-fraud activity as well as the annual report and opinion on the internal control framework.

The council's risk management strategy ensures proper management of the risks to the achievement of the council's priorities and helps decision making. In the council's day-to-day operations, a framework of internal controls (e.g. authorisation, reconciliations, separation of duties, etc.) controls the risks of fraud or error, and this framework is reviewed by internal audit. The council has appropriate arrangements in place to deal with fraud and corruption risks and is committed to maintaining its vigilance to tackle fraud. Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The council's legal services and procurement teams ensure that all are fit for purpose and the council's interests are protected.

The audit, governance and standards committee is responsible for monitoring the effective development and operation of corporate governance in the council. It provides independent assurance of the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment, the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, oversight of the financial reporting process and scrutiny of the treasury management strategy and policies.

Review of Effectiveness

Southwark Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The review of effectiveness is informed by the work of the senior managers within the council who have responsibility for the development and maintenance of the governance environment, the chief audit executive's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

The key elements of the review of effectiveness are:

- the council's internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework; internal surveys of awareness of corporate policies; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget challenge process
- An annual self-assessment and management assurance statement signed by strategic directors, confirming that the Code of Conduct, Financial Regulations and other corporate governance processes have operated as intended within their directorates throughout the year
- The annual report of the Chief Audit Executive provides an opinion to members on the adequacy and effectiveness of the internal control system and on the adequacy and effectiveness of the council's risk management, control and governance process
- The work of the Corporate Governance Panel (CGP) to ensure that the council continues to have appropriate and fit for purpose governance arrangements that are recognised and applied across the council
- The work of the audit, governance and standards committee which includes responsibility for monitoring the development and operation of corporate governance in the council

Assurance Statement

The review, as detailed above, provides good overall assurance of the council's system of internal control and that the arrangements are fit for purpose in accordance with the governance framework.

Governance Issues

Specific opportunities for improvement in governance and internal controls identified as part of the assurance processes have been addressed or are included in action plans for the relevant managers. Focus will be placed on the following significant governance issues during 2019-20:

1. The nature of the council's business activities means that there are ongoing information governance risks, including cyber security risks and IT network security, which continue to require careful management, particularly in the context of new IT shared service arrangements.
2. The continuing need to improve services and enhance customer access to those services means that integration, optimisation and security of the use of data held and managed by council departments continues to be of paramount importance.
3. The council has comprehensive and documented arrangements in place to ensure value for money from commissioning and procurement. The council's fairer future procurement strategy sets out how the council will use procurement to promote enhanced employment rights, to reduce inequality, to encourage ethical corporate behaviour and to provide an opportunity for added social value and environmental improvement. A new fairer future procurement framework will be considered for approval by Cabinet in June 2019. We need to continue to ensure that expected practice is followed in all instances and objectives of the strategy are delivered.
4. The council needs to continue to ensure that the highest standards of health and safety advice, support and guidance are provided consistently across all services.
5. The council must remain vigilant and ensure business continuity plans are robust, particularly in the event of contractor failure.

The council also faces a number of issues and areas of significant change that will require consideration and action as appropriate in 2019-20 and the medium-term. Significant issues identified include:

- The continued financial uncertainty regarding government funding of local government beyond 2019-20 creates a significant challenge in terms of budget setting and medium-term financial planning;
- Uncertainty over any transition to the new local government finance system based on business rate retention and a new funding formula will require careful attention to government's developing policy, and management of any potential loss to the council from changes to existing funding streams;
- There is a high level of uncertainty about the implications of Britain leaving the European Union. At this time there are a number of possible scenarios for how and when the country will depart.
- Increased dependency in funding on locally generated resources (e.g. council tax and business rates) as a proportion of total funding increases risk;
- The dedicated schools grant is now in a deficit due to significant unfunded pressures on high needs. At the same time the number of schools going into deficit has increased due to reduced funding and falling rolls. This situation, which is common across many local authorities, will require close monitoring and, in partnership with schools, a strong focus on the development of a robust financial recovery strategy over the medium term;
- The increasing need for and cost of demand led services such as social care, social housing, temporary accommodation and no recourse to public funds creates significant pressures on

budgets. These pressures are anticipated to continue through 2019-20 and beyond and will continue to need close monitoring and robust management action;

