

Audit, Governance and Standards Committee

Wednesday 9 September 2020
6.30 pm

Online/Virtual. Contact constitutional.team@southwark.gov.uk for details.

Membership

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

Reserves

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

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: 1 September 2020



Audit, Governance and Standards Committee

Wednesday 9 September 2020
6.30 pm

Online/Virtual. Contact constitutional.team@southwark.gov.uk for details.

Order of Business

Item No.	Title	Page No.
	PART A - OPEN BUSINESS	
	<p>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.</p>	
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 - 2
	To approve as a correct record the minutes of the open section of the meeting held on 20 July 2020.	

Item No.	Title	Page No.
6.	GOVERNANCE CONVERSATION: CAROLINE BRUCE	
	Caroline Bruce, strategic director of environment and leisure, to talk about the department's governance arrangements.	
7.	REPORT ON RETROSPECTIVE CONTRACT-RELATED DECISION: AFFORDABLE HOUSING MONITORING SERVICE	3 - 6
8.	GRANT THORNTON: EXTERNAL AUDIT UPDATE	
	The external auditors will present a verbal update of their work on the annual audit for 2019-20.	
9.	INTERNAL AUDIT AND ANTI-FRAUD PROGRESS REPORT SEPTEMBER 2020	7 - 56
10.	COVID-19 PANDEMIC: FINANCIAL IMPACT 2020-21	57 - 67
11.	LOCAL GOVERNMENT ASSOCIATION PROPOSAL FOR A MODEL CODE OF MEMBER CONDUCT	68 - 90
12.	ANNUAL REPORT ON THE WORK AND PERFORMANCE OF THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE IN 2019-20: UPDATE	91 - 96

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



Audit, Governance and Standards Committee

MINUTES of the OPEN section of the Audit, Governance and Standards Committee held on Monday 20 July 2020 at 6.30 pm at This meeting will be held remotely.

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

OFFICER SUPPORT: Eleanor Kelly, chief executive
Duncan Whitfield, strategic director of finance and governance
Jo Anson, head of finance and information governance
Geraldine Chadwick, interim senior finance manager
Rob Woollatt, finance manager
Virginia Wynn-Jones, constitutional team

1. APOLOGIES FOR ABSENCE

There were none.

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

There were none.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

5. MINUTES

The minutes of 10 June 2020 were agreed as a correct record.

6. GOVERNANCE CONVERSATION: ELEANOR KELLY

The chief executive, Eleanor Kelly, attended the meeting and discussed the governance structures of the council with the committee.

7. COVID-19 PANDEMIC: FINANCIAL IMPACT 2020-21

Officers introduced the report. Members had questions of the officers.

RESOLVED:

1. That the audit, governance and standards committee noted:
 - The government grants to date to support the council's financial losses;
 - The impact of the Covid-19 pandemic on spending and income and the current funding shortfall;
 - The uncertainty around the additional government funding;
 - The plans in place to mitigate the financial risk to the council.

8. IN YEAR REVIEW OF WORK PROGRAMME - JULY 2020

Officers introduced the report. Members had questions of the officers.

Officers undertook to invite Caroline Bruce, the strategic director of environment and leisure, to the next meeting of the audit, governance and standards committee.

Officers undertook to bring an update report on the financial impact of the Covid-19 pandemic to the committee as a standing item.

Officers undertook to bring an update report on the governance of the shared IT service to the committee in November 2020.

Officers undertook to bring an update report on HR governance to the committee in February 2021.

RESOLVED:

2. That the audit, governance and standards committee considered potential governance topics for 2019-20 and onwards and agreed a format going forward.

Meeting ended at 8.00 pm

CHAIR:

DATED:

Item No. 7.	Classification: Open	Date: 9 September 2020	Meeting Name: Audit, Governance and Standards Committee
Report title:		Report on retrospective contract-related decision: Affordable Housing Monitoring Service	
Ward(s) or groups affected:		All	
From:		Director of Planning	

RECOMMENDATIONS

1. That the audit, governance and standards committee note the retrospective contract decision detailed in the report.
2. That the audit, governance and standards committee note the actions taken by the Director of Planning as set out in paragraphs 14 and 15 to ensure that the risk of future retrospective contract decisions is minimised for the future.
3. That the audit, governance and standards committee consider whether it would wish to make recommendations to help improve future decision-making.

BACKGROUND INFORMATION

4. Where an approval to a contract decision has been sought retrospectively and has an estimated value of more than £100,000, there is a requirement under contract standing order 6.7 to submit a report to the audit, governance and standards committee. The report should set out the circumstances and manner in which the decision was taken, for the purpose of obtaining guidance to inform future decision making.
5. This requirement applies to decisions relating to the approval of a procurement strategy (Gateway 1 or GW1), decisions relating to the approval of a contract award (Gateway 2 or GW2) and decisions relating to the approval of a variation or extension to a contract (Gateway 3 or GW3) decisions.
6. Retrospective approval of the procurement process was sought through a Gateway 1/2 report. The Planning Division is less often involved in procurement processes than other parts of the Council and steps in the process were missed. This is being addressed through training.
7. On 25 August the Strategic Director of Finance and Governance approved a procurement strategy in respect of services to develop an affordable housing monitoring system through a Gateway 1/2 report. The approval of the procurement strategy and award were retrospective decisions.

KEY ISSUES FOR CONSIDERATION

8. As the Gateway report notes, local authorities all have incomplete data on how many affordable homes exist in their locality.

- We cannot identify a home in the real world without knowing its address
 - At the point that a home is secured from a developer in the planning process, addresses do not exist
 - This means we cannot easily confirm whether a developer has met their obligations to provide affordable homes.
9. This is a significant problem for many local authorities but particularly for Southwark which is seeking to deliver large numbers of affordable homes through s.106 agreements to meet housing need.
 10. The Planning Division has been developing a digital strategy and is now a leader in the field of digital planning services. This was identified as an important area to explore how digital services could be used. A project brief was developed and it was placed on the Crown Services Digital Market Place. However, at this stage the funding for the project had not been confirmed.
 11. Although not covered by the appropriate Gateway reports, a robust procurement process was followed using this framework with 2932 suppliers of all sizes. There were 23 responses and five were interviewed before the final selection. The 23 responses were sifted to identify suppliers that best met the requirements and these progressed to the evaluation at interview. The sift criteria were:
 - when the supplier can start work
 - nice-to-have skills and experience
 - day rate (specialists only)
 - proof of skills and experience.
 12. Those who could not start on time, came in over budget, had no experience of the planning context and those who were trying to resell their or another's proprietary product were sifted out.
 13. The final selection was made by a panel which included the Council's Digital Change and Innovation Manager and the project officer from the Planning Division. Following award of the project to the successful bidder, it was put on hold as it was recognised that funding had not been identified. After an 11 month delay during which the need to upgrade the council's systems for monitoring affordable housing became even more apparent, the project was initiated.
 14. The lessons learned from this are that there were several factors leading to the council's correct procurement procedures not being followed. The Planning Division has less involvement with procurement than other units of the council and has less expertise in this area. There was also a long delay between initiating and completing the procurement leading to a lack of continuity in the oversight of the project. Before awarding the contract, a review of the process up to that point should have picked up the defects in the Council's Gateway reporting process.
 15. The Director of Planning is taking action to address this by ensuring that procurement of digital services is only carried out in consultation with the Procurement Team and the Legal Contracts team. There will also be a programme of training for managers in the Planning Division carried out over the next 6 months.

Summary

16. Officers in the legal and procurement sections have discussed and agreed the conclusions set out above and it has been considered by the Corporate Contracts Review Board.

Policy implications

17. There are no policy implications arising from this report.

Community impact statement

18. This report is not considered to contain proposals that would have a significant impact on any particular community or group.

Resource implications

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

Consultation

20. There has been no consultation on this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Constitution – Contract Standing Orders February 2020	Constitutional Team, Tooley Street, Second Floor	Constitutional Team 020 7525 7055

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Simon Bevan – Director of Planning	
Report Author	Simon Bevan – Director of Planning	
Version	Final	
Dated	17 August 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Corporate Contract Review Board	Yes	Yes
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		28 August 2020

Item No. 9.	Classification: Open	Date: 9 September 2020	Meeting Name: Audit, governance and standards committee
Report title:		Internal audit and anti-fraud progress report September 2020	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the audit, governance and standards committee note the report, as attached at Appendix A.

BACKGROUND INFORMATION

2. The purpose of the report is as set out in the report, as attached at 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 contain any proposals that would have a significant impact on any particular community or group.

Resource implications

5. If there are direct resource implications in this report, such as the payment of fees, these will be met from existing budget provision.

Consultation

6. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

7. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	Internal audit and anti-fraud progress report 9 September 2020

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Greg Rubins, BDO	
Version	Final	
Dated	1 September 2020	
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	No	N/A
Cabinet Member	No	No
Date final report sent to Constitutional Team	1 September 2020	



INTERNAL AUDIT AND ANTI-FRAUD PROGRESS REPORT

London Borough of Southwark

For presentation to the Audit, Governance and Standards Committee

9 September 2020



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1. SUMMARY OF INTERNAL AUDIT WORK

Internal Audit

This report informs the Audit, Governance and Standards Committee of progress made against the 2019-20 and 2020-21 internal audit plans. It summarises the work we have undertaken, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards.

Internal audit methodology

We have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. 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 reporting 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 appendix 1 to this report.

Internal audit plan 2019-20

As a result of Covid-19 and associated changing priorities, the Council has not been able to provide the information to allow us to complete our work in respect of some audits. We are working with the Council to complete the remaining work at the earliest opportunity.

Where audit work was not started in 2019-20, the audits have been rolled forward and will form part of the annual internal audit opinion for 2020-21.

Where audit reports have been finalised, the executive summaries are included in section 4 of this report.

Internal audit plan 2020-21

The internal audit plan for 2020-21 was resumed from 17 August 2020, it was previously suspended due to the Covid-19 pandemic and the Council's reprioritisation of activities and redeployment of staff. We are in discussion with Council departments to ensure that the areas identified in the original approved plan are still the key risks and priorities for the Council and to include any new risks or emerging issues in light of Covid 19.

We have provided assurance with regards to the Troubled Families grant, completing our audits for the period 1 April to 30 June 2020. No exceptions were identified.

Audits that are in progress and their current status for 2019-20 and 2020-21 are summarised in section 3 of 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 implementation date agreed by management.

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.

Summary of investigations 2019-20 to date

The figures below represent the team's investigations since 1 April 2019 for the period to 31 July 2020.

2020-21	Corporate Anti-Fraud		Housing Waiting List		Right to Buy		Covid 19 Referrals	
	Open	Closed	Open	Closed	Open	Closed		
C/f 2019/20	6		3		1		0	
April	19	13	6	15	2	3	7	6
May	9	8	4	3	3	0	11	6
June	4	5	6	3	1	4	4	2
July	10	8	8	4	2	2	9	5
Total	48	34	37	25	9	9	31	19

Active investigations

There are currently 27 investigations being conducted by the anti-fraud team. These can briefly be summarised as follows:

- Children & Adult Services - 5 cases
- Housing & modernisation - 5 cases
- Finance & Governance - 6 cases
- Covid 19 Related - 12 cases
 - Business Grants - 9 Cases
 - Community Grants - 2 Cases

Of these, three cases relate to former Council employees and one case relates to a current Council employee. No further information in respect of these investigations can be given at this time.

Pro-active investigations

Currently any pro-active investigations are on hold given the ongoing Covid 19 Pandemic.

Once the current situation eases the anti-fraud and internal audit services will commence planned pro-active work on a number of areas within the Council's operations which are considered to be higher risk i.e. more likely to be subject to fraudulent activity.

In particular this will focus on areas such as COVID-19 business support grant payments as

well as the community and discretionary grants, procurement and Council tax.

The areas will be identified via ongoing regular discussions with BDO internal audit and risk champions at the Council.

Southwark scholarship scheme 2020

The anti-fraud team have supported the scholarship scheme verification process since 2015 to match those who fit the criteria of financial funding.

The review identified:

- 11 cases that fall in scope of household income below £25k.
- 14 exceeded the household income threshold or failed to respond (5 cases failed to respond).

Update of fraud response policy

BDO remain in consultation with the Council's anti-fraud team and the internal audits service to complete re-drafting and updating of the Council's Fraud Response Plan.

This details the Council's approach to identifying and dealing with potential fraud, the responsibilities of staff and the public in reporting suspicions of fraud, the approach the Council is committed to in investigating allegations of fraud, and the possible sanctions open to the Council when fraud is proven to have taken place.

Once completed it is currently envisaged this will be available in various formats and on various platforms to all staff and members of the public. In addition, the key points of the Plan will form part of updated intranet source material and also be used as part of updated and revised internal training.

Progress has of course been delayed by the current situation, but it is hoped that progress will be made before the end of the calendar year.

Anti-fraud process map

This has been successfully trialled and is now in full implementation. The Map will form the basis by which staff can now determine how to deal with any suspicions of fraud. It is envisaged that appropriate training for staff on the Map and its use will be held as soon as the situation permits.

3. REVIEW OF WORK IN PROGRESS

INTERNAL AUDIT PLAN 2019-20

The table below excludes 17 reports previously reported as final and included in our head of internal audit opinion (NB: the reports finalised in this period have no impact on our annual opinion for 2019-20).

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Accounts Payable	Director of Exchequer Services	10	✓	✓	✓ Final report	Moderate	Moderate
Appointeeships	Director of Adult Social Care	15	✓	✓	✓ Final report	Moderate	Moderate
Building Control	Director of Planning	15	✓	✓	✓ Final report	Moderate	Moderate
Council Tax	Director of Exchequer Services	20	✓	✓	✓ Final report	Moderate	Substantial
Data and Information Management	Strategic Directors of Childrens, & Adult Services and Environment & Leisure	25	✓	✓	✓ Final report	Substantial	Moderate
Enforcement	Director of environment	15	✓	✓	✓ Final report	Moderate	Moderate
Housing Benefits	Director of Exchequer Services	10	✓	✓	✓ Final report	Moderate	Moderate
IT - Shared ICT Service	Director of Modernise	20	✓	✓	✓ Final report	Moderate	Moderate
IT - Website Security and Maintenance	Director of Modernise	20	✓	✓	✓ Final report	Moderate	Moderate

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Mental Health Services	Director of Adult Social Care	15	✓	✓	✓ Final report	Moderate	Limited
NNDR	Director of Exchequer Services	10	✓	✓	✓ Final report	Substantial	Moderate
Pest Control	Director of Environment	15	✓	✓	✓ Final report	Substantial	Moderate
Voids	Director of Resident Services	15	✓	✓	✓ Final report	Moderate	Moderate
Payments to Children and Families	Director of Children's Social Care	22	✓	✓	✓ Revised draft report issued 26/03/20		
Payroll and HR	Directors of Exchequer Services and Modernise	25	✓	✓	✓ Interim report issued 26/05/20		
Records Management	Strategic Director Finance and Governance	25	✓	✓	✓ Draft report issued 26/05/20		
Tenancy Management Organisations - Fair Community Housing Services	Director of Communities	25	✓	✓	✓ Draft report issued 26/05/20		
Tenancy Management Organisations - Falcon Point	Director of Communities	25	✓	✓	✓ Draft report issued 26/05/20		
Foster Carers	Director of Children's Social Care	15	✓	✓	✓ Draft Report issued 03/09/20		

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Housing Rents	Director of Exchequer Services	10	✓	✓	✓ Draft Report issued 03/09/20		
Pensions Administration (Schools)	Director of Education Children's Services	15	✓	✓	✓ Draft Report issued 04/09/20		
Parks	Director of Leisure	15	✓	✓	✓ Reporting		
Suspense Account Management	Director of Exchequer Services	10	✓	✓	✓ Reporting		

INTERNAL AUDIT PLAN 2020-21

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Carried forward from 2019-20							
Customer Experience - Data Collection and Analysis	Director of Customer Experience	20	✓	✓	✓ Draft Report issued 13/07/20		
Accounts Receivable / Debt Management	Director of Exchequer Services	10	✓	✓			
Community Safety Partnerships	Director of Communities	15	✓	✓			
Supported Accommodation - Family Hostels	Director of Resident Services	15	✓	✓			

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Management of fairer future policy with regards to contracts	Strategic Director of Finance and Governance / COT / Corporate Governance Panel	25	✓				
Supported Living	Director of Commissioning	15	✓				
Fleet Contract and Strategy Management	Director of Environment	15	Scoping discussion				
2020-21							
Tree Management	Strategic Director of Environment and Leisure	20	✓	✓	✓ Final report	Moderate	Limited
School Admissions	Director of Education	12	✓	✓	✓ Draft Report issued 27/08/20		
Community Infrastructure Levy	Director of Planning	15	✓	✓			
Bankline	Strategic Director of Finance and Governance	15	✓	✓			
All age disability service (0 to 24 years)	Director of Adult Social Care	20	Scoping discussion				
Substance misuse	Director of Adult Social Care	15	Scoping discussion				
Direct payments	Director of Adult Social Care	15	Scoping discussion				
Adoption Service	Director of Childrens Social Care	15	Scoping discussion				
Traded Services	Director of Education	25	Scoping discussion				

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Customer Experience and Complaints	Director of Customer Services	15	Scoping discussion				
Demolition Process	Director of Customer Services	12	Scoping discussion				
South Dock Marina	Director of Leisure	12	Scoping discussion				
Contracts Register	Director of Law and Democracy	25	Scoping discussion				
Litigation Protocols	Director of Law and Democracy	15	Scoping discussion				
SAP scheme of delegation and authorisations	Director of Exchequer Services	15	Scoping discussion				
VAT Review	Strategic Director of Finance and Governance	15	Scoping discussion				
Corporate Credit Cards	Strategic Director of Finance and Governance	15	Scoping discussion				

4. EXECUTIVE SUMMARIES OF REPORTS FINALISED SINCE THE LAST MEETING

KFC07 ACCOUNTS PAYABLE July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	2
				Low	2
Purpose of audit	To provide assurance on the arrangements to manage creditor payments processed via SAP, both by Financial Control and Processing (FC&P) and other departments, to ensure that they are promptly and effectively brought into use.	Added value - data analytics	We analysed all live vendor accounts (40,182) and associated payment transactions (73,309) with a potential risk of duplicate names, addresses and bank details. We compared the names, addresses and bank details and no exceptions were identified. We confirmed all 73,309 transactions had a corresponding vendor account number and no exceptions were identified.		
<p>Background: 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 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. Purchase Orders: the department responsible can raise orders 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. Departments send an 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 (direct entry) are raised by individual teams and sent to FC&P via email 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 prior to the payment run, any items flagged as duplicates or unusual will not be processed for payment. FC&P is led by the Head of Financial Control and Processing who reports into the Head of Assessments and Payments, and is split into three teams: control, processing and quality.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • Payment runs are undertaken on a daily basis and controls are adequate to identify duplicate payments. • Prior to setting up new vendors in SAP, sufficient due diligence checks are undertaken to provide assurance over the background (Companies House, VAT and Tax) and validity of the bank details of the vendor. • There is an appropriate segregation of duties between the requester and approver for both purchase orders and refunds that are processed. 					

<ul style="list-style-type: none"> Amendments to vendors have accurately been processed within SAP and sufficient approval and due diligence has been obtained and undertaken prior to making the change. 	
<p>Key findings:</p> <ul style="list-style-type: none"> Seven out of 25 SAP users tested had authorisation rights greater than allowed by the Delegated Scheme of Management and two out of 20 purchase orders had been authorised despite being higher than the delegated authority of the authoriser. In eight out of 10 cases tested, purchase orders had been raised and approved after the receipt of the invoice. 	
<p>Conclusion:</p> <p>Overall, controls are generally satisfactory and we have not identified any payment errors. We have concluded moderate assurance for the design of the controls in place due to inconsistent financial authorisation limits and staff access to the SAP system. We have concluded moderate effectiveness of the controls in place due to purchase orders being raised after receipt of the invoice and inadequate authorisation sought for purchase orders.</p>	
<p>Looking forward: supporting the Council’s journey from moderate to substantial assurance</p>	
Design	<ul style="list-style-type: none"> Monitor the authorisation limits outlined in the Scheme of Management to ensure they are consistent with SAP. Monitor and report instances where purchase orders are raised after receipt of the invoice to the corporate governance panel.
Effectiveness	<ul style="list-style-type: none"> Update the authorisation limits within SAP. Undertake spot checks on authorised purchase orders and report to the Council’s Corporate Governance panel on exceptions where staff have approved purchases outside of their delegated limits.
<p>Follow up</p> <p>We will follow up of the recommendations as part of the 2020-21 internal audit of Accounts Payable.</p>	

CAS03 APPOINTEESHIPS July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	3
				Low	1
Purpose of audit	To review the controls in relation to the allocation of equipment, record keeping, equipment maintenance and the appropriateness of the split of funding between the Council and the NHS Southwark Clinical Commissioning Group (CCG).	Added value	We reviewed the payment process between the Council and Medequip. On a monthly basis Medequip provides a breakdown of the preceding months spend and an invoice. The breakdown is a very detailed data extract of the activity and stock fulfilment that Medequip has completed. The invoice breaks down the different areas of spend including equipment delivery, special equipment delivery and collection refunds. From our review of the data extract, the terminology included in the invoice does not match any of the columns and data. It also does not include confirmation of the number of collections received and how the collections refund has been calculated, however we were advised that this is 90% of the original order value. We raised an observation in relation to this point.		
<p>Background:</p> <p>A corporate appointee is approved by the Department for Work and Pensions (DWP) and administers the finances of an individual. As appointee, the Council opens a bank account in the client's name and is responsible for: the collection and administration of the person's social security benefits, pensions and allowances, HM Revenue and Customs tax credits, establishing/reviewing an appropriate budget plan, paying any relevant expenses, and ensuring the client, if in residential care, receives their personal allowance. If the Council nominates a representative to carry out the appointee duties on their behalf, the Council remains responsible for the management of the person's affairs. A care professional completes the mental capacity assessment form to ensure that each referral adheres to the five key principles of the Mental Capacity Act. The Council usually manages the finances and affairs of clients who lack mental capacity, however they may manage the finances of a client who has the mental capacity but are physically unable to manage their finances under a general power of attorney (currently four clients). The Council currently acts as appointee for 278 clients. Once an appointeeship is granted, the DWP starts paying benefits monies to a single NatWest Bankline Bank account that is managed by the Council. The income from the DWP is imported onto a virtual account named client monies services account (CMS). The care professional organises a budget to pay bills and other expenditure. All bills are paid within 14 days of issue and arrangements are made for bills to be re-directed to the CFA team. Money is loaded onto a pre-paid card twice a week for client's personal expenses. Receipts are not required for regular expenses, but should be kept for large items or unexpected expenditure. The Council uses the client money system (CMS) and Mosaic for managing its client's affairs. Money management policy, the decision making tool, appointeeship procedures and prepaid card management act as the key policy and procedures. The Council's finance system (SAP) is used to process all payments on behalf of clients such as paying bills on their behalf and are applicable to authority limits stated in the Council's scheme of delegation.</p>					