- The council is increasingly dependent on shared arrangements with health partners, in order to meet the growing demand for services in the context of reduced council funding. This will require appropriate strategies and planning by all parties, especially the management of ring-fenced resources
- Management of the transition to new operational arrangements for universal credit and of the potential impact of welfare reform on finance and client services.
- Funding of the capital programme, specifically in recognition of social regeneration and housing delivery aspirations and the scale of the council's housing stock.

Conclusion

The council is satisfied that appropriate governance arrangements are in place. We propose over the coming year to take steps to address the matters identified above to further enhance our governance arrangements, including the continual development of the council's risk management framework.

Signed on behalf of Southwark Council:

Eleanor Kelly
Chief Executive
Date:

Peter John
Leader of the Council
Date:

Annex 1 – The CIPFA/SoLACE framework

Priority 1 – Behaving with integrity, with commitment to ethical values, and respect for the rule of law

Codes of Conduct for members and officers reinforce a public service ethos and high standards of behaviour. These are supported by more detailed guidance such as anti-fraud strategy, whistleblowing policy, complaints procedure, contract standing orders, equality and diversity policy, member and officer protocol. The monitoring officer and strategic director finance and governance have specific responsibilities to ensure that council decisions meet legal requirements

Priority 2 – Ensuring openness and comprehensive stakeholder engagement

The council engages with stakeholders and partners through joint working arrangements, partnership boards and representation on external bodies' governing boards. Meetings are held in public (unless good reasons for confidentiality) and decisions published on the website. Consultation arrangements are embedded and consultation engagement section on the website includes a consultation hub, forum section. Regular customer surveys are conducted. 3,000 people took part in the 'Southwark conversation', the results of which were used to inform the council plan and priorities.

Priority 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits

The council's vision for the borough is set out in Fairer Futures. The council plan sets out how we will deliver the Fairer Futures vision and this is underpinned by departmental, service and business unit plans.

Priority 4 – Determining the intervention necessary to achieve intended outcomes

The council tracks performance against the fairer futures promises and council plan themes in the council plan performance schedules and produces an annual performance report. Senior management and members ensure the council remains focussed on delivering against agreed objectives and priorities set out in Fairer Futures and underpinned by fairer futures medium term financial strategy.

Priority 5 – Developing capacity, including the capability of leadership and individuals within the council

The council's Fairer Future workforce strategy helps make sure that the council's staff can deliver the corporate plans and priorities for the borough. The council continues to invest in training through corporate learning and development programme including member training and development programme. The Southwark Manager toolkit aimed at improving individual and organisational performance.

Priority 6 – Managing risks and performance through strong internal control and financial management

The council has a risk management process to support the management of key risks facing the council. The risk management process is supported by the council's risk management strategy. All departments and business units have risk registers which allocate a risk owner and are regularly reviewed. Internal audit arrangements and audit work programme designed to give assurance on the risk management and internal control processes. The audit, governance and standards committee provides independent assurance of the adequacy of the council's governance arrangements, including its risk management framework and the associated control environment. The council has robust financial management arrangements.

Priority 7 – implementing good practices in transparency, reporting and audit to deliver effective accountability

Minutes of meetings, key decisions, register of interests, gifts and hospitality and all items of expenditure over £250 are published on the council's website. The council produces an annual performance report, annual financial statements (including details of senior officer remuneration and member allowances) and an annual governance statement.