Good practice:

- Policies and procedures on the appointeeships process and payments setting out roles and responsibilities are in place. The 'BF56 - Application for appointment to act on behalf of someone else' further sets out appointee responsibilities.
- Appointeeship referrals must be approved by the Social Work Service Manager and the Service Manager - Client Finance & Personal Budgets before an application is made to DWP.
- The Client Finance Team will only act on written instructions from the Social Work team.
- Client Finance has a 'Scheme of Delegation' for expenditure, payments and fund transfers which is based on the Council's scheme.
- There is segregation of duties in place over personal budget preparations, processing of client expenditure and reconciliation of individual client accounts and client pooled funds.
- There is an increased use of the 'AllPay' prepaid card for client expenditure. Client Finance have the authority to suspend, block or redeem an 'AllPay' prepaid card issued to a client.
- Client Finance work in consultation with social workers on the review and assessment of client budgets and financial planning, for example; where there are large balances. The Social Worker undertakes a financial assessment on an annual basis and reviews client expenditure.
- The Client Finance Team Manager completes monthly data quality checks on a random sample of casefiles. A 'Data Quality' report is produced for the Service Manager - Client Finance & Personal Budgets and Client Finance team.
- 'Performance' dashboards comparing team performance to other service teams are produced by the Client Finance Team Manager on a quarterly basis.
- Service meetings are held on a monthly basis. A six monthly review of Client Finance performance against the Service plan was undertaken in October 2019 by the Client Finance Team Manager.

Key findings:

- The automation of the Client Finance processes on Mosaic has been delayed since January 2019 due to staff constraints in the Mosaic Development Team and has not yet been finalised. The introduction of real time client bank accounts has been delayed by NatWest Bank whom Client Finance await a response, therefore inefficient manual processes continue to be used.
- There is no guidance on the frequency of the production of client account statements and evidence of client account reconciliations was not always on file. Reconciliations for the Client CMS pooled account and individual client accounts are performed periodically rather than the required monthly basis, therefore increasing the risk of error. In addition there is no standard template for personal budgets submitted to Client Finance. Our findings from sample testing related to:
 - Delays in the preparation and approval of client pooled funds and individual client account reconciliations.
 - Instances of initial non-compliance with referral request and payment request procedures, delay in referral approvals, missed processing targets due to staff constraints & delays and delay in the approval of expense payment journals. The referral to DWP target is 72 hours but in 14 out of 20 cases tested it took the Council between 2 and 39 weeks.

Conclusion:

Overall we have concluded that there is moderate assurance over the design of controls and moderate assurance over the operational effectiveness of the controls in place. Controls are generally effective but we have raised four findings; three medium level and one low level. Our medium level findings relate to manual Client Finance processes, use of virtual client bank accounts that limit direct payments and real-time balance inquiry, non-compliance

with Service guidance, delay in processing appointeeship referrals and payment, lack of evidence on file for individual client account reconciliations and the lack of standard templates for personal budgets. Our low level finding relates to outstanding appointeeships procedure reviews and limited regular reporting at executive and non-executive levels.

Follow up

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

PW04 BUILDING CONTROL September 2020	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
	Moderate	Moderate	Medium	3
			Low	-
Purpose of audit	To review the adequacy and effectiveness of the Council's controls and approach to the delivery of the building control service.			
<p>Background:</p> <p>Local authorities have a legal duty to provide an at-cost building control service to the public under the Building Act 1984. This includes a duty to enforce the Act in their jurisdiction and retain ultimate responsibility for decision-making with regard to enforcement action. The building regulations also cover what is considered to be building works, how applications should be made, the duties and responsibilities of people involved, the actual technical requirements and what can be done without notifying the local authority, sometimes referred to as Exempt Works. The building control service will accept, assess and make decisions on applications submitted to it, to ensure the requirements of the building control are met by the proposals. The service will also carry out site inspections during the course of a building project to verify compliance. Upon satisfactory completion of the building works, a Completion Certificate will be issued when requested by the applicant. The service also offers advice and support and certain services can attract a charge which typically depends on the type of property involved i.e. domestics/non-domestic. The Council's building control team changed its system from Acolaid to Idox Uni-form in August 2019. However due to complexities encountered in the transition, both systems are used. Although this might not affect the day to day work, it makes reporting cumbersome. Once the transformation is complete, processes will be mapped and training will be provided to the building control team on how to use Aidox. The building control team also plans to integrate the finance system with Aidox so that financial performance relating to each project can be easily monitored. There is currently no expected completion date for this and it is subject to working in partnership with the Finance Department and others. A daily inspection list is held centrally in the office and inspections are allocated to Surveyors each day via email. Outcomes of inspections are then updated onto Aidox. As part of a programme of competence demonstration, each of the surveyors is undergoing training once every six months. Additionally, any changes in regulation are emailed to members of the team by the Head of building control.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • Sampled building surveyors had completed their annual CPD in accordance with RICS requirements. • The Head of Building Control regularly receives key updates on legislative and good practice changes from external parties which is subsequently shared with building surveyors. • System reports detailing the performance of the service including how many cases are active and how long they have been allocated, are provided to all team members. <p>Key findings:</p> <ul style="list-style-type: none"> • There are no procedure notes in place for IDOX covering the processes for reviewing and recording cases, similar to the procedure notes in place 				

for the Acolaid system.

- A number of exceptions were identified in the effectiveness of the Council’s processes and controls in place with regards to ensuring compliance with building control regulations. Out of a sample of 15 applications, we identified:
 - For two cases, there was a delay of a week before the application was logged onto the system
 - For one application, the decision was not made within five weeks and an extension had not been agreed, in accordance with the Building Act 1984
 - For two applications a digital copy of the final letter was not retained on the system
 - For one application, a physical file was not available, an inspection had been completed in January 2020 but no further correspondence was attached to the system
 - For one application, where the Council was only required to acknowledge receipt, there was a delay of a week in completing this
- Due to system migration issues, the service is having difficulties in allocating and managing available resources against projects

We also observed that as a result of lack of funding, enforcement action is not being taken in some cases. The Council is developing a plan to address this.

Conclusion:

Due to the lack and procedure notes for the new system and system issues in allocating resources we have concluded a moderate opinion on the control design. Due to the exceptions identified when completing testing we have concluded moderate for operational effectiveness.

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

Design	<ul style="list-style-type: none"> • Ensure that a detailed set of procedure notes for IDOX is available for staff. The procedures should be reviewed periodically and centrally retained for easy access. • Ensure that system issues impacting on resource management are addressed.
Effectiveness	<ul style="list-style-type: none"> • Ensure that case by case amendments are completed and on a timely basis.

Follow up

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

KFC01 COUNCIL TAX July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Substantial	Medium	1
				Low	-
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 Council tax.	Added value	During testing we considered whether there were any gaps in standing data. We also reviewed the reports provided to confirm whether standing data was included. We completed analysis on the reports provided to identify whether any standing data was not included. This primarily included addresses in relation to chargebacks and arrears. We did not identify any exceptions relating to gaps in standing data for these reports provided.		
<p>Background:</p> <p>Council tax is charged on residential properties within the London Borough of Southwark, based upon a fixed percentage, which has been raised by 2.99% since 2018/19. It is anticipated during 2019/20 that approximately £126.65m will be collected. Residents may pay their Council tax in a number of ways, including via telephone, online payments, bank transfers and direct debit and payment may be made in either fixed instalments or an annual lump sum. The enforcement team are responsible for the recovery of uncollected debts. Residents may also be entitled to a number of exemptions or discounts depending on personal circumstances, including single person discount, student discount, and disabled person discount. Sufficient evidence must be supplied to the Council prior to the discount being awarded, and where appropriate, will be reviewed annually for any changes.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • New properties and amendments to valuations are recorded accurately and appropriately authorised. • Bills are accurately loaded onto the Northgate system. • Refunds are issued with appropriate evidence and are subject to an adequate segregation of duties. • Debts are written off according to corporate write-off policy. • Manual adjustments have been processed with sufficient evidence and adequate segregation of duties. • Access levels to Council tax accounts within the Northgate system are appropriate. <p>Key findings:</p> <ul style="list-style-type: none"> • Review dates for discounts were not appropriately set and monitored and evidence for student discounts was not kept up to date. <p>Conclusion:</p> <p>The majority of controls are working effectively. Due to lack of recent evidence being maintained for student discounts and arrears not being collected for outstanding court costs we have concluded moderate assurance over the design of the controls in place.</p>					

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	<ul style="list-style-type: none">• Request up to date evidence when awarding student discounts.• Apply assigned procedures to costs of arrears.
Follow up We will follow up of the recommendations as part of the 2020-21 internal audit of Council Tax.	

TR16 DATA MANAGEMENT July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	1
				Low	-
Purpose of audit	To review of the adequacy of management information to support decision-making in high cost / high volume areas.				
<p>Background:</p> <p>The Council manages a significant amount of data, which is used to support decision-making and the effective delivery of services. Two of the Council's high cost / high volume areas were identified for the purpose of this review:</p> <ol style="list-style-type: none"> 1. Children's education high needs - A child or young person is deemed to have Special Educational Needs (SEN) if they have a learning difficulty or disability, which calls for special educational provision to be made for them. The Children & Families Act 2014 requires Local authorities to prepare an integrated Education, Health and Care (EHC) Plan for these individuals based on a single assessment process. EHC plans are documents that support children, young people and their families from birth to 25 years and should be issued within 20 weeks of request. The Council receives approximately 600 new referrals each year from schools, healthcare providers or other professionals (such as speech and language therapists). Since the introduction of the Children & Families Act in 2014, the volume of referrals to the Council has increased by 36%. 2. Southwark Building Services - the Council provides repairs and refurbishment services to residents in its locality. The Council relies on two interfaced systems to deliver this service: I World and Impact Response. Staff within the Contact Centre receive information relating to works and book the required time slots on I World. Once this is done, the jobs are assigned to different officers for completion on Impact Response. Once a job is completed, the operative notes this on a PDA which updates it on Impact Response and I World. Various KPIs are generated and used for monthly and quarterly reporting. The Council currently does not have information relating to job costing, which is an area to be included in future improvement plans. The building services team is planning to present a draft three year improvement plan to the Cabinet in March 2020 relating to its repair service. <p>Good practice:</p> <p>Building Services</p> <ul style="list-style-type: none"> • The Council has detailed guidance relating to the asset management database iWorld, which is available to all staff on the intranet (Source). • The Council uses iWorld as the asset management system, which holds an inventory of all the buildings and estates that are currently under Council's remit. A review of the February export of the iWorld system provided details of all the jobs raised with respective work orders, property number and address, work programme, budget code, authorised by, estimated costs and description of work. The analysis of the report provided further information relating to the KPIs (communal, internal disrepair, voids, leak from above, AA, CC9). This data is used to prepare monthly highlight and performance reports for the Quality and Management Team (QMT). • The reports to the QMT include progress on agreed KPIs. The KPIs include customer satisfaction surveys, further appointments, completions within 					

stipulated time periods, average time to complete responsive repairs, KPIs supplied by the quantity surveyor and communal repairs. Our testing of KPIs for sampled months identified no issues and highlighted appropriate working papers were kept and reviewed for data validation purposes and to keep an appropriate audit trail.

- Management holds regular repairs and maintenance contract monitoring meetings with the Shared Business Services on monthly basis, with meetings minuted and the action plan monitored incorporating a summary of all queries raised.
- The QMT reports to Repairs Core Group on quarterly basis, with terms and reference agreed, meetings appropriately minuted and chaired by Cabinet Councillor.
- The department maintains a training matrix for each employee which incorporates appropriate details such as completion date and renewal dates.

Special Educational Needs and Disability (SEND)

- The Council has detailed guidance in place relating to the database Capita-One, available to all SEND staff within their shared drive.
- The Council uses Capita-One to record information within the SEND team. A review of the recent three sampled month exports provided details of all student applications/requests received, finalised (on time, late, exceptions, reasons), educational health and care plans, data validations and final decisions. The monthly statistics reports for the sampled months provided further information relating to the KPIs and used to prepare monthly highlight and performance reports for Senior Management Team (SMT) on a monthly basis. The team has been working on producing a SEND Data Master Spreadsheet to record all the information relating to individuals with an education, health and care plan (EHCP)
- The reports to SMT provide progress on agreed KPIs. The terms of reference for the SMT have been agreed and the meetings were formally minuted. A review of the reports highlighted key KPI's were reported upon including on-time plus valid exception, total finalised minus late valid exceptions, on time percentage, valid exception percentage and late percentage. Our testing of KPIs for sampled months identified no issues and highlighted appropriate working papers were kept and reviewed for data validation purposes and to keep an appropriate audit trail.
- Senior managers of the SEND team meet on monthly basis for monitoring purposes with meetings appropriately minuted. A review of meeting minutes confirmed key issues were discussed including strategic and operational level information, system weaknesses, reporting, pupil information, budgets and actuals, re-branding for data purposes, impacts on service delivery, local procedures and guidance, roles and responsibilities, induction, training and other operational issues.
- The department reports to the Department for Education annually via the SEN 2 survey return form uploaded to the DfE's website. The information collected via the annual survey form provides information on the sources of data collected on children and young people with Education, Health and Care (EHC) plans maintained by the Council, to monitor government policies and their effectiveness.
- Management prepares a monthly Joint dashboard report, providing details on the KPI's relating to Performance Challenge Dashboard and Children & Adults Board dashboard, which are reported to the senior management and SMT on a monthly basis.
- The department maintains a training matrix for each employee which incorporates appropriate details such as completion date and renewal dates.

Key findings:

- The departments had identified all information assets it holds, through a GDPR exercise last completed in financial year 2018/19. The management of both Building Services and SEND confirmed that no recent exercise has been conducted since, to ensure that the departmental information asset registers have been updated at least annually. (This issue has also been identified more widely across the Council in our internal audit of Records Management, also undertaken in Q4 of 2019-20).

Conclusion:

Our review identified that the Council has a sound system of appropriate internal controls in place such as policies and Council-wide guidance, designed to achieve system objectives and to mitigate key risks, allowing us to provide substantial assurance on the design of controls. However, asset registers are not being kept up to date, resulting in moderate assurance over the effectiveness of controls.

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

Effectiveness

- Management should conduct a thorough exercise covering all systems, locations and business areas in order to fully record the types of data being created and retained and to ensure all information assets are identified.
- An inventory record should be maintained which is reviewed annually.

Follow up

We will complete the follow up of the recommendations in November 2020, in accordance with the Council's implementation dates.

EL22 ENFORCEMENT		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
September 2020				Medium	3
		Moderate	Moderate	Low	1
Purpose of audit	To review the adequacy of procedures and controls with regards to: Joint enforcement with the police, including clarity of roles and responsibilities and record keeping. Fixed penalty notices and receipt of fines and escalation procedures where these are not paid.	Added value	We completed data analytics to identify the number of fixed penalty notices (FPN) issued and cancelled by environmental enforcement officers and wardens by individual and the number of fixed penalty notices issued by area. The range of FPNs issued is between 93 and 160 for environmental enforcement per officer, and one to 13 for wardens. The range of FPNs cancelled is between four and 26 for environmental enforcement per officer. This information will assist the Council in highlighting areas where there are issues in disposing of waste appropriately so that further action can be taken, either by higher inspections or improved information. Where enforcement officers have high number of cancellations consideration can be given as to whether further training may be necessary.		
<p>Background:</p> <p>Until 31 March 2019, the Council had an agreement with the Greater London Authority (GLA) to provide police officer assistance to staff when undertaking duties including weapon sweeps and other joint enforcement action across the environmental enforcement team, with the Council funding one police officer and the GLA providing another. The GLA is no longer willing to fund an extra police officer. Therefore, the Council is looking at facilitating a section 92 Partnership Plus agreement with the GLA for police support. This will allow the Council to buy into the agreement and utilise the police force. Council staff and police officers are co-located in the joint police station to enable effective joint operations to take place and to allow combined over-arching priorities to be agreed. Partnership Tasking Group meetings take place on a monthly basis where problem solving is discussed based on available resources of both the police and the Council. This working relationship is supported by an information sharing agreement and a police and crime plan. The general remit of the police officer roles is set by the borough commanders, however the merger of Southwark and Lambeth police force boroughs has reduced police officer availability. Fixed penalty notices are issued by community wardens within the joint enforcement team for a range of offences including environmental issues, littering, and dog fouling. Southwark's community warden service provides a visible reassuring patrol presence for the community. The Council has a newly structured service consisting of 40 uniformed community wardens providing a borough wide service.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • The partnership task group meets monthly and actions are recorded and followed up on • Fixed penalty notices are issued in accordance with Council procedures containing details of the offence • Fixed penalty notices are cancelled for the correct reasons in accordance with Council procedures. 					

Key findings:

- One fixed penalty notice was paid for the incorrect amount, the amount to be paid should have been £400 but the reduced charge of £250 was paid despite not being paid within 10 days. Twelve out of 17 unpaid fixed penalty notices tested remained open on the system but no further action had been taken after the required correspondence had been sent. The issue dates of these FPNs ranged between 10 August 2018 and 22 July 2019
- Quarterly and end of year reconciliations between the expected FPN income and income actually received are not completed.
- We could not confirm that the new s92 agreement with the GLA detailing joint procedures has been signed, as this has not been provided.

Conclusion:

There are sound controls over partnership working and the issuing of fixed penalty notices. Due to the quarterly and end of year reconciliations not being completed, we have concluded an opinion of moderate assurance over the design of the control framework.

Due to the fixed penalty notice not being paid for the correct amount and the fixed penalty notices remaining open on the system but no further action being taken we have concluded moderate assurance over the effectiveness of the controls in place.

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

Design	<ul style="list-style-type: none">• Complete quarterly and end of year reconciliations of expected income against income received.
Effectiveness	<ul style="list-style-type: none">• Where payments are accepted for lower amounts, record this on the system• Complete quarterly reviews of open and unpaid fixed penalty notices and decide whether to pursue these or close the notice.

Follow up

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

KFC09 HOUSING BENEFITS August 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	2
				Low	2
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 Housing Benefit and Universal Credit.				
<p>Background:</p> <p>Housing Benefit and Local Council Tax Support is a key financial system, through which significant sums of public funds are processed. The approximate figures for 2019/20 are:</p> <ul style="list-style-type: none"> Housing benefit subsidy - £175m arising from 22,500 claims Council tax reduction support - approximately 25,000 claims. <p>As Universal Credit is being migrated to DWP, this has resulted in a decrease of nearly 40% in the Housing Benefit caseload since November 2016. The requirement of checking supporting documentation has therefore continued. The Council was one of the first local authorities to go live with Universal Credit implementation in November 2016 and the migration process continues. From discussions with management and staff priorities due to Covid-19 we reduced the scope of the audit and we have not provided assurance on the following risk areas:</p> <ul style="list-style-type: none"> Housing benefits payments are not cancelled in a timely manner where individuals have been set up by DWP to receive universal credit payment (the Council target being 7 working days on average calculated annually). The Northgate benefits system is not reconciled regularly to other systems and reconciliations are not subject to independent review. <p>Good practice:</p> <ul style="list-style-type: none"> The current parameters within Northgate are up to date with 2019/20 DWP guidance, we confirmed a live test and recompilation of the system was undertaken following the update of the system parameters and reviewed to ensure it was correct. We confirmed there is an appropriate verification process in place for changes in circumstances to Housing Benefit claims, and evidence must be provided to confirm the validity of the information provided by claimants for Housing Benefit purposes. There are sufficient processes to ensure any changes of a claimants payment details are only made by staff with the appropriate authorisation and sufficient documentation is in place to support the change. For manual adjustments relating to over/under payments of housing benefits, a proforma must be completed by the requesting officer and approved prior to being actioned on Northgate. Supporting documentation is retained on info@work and the manual adjustments are monitored on a spreadsheet retained by the Team Leader. 					

Key findings:

- Sample testing of Housing Benefits applications received, assessed and processed, we identified one case where the incorrect information had been uploaded onto Northgate that resulted in an overpayment of Housing Benefits.
- Write-off proformas have not been retained and we identified discrepancies between the amounts requested on the proforma and approved to be written off as well as delays of up to 3 years in write-offs being undertaken and processed.

Conclusion:

Overall, we have concluded moderate assurance for the design of the controls in place due to the control weaknesses relating to the current write-offs process in place. We have concluded moderate effectiveness of the controls in place due to discrepancies in the amount of write-offs requested and processed and the error identified when processing Housing Benefits applications resulting in an overpayment.

The issues relating to write-offs were identified in the prior year audit, we recommend that the issue of write offs not being undertaken regularly is reported and escalated to the Council’s Corporate Governance panel.

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

Design	<ul style="list-style-type: none">• Implement an additional reconciliation and check of write-offs prior to gaining approval from Cabinet.
Effectiveness	<ul style="list-style-type: none">• Northgate user access checks should be evidenced to ensure staff have appropriate access for their roles• Ensure write-off proformas are completed and retained on info@work• Bulk write-offs should be approved and processed on a quarterly basis• Spot checks should be evidenced and undertaken to ensure all new Housing Benefit applications and claims have been accurately uploaded onto Northgate.

Follow up

We will follow up of the recommendations as part of the 2020-21 internal audit of Housing Benefits.