Item No. 9.	Classification: Open	Date: 5 June 2019	Meeting Name: Audit Governance and Standards Committee
Report title:		Formation of audit, governance and standards sub-committees for 2019-20	
Ward(s) or groups affected:		All	
From:		Director of Law and Democracy	

RECOMMENDATION

1. That the committee appoint three members to form the audit, governance and standards (civic awards) sub-committee.
2. That the committee appoint a chair of the sub-committee.
3. That the committee appoint three members to form the audit, governance and standards (standards) sub-committee.
4. That the committee appoint a chair of the sub-committee.

BACKGROUND INFORMATION

5. Southwark Council's constitution sets out as part of the role and responsibilities of the audit, governance and standards committee to establish the following sub-committees:
 - standards sub-committee; to consider complaints of misconduct against elected councillors and co-opted members
 - civic awards sub-committee; to consider civic awards.
6. The responsibilities of these two sub-committees are excerpted from the constitution below:

PART 3K: AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

Matters reserved for decision by the conduct sub-committee

40. To consider complaints of misconduct against elected councillors and co-opted members.

Matters reserved for decision by the civic awards sub-committee

41. To grant civic awards.

42. To consider the process by which the decisions with respect to civic awards applications are to be taken and to make recommendations to the audit, governance and standards committee.

43. To appoint non-voting co-opted members of the civic awards sub-committee.

KEY ISSUES FOR CONSIDERATION

7. The membership for these sub-committees is drawn from the main committee.
8. There is one meeting of the civic awards sub-committee, around February of each year to discuss and agree the grants of civic awards.
9. The standards sub-committee meets when it is required on an ad hoc basis; it has been required once in the past five years.

Community impact statement

10. Clear arrangements concerning the accountability of members are very important for promoting high standards of conduct. In addition it is important in aiding the decision-making process and helping to boost public confidence in the council. These arrangements ensure that members of the public are aware of the process in place to ensure that high standards of conduct are maintained within the council.
11. The council is committed to promoting civic engagement and good relations in our communities. The awards attract media interest and recognise the voluntary work of a number of people and organisations within Southwark, thus strengthening community cohesion.

APPENDICES

No.	Title
	None

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Council Constitution	Southwark Council, 160 Tooley Street, London SE1 2QH	Virginia Wynn-Jones 020 7525 7055
http://moderngov.southwark.gov.uk/ieListMeetings.aspx?CId=425&Year=0		

AUDIT TRAIL

Lead Officer	Doreen Forrester-Brown, Director of Law and Democracy	
Report Author	Virginia Wynn-Jones, Principal Constitutional Officer	
Version	Final	
Dated	28 May 2019	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	N/A	N/A
Strategic Director of Finance and Governance	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team		28 May 2019

Item No. 10.	Classification: Open	Date: 5 June 2019	Meeting Name: Audit, governance and standards committee
Report title:		Draft work programme for 2019-20	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the audit, governance and standards committee consider the proposed draft work programme for 2019-20 and whether they would wish to make amendments to arrangements as set out in paragraphs 8 and 9 of this report, or in respect of any other matters.
2. That the audit, governance and standards committee, subject to any requested changes, agree the work programme for 2019-20 set out in Appendix 2.

BACKGROUND INFORMATION

3. Since its establishment in March 2007, the committee has agreed a work programme for the forthcoming year. Amendments to the programme to take account of changing circumstances can be made throughout the year.
4. The purpose of this report is to set out possible areas of work for consideration to enable members to agree a programme for 2019-20.

KEY ISSUES FOR CONSIDERATION

5. In considering items for inclusion, it may be helpful to do this within the framework of the committee's purpose, as set out in the constitution. This is set out in the constitution to be:
 - Independent assurance of the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment
 - Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment
 - Oversight of the financial reporting process
 - Scrutiny of the treasury management strategy and policies
 - A framework to promote and maintain high standards of conduct by councillors, co-opted members and church and parent governor representatives.
6. The committee's terms of reference, as approved by council assembly, cover functions relating to audit activity, the regulatory framework, accounts, treasury management and the council's standards framework. They are attached at Appendix 1 as they may further help the committee to determine items to be included in its work programme.