IT03 IT - SHARED ICT SERVICE July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Moderate	Moderate	Medium	1
				Low	1
Purpose of audit	To provide assurance that the Inter Authority Agreement for the Shared ICT Service remains fit for purpose and serves the need of the Council.				
<p>Background:</p> <p>London Borough of Brent and London Borough of Lewisham established a shared ICT service (SICTS) in April 2016. The synergies with Brent and Lewisham and the advantages of London Borough of Southwark joining the Brent and Lewisham Shared ICT Service were considered and work undertaken to develop and agree a shared strategic vision for the Shared ICT Service. Outcomes from the work including identified business benefits to be achieved were set out in the reports to the three Councils' Cabinets. The respective Cabinets approved the Councils entering into an interim inter-authority agreement which was signed on 31st March 2017. This provided the framework within which all parties were able to explore and define a three-way shared service proposal. An Inter Authority Agreement (IAA) was established and agreed by the London Borough of Brent, London Borough of Lewisham and London Borough of Southwark in November 2017. This provided the framework to facilitate the joint delivery of their Information, Communication and Technology (ICT) services with a view to their more economical, efficient and effective discharge. The London Boroughs of Brent, Lewisham and Southwark have established a Joint Committee and a Joint Management Board to discharge executive functions on behalf of the three boroughs as they relate to joint activities or areas of common concern in relation to the provision of ICT infrastructure and related supporting services. An external reviewer, METHODS was commissioned in 2019 to review the current capacity and skills for the future. Following a review performed by METHODS, the SICTS has implemented a service improvement plan in order to deliver a service that is reliant, secure, well managed and forward looking. This work also included the development of a Target Operating Model (TOM) which is under review and will be ratified in July 2020.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • A Joint Committee has been established by all three Councils to oversee the effective delivery of the strategic direction of the Shared ICT Service. The committee meets three times a year. • A Joint Head of ICT is in place. This officer has the responsibility for leading and managing the Shared ICT Service on behalf of the Councils. • There is a Joint Management Board (JMB) in place to implement the strategic decisions made by the Joint Committee, oversight of the day-to-day monitoring of the Shared ICT Service, reviewing and agreeing the performance management framework. The JMB meets every two months. • There is an Operational Management Group (OMG) in place which is attended by the Head of ICT from each of the three Councils, the Head of Programme and the Head of Operations. The OMG reports into the Joint Management Board and meets on a monthly basis. • The IAA includes an agreed service description which stipulates the service levels and key performance indicators, service integration and management processes, service desk, end user services (EUS), infrastructure, telecommunications and network services, project management, strategy and planning, performance and management reporting, and management of third-party suppliers. 					

- The IAA includes partnership principles and the agreed strategic outcomes for the Shared ICT Service (SICTS) to build a solid platform for transformation, deliver a quality service, provide great value-for-money, and forge a lasting partnership.
- The IAA describes a shared service internal and external dispute resolution process in order to report any issues to the Joint Committee as and when they are identified.
- The IAA includes an exit management protocol which sets out the steps to be followed, and activities to be undertaken, during the exit period to migrate ICT services from the shared ICT service to the withdrawing Council(s). The Exit activities include the roles and responsibilities for exit of each party and contingency arrangements (establishment of the exit plan will include media, actions, responsibilities and timings for the transfer of services, data, assets, documentation, and third party support contracts and other resources).
- A technology roadmap was developed for the period 2020-2023 which includes a roadmap for particular deliverables, such as: network and telephony, core infrastructure, user experience, security and compliance.
- The Shared ICT Service 2019-2022 technology strategy plan came into effect from March 2019, aiming to provide secure, reliable and integrated technology solutions in alignment with business goals, while delivering excellence in customer service. In support of this mission, the plan will aim to build a solid platform, deliver a quality service, provide value for money and forge a lasting partnership.

Key findings:

- Incidents are not resolved within the SLA target of 95% and incidents are not being categorised to identify systematic issues such as infrastructure, hardware or software dependencies
- The IAA has not been reviewed or updated since 2017 nor does it include the terms of reference of the Operational Management Group.

Conclusion:

The IAA is generally fit-for-purpose. The deficiencies identified in this report refer mostly to a lack of formality with the current arrangements rather than gaps in the control framework. Essentially, where there are no arrangements in place to formally review the IAA periodically and no controls in place to analyse the root cause and trend of the operational and strategic issues, we have concluded that the overall assurance we can provide over the control environment is Moderate for design and effectiveness.

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

Design	<ul style="list-style-type: none"> • Have arrangements in place to review and update the IAA on a regular basis • Develop a Terms of Reference for the Operational Management Group
Effectiveness	<ul style="list-style-type: none"> • Perform root cause and trend analysis for the issues raised and report it to the Management meetings.

Follow up

We will complete the follow up of the recommendations in March 2021, in accordance with the Council's implementation dates.

IT05 IT - WEBSITE SECURITY AND MAINTENANCE July 2020	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	1
			Medium	3
	Moderate	Moderate	Low	4
Purpose of audit	<p>This audit appraised the design and operational effectiveness of the Council’s procedures for identifying and protecting its website and for managing the security and maintenance risks on an ongoing basis.</p> <p>Our work is designed to provide an assessment of the website security and maintenance arrangements that are in place, but cannot provide absolute assurance that the Council would withstand an attack on its web applications.</p>			
<p>Background:</p> <p>Developing and maintaining security controls for a Council’s website is of critical importance as it affects all customer services and will have an impact on Council residents. Local authorities and businesses alike are being targeted by hackers who are becoming more sophisticated in their methods. Common attacks on web applications include cross-site scripting (XSS), session hijacking and distributed denial of service (DDoS) attacks. Organisations need to understand and follow secure practices in developing and hosting their websites. Residents will also need assurance that their online payments are securely managed. Web-Labs provide and manage the Council’s web applications including the MySouthwark (citizen’s portal) tool which provides residents with a single user account and consolidates their online services through single-sign on (SSO). The Council’s web servers are located at the Spring Park data centre and are managed by Capita. The Council will be migrating to the Azure cloud in 2020-21. The web infrastructure is shared with Brent and Lewisham and is managed by the shared services, and the web content management system (CMS) is managed internally. The Council experienced a DDoS attack in December 2018 to January 2019 which caused website outage for several days. Outdated patches and a technical issue regarding the web infrastructure were highlighted as an outcome. The Council has now implemented DDoS protection and changes have been made by its internet service provider (ISP) and the layer 7 web application firewall, which is a managed service through Imperva that the shared ICT services team administer in consultation with Council management.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • Changes are raised on the Hornbill helpdesk management system and assessed by the system administrators, who then raise a ticket on WebLabs helpdesk if the ticket cannot be resolved internally (i.e. if it relates to the CMS backend). • The internal CMS team triage with other ICT teams as well to determine the appropriate team to assign. A sample of five change tickets from the helpdesk management systems was reviewed. We confirmed in all instances that the tickets were run in the training environment, and closure was approved by the internal system administrators. • Technical training needs are assessed each year through performance appraisals. Resulting development plans are put in place and agreed by line managers. Review of the development plans for the two system administrators showed that development plans had been agreed by the Change Manager (Online Services). Development plans covered the technical aspects of their day-to-day roles and captured expected outcome, training timing, and relevance of knowledge. • DDoS protection has been implemented following the web attack in November 2018. There is DDoS protection for both layer 3 and layer 7 (of the 				

OSI model)

- Layer 7: a web application firewall (WAF) has been configured. The web application firewall and web infrastructure configuration ensures traffic is routed through the DNS server, then the Imperva (firewall) server, and then the web server. Hence, all traffic is filtered at layer 7 before it reaches the destination IP address.
- Layer 3: the Corero solution has been purchased through the managed service provided by GTT (the internet service provider). GTT manage the Corero solution. We confirmed that DDoS mitigation was included in the most recent invoice from GTT and the solution is live.
- Review of administrator listing showed ten administrators have access. We confirmed all had a valid business need for access. One admin user account has now be removed as the contractor no longer needs access. Review of WAF rules showed default deny all.
- To date no WAF changes have been made. However, there is a process in place. If a change is needed the change request is assessed at the change approval board (CAB) which is held weekly at SICT. CAB assess the reason, IP addresses and configuration details before approving.
- A total of 11 URLs (sub-websites can be included) have been registered to the WAF. We confirmed that this included the main website. Automatic alerts have been set up to notify administrators in the event of critical events. Weekly summaries are also email generated by the program.

Key findings:

- No continuity or resilience plan is in place for SICTS to follow in the event of web server outage (Emergency Planning do not hold one) - high priority.
- Web server Operating System patches are being run manually and as a result the October 2019 patches were not deployed until February 2020
- Restore from backup tests on web server (lbs-web-01) were last run in November 2019 and are not run monthly.
- Nessus vulnerability scans are only being run on web servers externally. It should also be run internally so that insecure misconfigurations that could be exploited by hackers are identified.

Conclusion:

We have concluded moderate assurance for the design of the controls in place due to the strong web application firewall configuration and established process for change control and adequate training needs assessments and monitoring of completion, but there is no continuity or resilience plan in place for restoration of web servers following an attack and Nessus is only run externally. We have concluded moderate effectiveness of the controls in place due to implementation of incident and change tickets on the Hornbill system, strong change control of WAF exceptions, and completion of targeted training. However, server OS updates have not been deployed timely, backup tests are not run monthly, and antivirus updates are not deployed in a timely manner.

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

Design	<ul style="list-style-type: none"> • Establish and agree regular testing schedule for continuity and resilience plan. • Create admin credentials for Nessus and run internally on web servers.
Effectiveness	<ul style="list-style-type: none"> • Track and monitor web server state in line with manual server OS updates. • Track and monitor backup restore tests on a monthly basis.

Follow up

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

CAS06 MENTAL HEALTH SERVICES July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	2
		Moderate	Limited	Medium	2
				Low	-
Purpose of audit	To review the controls in relation to the governance, approvals, records maintained and monitoring of care packages and funding relating to the clients receiving the Council's mental health services by the Care & Support Team (CAST).				
<p>Background:</p> <p>The Council's Adult Social Care Mental Health Services has an annual budget of approximately £7.7M, of which approximately £2M is allocated to service users via direct payments (including pre-paid cards) in the form of a personal budget.</p> <p>The service is comprised of five separate teams:</p> <ul style="list-style-type: none"> • Reablement Team - usually the first service that is involved to identify and assess whether there is an eligible unmet need and identify the appropriate service, including short-term interventions. Approximately 10% of clients are referred to the Care & Support Team for ongoing support • Approved Mental Health Professional Service - deals with more serious and complex cases, including hospital detentions • Substance Misuse Team • Care & Support Team (Mental Health) - develop care and support plans, undertake financial assessments, award direct payments, review and monitor plans for approximately 400 clients. • Move on Support Team - provide support to service users in residential care to ensure their needs are being met and manage the process if they are not. <p>All client records are maintained on the Council's social care case management system, Mosaic.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • A care and support plan was in place and fully documented on Mosaic for the sample of clients selected during the audit. 18 of these had been reviewed within the last year. <p>Key findings</p> <ul style="list-style-type: none"> • There was no evidence of an annual finance assessment for 7 out of 11 clients required to pay for care and the reason why one client did not pay for care was not recorded. • An annual review of the care and support plan had not been completed for two clients. • Following a change in care and support plan personal budgets had not been updated in a timely manner for four out of ten cases tested. • In nine out of ten cases tested where personal care packages had been completed there had not been a reviews of expenditure to confirm whether there was a surplus of funds that needed to be repaid and that funds had been spent appropriately. A large backlog of expenditure returns dating 					

back to 2016 have not been examined.

Conclusion:

Care and support plans were in place for all clients tested, and processes have been documented in relation to completing annual reviews, but spot checks are not in place to ensure staff have completed the required annual reviews in a timely manner, so we have concluded moderate assurance over the design of the controls in place. Due to annual finance assessments not being completed for all clients, personal budgets not being updated in a timely manner and reviews not being completed of client finance and client AllPay accounts, we have concluded limited assurance over the effectiveness of the controls in place.

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

Design	<ul style="list-style-type: none">Review of data quality reports to ensure financial assessments are completed, personal budgets are updated on a timely basis and there are annual reviews of care plans.
Effectiveness	<ul style="list-style-type: none">Reporting of overdue financial assessments where documentation has been provided to clients but not returned.Monitoring completed client cases to ensure there is no surplus or inappropriate spend.

Follow up

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

KFC02 NNDR July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
		Substantial	Moderate	Medium	2
				Low	2
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 We undertook an analysis of all customers' accounts with a potential risk of duplicate names and/or addresses. There were a total of 13,008 customer accounts, we compared the customer account names with addresses and no exceptions were identified. We analysed the Councils aged debtor position on the 327 customer account. We identified that 26.5% of the debts ranged between the values of £7,000 and £20,000. Further information is contained within Appendix I). We confirmed the aged debtors position, including arrears and debts outstanding are monitored on a monthly basis as part of the Income Operations board and fed into the decision making process for debt write-offs.		
Background: The Council collects national non domestic rates from commercial properties within the borough, based upon a percentage of their rateable value, per a valuation issued by the Valuation Office Agency (VOA). For 2018-19 a total of £308.1m was collected, with an anticipated £337.1m to be collected for 2019-20. The Council is responsible for the collection of a levy for the five Business Improvement Districts (BIDs) in the borough. New legislation was brought into force in April 2019 - retailers receive a one third discount on their business rates bills for two years. The relief will be provided to eligible occupied retail properties with a rateable value of less than £51,000 in 2019-20 and 2020-21.					
Good practice: <ul style="list-style-type: none"> • Accurate bills have been issued to ratepayers. • Refunds have been issued for the correct amount, supporting documentation retained and there is an adequate segregation of duties between the requester and approver. • Debts have been accurately written off within the Northgate system and have been approved by the Cabinet in accordance with the Councils write-off policy. • Manual adjustments due to a change in occupancy have been accurately processed within Northgate with sufficient documentation retained to support the reasons and information required. • The collection of BID levy income has been completed in a timely manner for each of the five BID areas. Accurate charges have been billed in accordance with the BID multipliers on the rateable values and appropriate recovery action has been undertaken where necessary. 					

Key findings:

- Evidence of review and authorisation of the weekly reconciliations between the Valuation Office Agency (VOA) schedules and Northgate has not been retained and the reconciliations, although completed, have not been undertaken within a timely manner.
- Exemptions from business rates based on Empty property relief rate has been awarded to properties that have not been inspected and evidence has not been recorded on Northgate for eligibility of Charity relief rates being applied.

Conclusion:

The majority of controls are effective and no billing errors were identified. Overall, we have concluded substantial assurance for the design of the controls with minor exceptions relating to the credit balances on accounts. We have concluded moderate effectiveness of the controls in place due to approvals of reconciliations not being retained and inspections have not been undertaken for properties that have been awarded business rate reliefs and exemptions.

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

Design	<ul style="list-style-type: none">• Monitor the credit balances on accounts from previous occupiers.
Effectiveness	<ul style="list-style-type: none">• Undertake regular spot checks of reconciliations to ensure they have been authorised• Ensure all inspections outstanding have been undertaken.

Follow up

We will follow up of the recommendations as part of the 2020-21 internal audit of NNDR.

EL42 PEST CONTROL September 2020	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS			
	Design	Operational effectiveness	High	-		
	Substantial	Moderate	Medium	-		
			Low	2		
Purpose of audit	To review the adequacy and effectiveness of the contract management arrangements, delivery against KPI's and the extent to which income generated is meeting the Council's expectations.					
<p>Background:</p> <p>The Council's pest control team provides a service to commercial clients and Council tenants within the borough. This service is provided exclusively by an internal team. The internal team is not contracted to provide this service to the Council's facilities management team, this is completed by third party external contractors. However, there are occasions when the pest control team will undertake ad-hoc pest control of Council facilities where required. Southwark's pest control team monitors their performance through completion of customer satisfaction surveys and response times for emergency works against the target of four hours. This information is reported on a monthly basis. The income target, which is annually reviewed, is 5% of the HRA budget (£1.3m), therefore the target is £65,000. The pest control team is also contracted by Croydon Council. The partnership agreement between Southwark and Croydon was signed in November 2018, and is for an initial period of five years with two options to extend for another two years, up to a maximum of nine years. The Croydon contract is expected to generate revenues of £270k per year. The Council's budget is based on the assumption that revenue from Croydon Council itself will be £200k and the other £70k will be generated through private Croydon-based residents. The KPIs associated with this contract are reported monthly, and on a bi-monthly basis there are contract monitoring meetings.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • Monthly reporting on KPIs is evidenced as completed on a timely basis and reported to the relevant officers. • Additional income targets are set and reported on, on a monthly basis. • A signed SLA is in place between the Council and Croydon detailing the KPIs in place which are monitored on a monthly basis. • Core Group Meetings are held on a regular basis, where arranged by Croydon Council. <p>Conclusion:</p> <p>Due to processes for reporting KPIs each month, meetings taking place regularly, and an additional income target being set plus good application of the controls we concluded substantial assurance over the design and moderate assurance over the operational effectiveness of the controls in place.</p> <p>Looking forward: supporting the Council's journey from moderate to substantial assurance</p> <table border="1"> <tr> <td>Effectiveness</td> <td> <ul style="list-style-type: none"> • Ensuring technician information is recorded when completing customer satisfaction surveys. </td> </tr> </table> <p>Follow up We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.</p>					Effectiveness	<ul style="list-style-type: none"> • Ensuring technician information is recorded when completing customer satisfaction surveys.
Effectiveness	<ul style="list-style-type: none"> • Ensuring technician information is recorded when completing customer satisfaction surveys. 					

EL18 TREE MANAGEMENT July 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	2
		Moderate	Limited	Medium	2
				Low	1
Purpose of audit	To review the adequacy of the Council's Tree Management, ensuring key risks related to ETRP are being adequately addressed.				
<p>Background:</p> <p>The Leisure team is responsible for implementing the tree management policy which was signed off by the Cabinet in December 2019. Tree management covers 120,000 trees out of which 82,000 are the Council's responsibility and the rest are on private land. The trees 'client' team comprises of a Tree Services Manager and a team of 5 arboriculture officers who are responsible for the overall delivery of the Tree Management Policy and Tree Risk Management. The tree works in house team comprises of 15 operatives and an extra temporary team of 3, as well as a Manager, who perform a number of emergency and high risk works at an average of 50 jobs a week. Current jobs are assigned to in-house members of staff, however the requirements of the tree stock consistently exceeds the capacity of the team and therefore a monthly and historic backlog is assigned to contractors.</p> <p>On 31 December 2017 a tree collapsed at the Tabard Gardens Estate injuring three children. An internal serious incident panel investigated the incident and presented its interim findings in February 2018. The Health & Safety Executive (HSE) launched an investigation into a potential contravention of the Health & Safety at Work Act. Further to the HSE investigation, officers worked to address the issues by producing a Tree Recovery Plan (TRP) which was linked to each of the key areas for improvement.</p> <p>Further to the incident in December 2017, the Council established that approximately 44,000 trees were outside programme inspection dates highlighting disconnect between existing policy and actual service delivery (some having not been surveyed for up to 10 years). This meant that Southwark was at risk from further potential breaches of health and safety regulations. The inspection backlog has now been cleared (completed in August 2019) and this has identified new trees in the borough (now believed to be 82,000 rather than 57,000). This has generated a large number of new jobs to be completed, which cannot be delivered by the in house team as they are continuing to deliver the monthly schedule of works being generated by the standard inspection programme and high risk ad hoc jobs. The backlog of works forms the basis of the Emergency Tree Recovery Plan (ETRP) comprising of 11,310 jobs, of which 43% are high priority, 17% medium and 40% low priority jobs. In house are allocated 175 jobs per month and the March 2020 tracker shows that 90% of the jobs on the ETRP were still outstanding.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • The Council has a Tree Management Policy in place, approved by the Cabinet in December 2019. • The Council has a Tree Risk Management Strategy (TRMS), clearly identifying key management issues and sets out a system in mitigation which is intended to manage risk at a level as low as reasonably practicable whilst retaining the benefits of Southwark's valuable and diverse tree stock. • The Council has formal guidance available for the Confirm asset management database from which the data is sourced, providing details of work identified through risk assessment, highlighting tree defects and to monitor performance. The Client team uses the Confirm system to identify tree 					

work according to risk on a priority basis.

- The Council has formally identified the competencies required from the tree operatives and incorporated them within the TRMS.
- The Council has a robust ETRP in line with the Council's risk management plan, to clear the backlog of outstanding tree works and this sets out how the emergency works identified will be delivered, monitored and reported within the agreed timeframes. It provides details on finance and budgets, timeframes, procurement strategy, monitoring, governance, resource requirements and reporting.
- The Council has an ETRP Project Delivery team in place, responsible for reviewing the actions and outputs of the work streams and for the overall monitoring and progress of the ETRP. The team reviews the ETRP plan regularly and any changes required to meet the needs of the project were reported to the Project Board.
- The Council has four work stream (WS) working groups in place set up to address the objectives of the project which evolve as the progress progresses. A review of the meeting minutes confirmed that they were appropriate and included key monitoring activities to ensure the delivery of the programme.
- The Council has an ETRP Project Board in place, which meets monthly with minutes minuted and the performance reviewed through highlight reports presented to the Board. Our review of meeting minutes and highlight reports concluded that they were appropriate and key issues were discussed such as programme progress, procurement and performance monitoring (internal & external). A detailed review of current Arboriculture services provided by the In-House In house team is currently underway to determine the best approach for future tree services. The Gateway Zero - Options Appraisal report was to be presented to the Cabinet in June 2020 but due to the impact of Covid-19 will be presented to the Cabinet in September 2020 for the final decision.

Key findings

- Through ongoing service reviews and monitoring activities, it has been identified by the Council management that the in house team is significantly under resourced to carry out the required ongoing maintenance for the many ageing and growing trees across the borough
- The new backlog generated between October 2019 and April 2020, through tree inspections and resourcing gap, is further increasing on a monthly basis, due to the inability of in house team to complete the jobs allocated to them. As at April 2020, the new backlog generated stands at 2000 additional jobs.
- We recalculated the monthly KPI's within the "Performance Monitor" and highlighted several inconsistencies which resulted in a complete revision of the figures reported to the Project Board and senior management.
- The Senior Arboriculture officer does not retain any formal working papers on the KPI calculation for the purpose of data validation.
- We acknowledge that the two points above highlights the fact that there are two data sets at use between Client & In house teams, and that this is being designed out with the timed jobs completion process which is now underway.
- The Sponsoring group did not hold meetings as set out in the plan. Instead weekly updates were sent to the group. We note an additional layer of governance in place by way of weekly meetings between the Arboriculture and Tree Services Manager and Strategic Director of Environment and Leisure, for which updates are provided.