7. Using the 2018-19 revised work programme as a starting point, a draft programme for 2019-20 has been included at Appendix 2 for the committee's consideration. Items shown in brackets are standing items which will be brought forward as they arise. The draft programme is based on meetings of the committee being held in June 2019, July 2019, September 2019, November 2019, February 2020 and June 2020.
8. During 2018-19, the committee reviewed a range of governance issues through the year and received updates from a number of key officers.
9. Members are asked to consider whether they would wish to continue this approach and, if so, to identify further governance topics for consideration in the coming year. If they do not wish to continue this approach, they are asked to identify an alternative approach to the review of governance.
10. Previous topics have included:
 - HR governance
 - The Fairer Future procurement strategy
 - The shared IT support service
 - IT network audit recommendations.
11. There remains a need to ensure flexibility in terms of emerging issues which come to light through items already on the committee's agenda. For example, a review of audit recommendations and progress on their implementation may highlight a need to request the attendance of individuals at a future meeting to help explain action taken. The draft programme therefore includes a standing item relating to review of the committee's work plan.
12. Items have been grouped in line with its functions, in order to ensure that there is appropriate coverage of the committee's key roles as defined in its terms of reference.
13. Training will continue to be provided for members on the role of the committee, and development needs will continue to be monitored to enable appropriate training to be provided as opportunities arise.
14. The committee is asked to consider whether the attached draft work programme reflects its priorities for the next year or whether there are other amendments which it would wish to see included.

Policy implications

15. This report is not considered to have direct policy implications.

Community impact statement

16. The decision to agree a work programme for next year is considered not to have a significant impact on any particular community or group.

Resource implications

17. There are no direct resource implications in this report.

Consultation

18. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

19. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix 1	Extract from the constitution – Part 3K Audit and governance
Appendix 2	Draft work programme for 2019-20

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Virginia Wynn-Jones, Principal Constitutional Officer	
Version	Final	
Dated	28 May 2019	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team	28 May 2019	

APPENDIX 1

Extract from the constitution – Part 3K Audit and governance committee

ROLE AND FUNCTIONS

Introduction

The purpose of the audit, governance and standards committee is to provide:

1. Independent assurance of the adequacy of the council's governance arrangements, including its standards regime, the risk management framework and the associated control environment.
2. Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.
3. Oversight of the financial reporting process.
4. Scrutiny of the treasury management strategy and policies.
5. A framework to promote and maintain high standards of conduct by councillors, co-opted members and church and parent governor representatives.

Audit activity

6. To approve the internal audit charter
7. To approve the risk based internal audit plan, including resource requirements.
8. To approve any significant proposed advisory services, additional to those included in the audit plan.
9. To receive information on the appointment, departure, resignation or change in chief audit executive.
10. To receive in-year summaries of internal audit and anti-fraud activity and the internal audit annual report and opinion and to consider the level of assurance it can give over the council's corporate governance arrangements.
11. To receive reports dealing with the management and performance of the provider of internal audit services, including the performance of the chief audit executive.
12. To receive reports from internal audit on agreed recommendations not implemented within a reasonable timescale.
13. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
14. To consider specific reports as agreed with the external auditor.
15. To comment on the scope and depth of external audit work and to ensure it gives value for money.

16. To have oversight over the appointment of the external auditor.
17. To commission work from internal and external audit.

Accounts

18. To review and approve the annual statement of accounts and specifically to consider compliance with appropriate accounting policies and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
19. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Treasury management

20. To review and scrutinise the treasury management strategy and policies.

Governance activity

21. To review any issue referred to it by the chief executive or a strategic director, or any council body.
22. To monitor the effective development and operation of risk management in the council.
23. To monitor the effective development and operation of corporate governance in the council and to agree actions necessary to ensure compliance with best practice.
24. To monitor council policies on 'whistle-blowing', the 'corporate anti-fraud strategy' and the council's complaints processes.
25. To receive reports from the statutory officers under the council's whistle blowing policy.
26. To provide strategic oversight on the use of the powers regulated by the Regulation of Investigatory Powers Act 2000 and to receive in-year reports on operational use.
27. To oversee the production of and agree the council's annual governance statement.
28. To review the council's compliance with its own and other published standards and controls.
29. To receive reports on retrospective contract related decisions as set out in contract standing orders.
30. To receive reports from the monitoring officer on any serious breach of the contract standing orders or procurement guidelines.