Conclusion:

Overall we have provided moderate assurance on the design of controls, as the Council has a good governance structure in place for tree management. However, we have provided limited assurance on the effectiveness of controls due to the need to address the backlog of cases and weaknesses in the preparation of KPIs.

Looking forward: supporting the Council’s journey from moderate to substantial assurance	
Design	<ul style="list-style-type: none"> • Present an options appraisal report to the Cabinet at the earliest possible opportunity to determine the best approach for future tree services.
Effectiveness	<ul style="list-style-type: none"> • Ensure that appropriate working papers are kept and monitored to ensure that the performance monitoring KPI’s are reported to the Project Board and appropriately validated. • Ensure that the Tree Service team performance is monitored on the basis of the jobs allocated to them on a monthly basis rather than the jobs completed. • A column should be added in the performance monitor spreadsheet of the jobs unprocessed during the month. • All unprocessed jobs should provide a reason for the delay in a separate spreadsheet which is reported to senior management during the weekly meetings.
<p>Follow up We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.</p>	

HM41 VOIDS September 2020		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	1
		Moderate	Moderate	Medium	1
				Low	-
Purpose of audit	To provide assurance relating to controls over housing voids and timeliness of action to enable the re-letting of the property, including remedial works and checks.				
<p>Background:</p> <p>Effective property management, based on good information about population needs and demand for properties, is key to minimising empty housing, which improves the availability of homes for those who need them and reduces rental loss to Councils and registered social landlords (RSLs). Properties become “void” when the tenant moves out. The Council’s objective is to minimise void loss by promptly letting properties whilst continuing to implement its clean and safe ambition - essential works are only to be completed while the property is void and any additional works are completed shortly after occupation. Overall responsibility for the voids and lettings process in relation to Council homes rests with the Accommodation and Support team within the Resident Services division of the housing and modernisation department. The Council has been achieving a turn-around time of 28 days against a new Council plan target of 28 days. Further service improvements are planned to help meet other new targets. The Council had a Voids Management Group (VMG), co-sponsored by the Strategic Director of Housing and Modernisation and the Director of Resident Services. Membership of the group was made up of representatives from Asset Management, Finance, Housing options, and is chaired by the Supported Housing Services Manager. The group is responsible for managing project dependencies and ensuring that all deliverables are completed on time, within cost and to quality standards, resolving all high level project issues, escalating as appropriate, assessing risks and ensuring appropriate mitigating actions, monitoring and formulating work streams, development, testing, implementation, and communications. Housemark Consultancy was commissioned in 2018-19, to review the Council’s voids service from end-to-end, to help further improve performance and looked at processes, costs, and methodologies, with the aim of delivering a leaner voids service. Housemark also benchmarked the Council’s voids service and performance against its peer authorities.</p> <p>Good practice:</p> <ul style="list-style-type: none"> • Comprehensive policies and procedures are in place for the management of voids. • Staff are provided on the job training and use the procedure guides for support. • KPIs are reported on each month and every quarter, which detail the letting of major and minor voids. The results are discussed between officers, directors and the leader of the Council. • Weekly meetings are held between the voids team and the Southwark Building Services team to discuss general themes and to resolve any outstanding issues in relation to specific voids. • There is an action plan in place for the progress of key recommendations raised in the Housemark Consultancy report. <p>Key findings:</p> <ul style="list-style-type: none"> • Key safes installed for void properties use a standard code for all types of the same accommodation, i.e. all general need properties have the same 					

code.

- Timeliness of addressing voids was identified in several cases:
 - For four void properties, the tenant had died and the “tell us once” notification was not passed to the voids team on a timely basis, ranging between two and four months.
 - For one property the tenant was evicted and the voids team was not notified by the Resident Service Officer for 12 days.
 - For one property the accompanying TT1 form was not completed sufficiently. For two properties, and despite a four week notice being given, a pre-termination inspection was not completed promptly.

Conclusion:

The service had comprehensive policies and procedures in place. They also produced and monitored performance and financial information on a regular basis. Due to the issues surrounding the key safe code security we have concluded a moderate assurance opinion on the control design. The service ensures staff completed on the job training to ensure they were able to undertake their roles effectively. The lessons learned from the Housemark Consultancy audit were being addressed and implemented. However, due to the exceptions identified when completing testing in relation to the voids notification process we have concluded moderate assurance for operational effectiveness.

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

Design	<ul style="list-style-type: none">• Ensure that key safe code controls are updated to ensure there is a greater level of security.
Effectiveness	<ul style="list-style-type: none">• Ensure that major works are completed in accordance with timescales.• Processes are adapted to ensure the voids team are made aware of any change in occupation as soon as possible.

Follow up

We will follow up of the recommendations ahead of the next Audit, Governance and Standards committee.

5. SUMMARY OF RECOMMENDATIONS STATUS

All 218 high and medium category recommendations relating to 2014-15 to 2016-17 have been fully implemented or superseded.

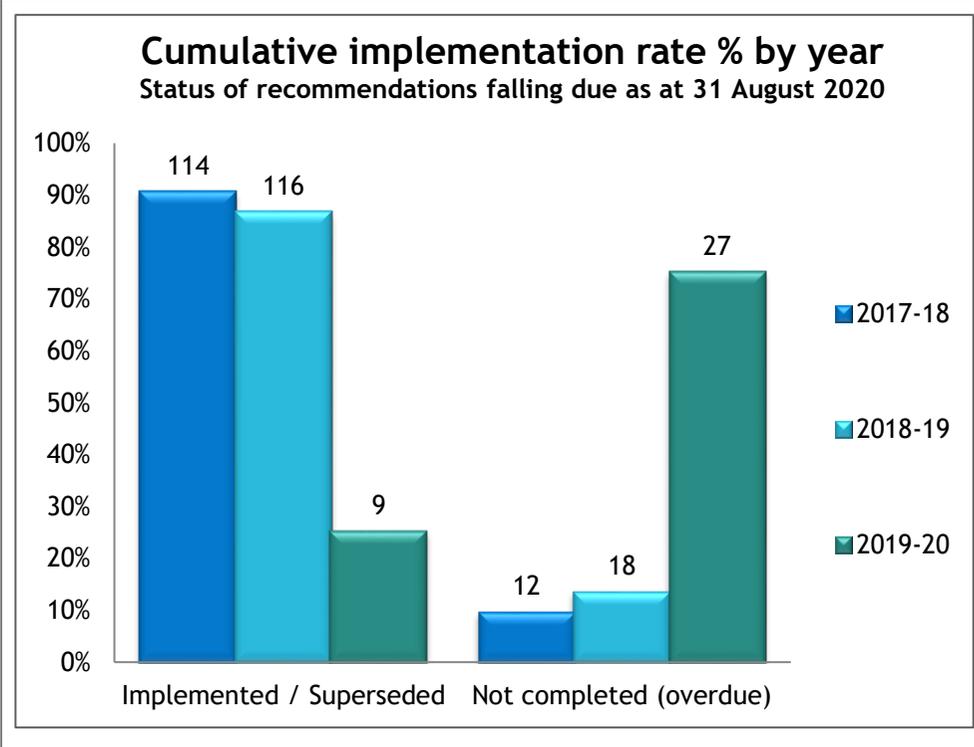
Of the 296 high and medium recommendations relating to 2017-18 to 2019-20 that have fallen due as at the end of August 2020, we have confirmed with reference to evidence that 240 have been fully implemented or superseded, representing 81%. The chart shows the relative percentages for each of the three years.

The Covid-19 pandemic has had a significant impact upon the Council's implementation of recommendations. We are in the process of obtaining updates, and a fuller picture will be provided to the November meeting of the Audit, Governance and Standards Committee.

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

Please note:

- *The table does not include audits previously reported as completed.*
- *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

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date or evidence		% verified complete	Management Implementation dates
		H	M	H	M	H	M		
Chief Executive's Department									
2017-18 Land Charges	5	-	2	1	2	-	-	40%	April 2019 December 2019 Awaiting update
2018-19 Business Continuity Planning	7	-	2	-	3	-	-	40%	July 2019 October 2019 Awaiting update
2019-20 S106 Agreements	3	-	-	-	-	-	3	Not due	January 2021
Children's and Adults Department									
2018-19 Commissioning	3	-	1	-	2	-	-	33%	November 2019 February 2020 Awaiting update
2019-20 Community Equipment	1	-	-	-	-	-	1	0%	April 2020 Awaiting update
2019-20 Mental Health Services	3	-	-	-	-	2	1	Not due	September 2020
2019-20 Mosaic (Learning Disabilities)	2	-	-	-	-	1	1	Not due	September 2020
Environment and Leisure Department									
2019-20 Materials	3	-	-	-	-	-	3	0%	June 2020 Awaiting update
2019-20 Play Service	4	-	2	-	-	1	1	50% Not due (revised date)	November 2019 January 2021

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date or evidence		% verified complete	Management Implementation dates
		H	M	H	M	H	M		
2018-19 Public Health - Health in all policies	3	-	-	-	-	3	-	Not due (revised date)	April 2020 August 2020
2019-20 Volunteer Management	5	-	-	-	-	-	5	0%	June 2020 Awaiting update
2020-21 Trees Management	2	-	-	-	-	1	1	Not due	September 2020 December 2020
Finance and Governance Department									
2019-20 Barrister's Framework	3	-	2	-	-	-	1	67%	December 2019 Awaiting evidence
2019-20 Data and Information Management	1	-	-	-	-	-	1	Not due	October 2020
2019-20 Direct Debit Payments	2	-	-	-	-	1	1	0%	April 2020 Awaiting update
2019-20 Home Ownership - Mortgages	3	2	1	-	-	-	-	100%	August 2020
2019-20 Home Ownership - Garages	3	1	-	-	1	-	1	0%	April 2020 Awaiting update
Housing and Modernisation Department									
2017-18 IT - Disaster Recovery	5	1	1	1	2	-	-	40%	April 2019 June 2019 October 2019 May 2020 Awaiting update
2017-18 IT - Network Security	8	1	3	1	3	-	-	50%	December 2017 October 2018

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date or evidence		% verified complete	Management Implementation dates
		H	M	H	M	H	M		
									June 2019 Awaiting update
2018-19 Housing Solutions - Applications and Allocations	3	-	1	-	2	-	-	33%	September 2019 January 2020 Awaiting update
2018-19 Temporary Accommodation	8	-	3	2	3	-	-	38%	April 2019 June 2019 Awaiting update
2019-20 Blue Badges	2	-	-	-	-	-	2	0%	April 2020 Awaiting update
2019-20 Major Works	1	-	1	-	-	-	-	100%	March 2020 August 2020
2019-20 Homelessness	5	-	-	-	-	1	1	60%	May 2020 Awaiting update
2019-20 Shared ICT Service	1	-	-	-	-	-	1	Not due	February 2021
Council Wide Reviews									
2018-19 IR35	3	-	-	-	-	-	3	Not due	September 2020