Standards activity

31. To advise the council on the adoption or revision of the members' code of conduct, the member and officer protocol and the communication protocol.
32. To monitor the operation of the members' code of conduct, the member and officer protocol and the communication protocol.
33. To monitor and advise on training provided for councillors, co-opted members and church and parent governor representatives.
34. To deal with any standards related complaints referred to it and any report from the monitoring officer on any matter which is referred to him or her.
35. To receive reports from the monitoring officer on unlawful expenditure and probity issues.
36. To consider the withholding of allowances from individual members (including elected members and co-opted members) in whole or in part for non-attendance at meetings, or, for elected members only, for failure to attend required training.
37. To establish the following sub-committees:
 - to consider complaints of misconduct against elected councillors and co-opted members
 - to consider civic awards.

Annual report

38. To report annually to all councillors on its work and performance during the year.

MATTERS RESERVED FOR DECISION**Matters reserved for decision by the main committee**

39. The matters reserved for decision to the committee are as set out in the role and functions, other than those functions delegated to the relevant sub-committee.

Matters reserved for decision by the conduct sub-committee

40. To consider complaints of misconduct against elected councillors and co-opted members.

Matters reserved for decision by the civic awards sub-committee

41. To grant civic awards.
42. To consider the process by which the decisions with respect to civic awards applications are to be taken and to make recommendations to the standards committee.
43. To appoint non-voting co-opted members of the civic awards sub-committee.

APPENDIX 2

Draft Work Programme for 2019-20

Items shown in brackets (✓) are standing items which will be brought forward as they arise

Item	Meeting date						Commentary
	June 2019	July 2019	September 2019	November 2019	Feb 2020	June 2020	
General							
Annual work programme for following year					✓		Draft work programme for the committee – Constitutional Officer
In-year review of work programme	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to pick up emerging issues
Annual report of audit, governance and standards committee					✓		Report on committee’s work and performance to be submitted to all councillors each year – Constitutional Officer
Internal Audit activity							
Internal audit plan and strategy for internal audit					✓		Proposed internal audit programme for future years – Strategic Director of Finance and Governance
Annual report and opinion on internal audit		✓					Including review of effectiveness of system of internal audit and Strategic Director of Finance and Governance’s opinion on system of internal control and report on internal audit contractor and Strategic Director of Finance and Governance (chief audit executive) performance – Strategic Director of Finance and Governance
Annual report on anti-fraud		✓					Annual progress report on the anti fraud services and special investigations team - Fraud manager

Item	Meeting date						Commentary
	June 2019	July 2019	September 2019	November 2019	Feb 2020	June 2020	
Progress report on the work of internal audit and anti-fraud	✓		✓	✓	✓	✓	Issues raised and progress on implementation of recommendations, including approval of any significant additional advisory services – Strategic Director of Finance and Governance
External Audit activity							
Audit fee letters (including pension fund)		✓			✓		Annual fee letters setting out indicative fees and planned work/outputs for 2018-19 in July 2018 and for 2019-20 in February 2019 for the council and pension fund – Grant Thornton
Audit plans (including pension fund)	✓					✓	Audit plans setting out audit work to be undertaken for audit of financial statements 2017-18 for the council and pension fund, including approval of any significant additional advisory services – Grant Thornton
Annual Audit letter (Grant Thornton)				✓			Annual audit letter (AAL) providing a summary of Grant Thornton's assessment of the council for the year, drawing from audit of financial statements and work undertaken to assess VfM – Grant Thornton
Audit findings reports (ISA 260) – including pension fund)			✓				Annual governance report (AGR) summarising findings from 2017-18 audit of financial statements and work to assess VfM arrangements – Grant Thornton
Informing the audit risk assessment for the council (including pension fund)	✓					✓	Item on oversight of management's processes in relation to risks of fraud/error, compliance with relevant laws and regulations and gong concern – Grant Thornton

Item	Meeting date						Commentary
	June 2019	July 2019	September 2019	November 2019	Feb 2020	June 2020	
Certification of claims and returns annual report					✓		Annual report summarising findings from the certification of 2017-18 grant claims – Grant Thornton
Audit update report	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – update on work being planned or undertaken – Grant Thornton
Governance and standards activity							
Annual governance statement	✓	✓					A mandatory statement setting out the council's governance arrangements – Departmental Finance Manager (Corporate and Central Services)
Retrospective approvals to contract decisions	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – contract standing orders require retrospective contract decisions over £100k for the purpose of obtaining guidance to inform future decision making – Strategic Director of Finance and Governance
Risk management and insurance					✓		Report on key risks in February – Head of Financial and Information Governance
Progress report on implementation of external audit recommendations	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – progress made in implementing external audit recommendations (including audit findings) – Strategic Director of Finance and Governance
Outcomes of the whistleblowing policy				✓			Annual report to consider outcomes of the whistleblowing policy – Director of Law and Democracy
Review of complaints made under Code of Conduct					✓		Annual report on complaints made under Code of Conduct – Head of Corporate Team
Report on operational use of Regulation of Investigatory Powers Act 2000					✓		Annual report on use of powers under RIPA – Head of Corporate Team

Item	Meeting date						Commentary
	June 2019	July 2019	September 2019	November 2019	Feb 2020	June 2020	
Review of member and officer protocol and communications protocol				✓			Annual review of protocols, with recommendations for changes as needed – Head of Corporate Team
Establishment of sub-committees for 2018-19		✓					Report to establish sub-committees in line with committee's role and functions – Principal Constitutional Officer
Appointment of non-voting members of the civic awards sub-committee for 2018-19					✓		Report to appoint the non-voting co-opted members of the civic awards sub-committee for 2018-19 – Principal Constitutional Officer
Member induction and training				✓			Report on member induction and training
Areas of governance for review during year		(✓)	(✓)	(✓)	(✓)		For consideration
Corporate governance framework	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to include e.g. council policies within remit of audit, governance and standards committee; other areas as identified: pensions governance; code of governance
Budget challenge and governance	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to monitor budget challenges as required, including processes and governance, throughout the year
Accounts							
Statement of accounts	✓	✓					2017-18 statement of accounts for consideration and approval – Strategic Director of Finance and Governance
Treasury Management							
Review of the policy and strategy				✓			Review of treasury management policy and strategy – Strategic Director of Finance and Governance

COMMITTEE: AUDIT, GOVERNANCE AND STANDARDS COMMITTEE (OPEN AGENDA)

NOTE: Original held in Constitutional Team; all amendments/queries to Virginia Wynn-Jones, Constitutional Team on 020 7525 7055 or virginia.wynn-jones@southwark.gov.uk

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 Councillor Humaira Ali By email
 Councillor Dora Dixon-Fyle By email
 Councillor Nick Dolezal 1
 Councillor Tom Flynn By email
 Councillor Andy Simmons 1
 Councillor Dan Whitehead By email

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Councillor Sarah King By email
 Councillor Lorraine Lauder By email
 Councillor Hamish McCallum By email
 Councillor Jason Ochere By email
 Councillor Bill Williams By email

OTHER COUNCILLORS

Councillor Victoria Mills By email

LAW AND DEMOCRACY

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 Doreen Forrester-Brown 1

COMMUNICATIONS

Louise Neilan By email

CONSTITUTIONAL TEAM

Virginia Wynn-Jones 6

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 Ms Amrit Mangra By email
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