RECOMMENDATIONS NOT YET IMPLEMENTED

The tables below show the latest position with regards to the recommendations not yet implemented, where this has been provided. It excludes recommendations that have not fallen due.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
Chief Executive's Department		
2019-20 BUSINESS CONTINUITY PLANNING		
<p>We recommend that the Council sets a date for the approval of the overarching BCP. The approved version of the overarching BCP should be made accessible to staff on the intranet, and hard copies stored in accessible locations. The emergency planning team should carry out a review of information systems to establish system prioritisation with regards to business continuity.</p> <p>Medium</p>	<p>Overall - Emergency Planning & Resilience Manager</p> <p>June 2019</p> <p>October 2019</p> <p><i>We will follow up again in January 2021, ahead of the February meeting of the Audit, Governance and Standards Committee.</i></p>	<p>Partially implemented</p> <p>COVID 19 has necessitated new ways of working with remote working playing a large role in maintaining our overall resilience.</p> <p>The pandemic has tested many aspects of our BC planning and all BC plans now need to be reflective of that learning. Each department will now need to review their individual business continuity plans together with a review of the existing overarching BC plan to ensure it remains relevant and fit for purpose.</p> <p>The BC steering group has been re-established as the overarching forum to coordinate departmental plans.</p> <p>To support the development of plans a new piece of BC software has been commissioned to hold the overarching BC plan and all departmental plans. This software is completely independent of our own systems.</p> <p>Since the last review of BC arrangements, departmental structures have been reviewed in particular the functions of the Place & Wellbeing department being absorbed back into other departments.</p>
<p>All departments should have in place an up to date BCP and set a date for approval and ensure their BCP is approved via the relevant channel. All departmental BCPs should be subject to at least annual review and approval. All BCP leads should undertake a full review of their BCPs on an annual basis and have their BCPs approved by the strategic director. Named contacts and contact details should be reviewed and updated on</p>	<p>Overall - Emergency Planning & Resilience Manager</p> <p>June 2019</p> <p>October 2019</p> <p><i>We will follow up again in January 2021, ahead of the February meeting of the</i></p>	<p>As above</p>

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
<p>a six monthly basis, as per the guidance within the BCPs. The emergency planning and resilience team should ensure that documentation kept in the BECC is also reviewed and replaced with hard copies of the up to date information.</p> <p>Medium</p>	<p>Audit, Governance and Standards Committee.</p>	
<p>Contact details should be reviewed and if necessary updated at least once every six months, as per the guidance within the Council's BCP. All departmental BCPs should be updated to include all relevant information, as per the template provided by the Emergency planning & business resilience team.</p> <p>Medium</p>	<p>Overall - Emergency Planning & Resilience Manager</p> <p>June 2019</p> <p>October 2019</p> <p>We will follow up again in January 2021, ahead of the February meeting of the Audit, Governance and Standards Committee.</p>	<p>As above</p>
Environment and Leisure Department		
2019-20 PLAY SERVICE		
<p>The undocumented arrangement should be formalised between Southwark Council and Idverde clearly setting out the roles and responsibilities of both parties and appropriate remuneration and what action should be taken in the event of either party forfeiting on their responsibilities.</p> <p>High</p>	<p>Contracts and operations group manager</p> <p>October 2019</p> <p>September 2020</p> <p>November 2020</p>	<p>Partially Implemented</p> <p>A draft agreement was provided to Idverde. It was sent to their head office for action but staff were furloughed due to Covid -19. It was re-sent on 27 August 2020.</p> <p>No room bookings have been processed since the lockdown commenced in March.</p>
<p>A strategy should be drafted based on the aims and goals of the service and the key targets set by the Council. This should include performance indicators to evidence how the service is performing.</p> <p>Medium</p>	<p>Contracts and operations group manager</p> <p>November 2019</p> <p>January 2021</p>	<p>Partially Implemented</p> <p>The outline strategy is in place and is being reviewed and updated by the Play Development Manager, supported by the play staff.</p>

APPENDIX 1

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

Partner, Public Sector
0238 088 1892 (DDI)
Mobile: 07710 703441
greg.rubins@bdo.co.uk

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Item No. 10.	Classification: Open	Date: 9 September 2020	Meeting Name: Audit, Governance and Standards Committee
Report title:		Covid-19 Pandemic: financial impact 2020-21	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATION

1. That the audit, governance and standards committee note the updated position of:
 - Government grants to support the council's financial losses;
 - The impact of the Covid-19 pandemic on spending and income;
 - The continuing uncertainty around the additional government funding;
 - The ongoing plans in place to mitigate the financial risk to the council.

BACKGROUND INFORMATION

2. Following the July report on the financial impact of the Covid-19 pandemic, the committee requested regular updates on the council's increased costs and income losses and an update on any additional government funding.
3. It was reported to the July committee that the Covid-19 pandemic had had a significant impact both on the delivery of council services and on council finances. At the beginning of March 2020, the council's priorities had to change rapidly to focus on the need to distribute emergency funding to vulnerable residents, support local businesses and communities and maintain essential services.
4. Since then, the environment has fundamentally changed and the extent of the impact of the pandemic is still largely unknown. The virus is still in circulation, creating a need for a 'new normal' way of life. Many restrictions have been eased in recent months with local lockdowns enforced where Covid-19 case rates are increasing. And as we move into the winter months, it is feared that there is a potential for a second wave that might necessitate another full lockdown. This uncertainty creates significant challenges ahead in terms of recovery and renewal.
5. This report updates the committee on the financial impact of Covid-19 on the council by reviewing the revised additional costs and reduced income streams and the funding from central government to support these additional pressures. The report updates the estimate of the financial impact on the council in 2020-21 and the ongoing budget processes in place to mitigate the financial risk to the council, in the short and medium term.

Government grants

6. There have been three tranches of general government funding to support local authorities. The first two tranches gave a headline total of £3.2bn to support the costs of the pandemic. The third allocation was just £494m bringing the total to £3.7bn. The first allocation was to support the pressures across all services but particularly for the

increasing costs of adult social care, as well as to support the most vulnerable, including the homeless. The second allocation aimed to support these same services but also to support other emerging cost increases in vital services. The third allocation used local authorities' reported monthly Covid-19 returns in May and June and distributed on the basis of need and population size. Southwark's share of all three tranches is £23.6m, the third highest grant in London, reflecting both the population size and the needs of the authority.

7. In addition to this general funding to support the council's increasing costs, the government made available other targeted funding which is detailed in Appendix A (changes to this appendix since the July report have been highlighted in grey). For example, the estimated third tranche of funding of £500m, and Southwark's share at £3.5m is now updated to an actual allocation of £494m and £3.6m respectively. As previously reported, Appendix A also details measures taken to ease any cash flow pressures on local authorities (no additional funding) and the council's own funded support for residents, businesses and the voluntary sector.
8. The government announcement of a third allocation of funding – the £494m- included a promise of further support for losses in income. There are now further details as to the likely support for losses in income for sales, fees and charges. Authorities will be required to submit claims for actual irrecoverable monthly losses. The first is likely to be in September for income losses that relate to April to July, with further grant claims for the remainder of the 2020-21 year.
9. Only sales, fees and charges that relate directly to council services to residents may be claimed and only those losses that are irrecoverable. The claim does not allow for commercial or rental income losses. The council will continue to lobby for these income losses to be included, as they impact on the council budget, in the same way as all other income losses.
10. The government's view is that councils should be able to absorb a reduction of 5% of their overall sales fees and charges budgets, so grant support would be given only after this 'disregard'. However, the proposed methodology is such that after the 5% disregard councils will be awarded only 75% of losses, leaving a further 25% unfunded. The council has expressed concern at both the assumption that councils can afford to lose 5% of budgets and that support is only at 75% rather than 100%. It is estimated that the potential support for sales fees and charges income losses is in the region of £5.5m- £8m, with a likely estimated grant of £6.5m.
11. It was reported at the July meeting that a proportion of business rate and council tax losses will be funded by the government, with an announcement expected at the spending review; currently these losses are permitted to be in deficit over 3 years rather than over 1 year. There is no further update on this.
12. It is still expected that further funding will be made available in 2020-21. It may be that the focus moves from supporting additional general increases in costs to specific cost pressures and support for all income losses through specific grant claims for actual losses. But there remains a level of uncertainty as to how and at what level, these will be funded.

Estimated increases in spending and losses in income due to the covid-19 pandemic

13. In order to assess how the initial emergency grants were to be spent, from April 2020, the Ministry for Housing, Communities and Local Government (MHCLG) surveyed all local authorities to estimate the financial impact of the Covid-19 pandemic. This survey

has now become a monthly fixture, each time with additional questions or requiring further details. Since the June survey, public health expenditure reporting has been split between 'testing, contact tracing and outbreak' and 'other spend' and two questions have been added to determine how much additional expenditure on homelessness and rough sleeping is being recovered through housing benefit and universal credit.

14. Table 1 compares the estimated increased cost figures in the July return to the June figures presented at the last committee. A similar pattern of additional expenditure is evident. There was a reduction in the estimated additional costs in adult social care due to reduced expected costs of PPE. Gross housing costs increased by £6.7m reflecting a change in reporting requirements. A like for like comparison between the months shows an increase of £0.6m. Similarly, the public health expenditure increase reflects a reporting change of £2.5m. Overall, Southwark have reported an increase of £8.1m, of which £8.6m represents reporting changes and £0.5m an estimated reduction in expenditure pressures.

Table 1 Covid-19 Estimated expenditure increases. Comparison between June and July reporting 2020-21

Service area	Estimated Increased Spending June Return	Estimated Increased Spending July Return	Difference between the monthly returns	Description of significant changes in cost pressures
	£m	£m	£m	
Adult Social Care (ASC)	9.2	8.1	-1.1	Reduction in expected costs of PPE from September
Children's services	1.8	1.8	0	
Education Services	1.5	1.5	0	
Highways and Transport	1.6	1.1	-0.5	Revised estimate of costs of social distancing
Housing	8.1	14.8	6.7	Revised reporting of housing costs gross of universal credit and housing benefit. (Net comparable cost of Housing is £8.7m an increase of £0.6m)
Environment, Planning and Public Health	2.3	5.1	2.8	£2.5m is revised reporting of the public health grant
Culture	3.5	4.1	0.6	Increase in contractual costs of the councils leisure centres
Corporate	0.7	0.7	0	
Other	11.8	11.4	-0.4	Reduction in estimated PPE costs in housing
Total increase in spending	40.5	48.6	8.1	£2.5m increase in public health reporting; increase in housing reporting of £6.1m; others combined net decrease of £0.5m

15. Table 2 compares the potential loss of income between the June and July returns to MHCLG. This shows an expected increase of £3.1m to £47.4m of estimated income losses. £1.8m is the expected increasing losses in business rate income. The other increased income losses reflect increased leisure services losses of £1.6m and a net reduction in other areas of £0.3m.

Table 2 Covid-19 Estimated income losses. Comparison between June and July reporting 2020-21

Income source	Losses in income June return £m	Losses in income July return £m	Increase/ (decrease)	Description of significant changes in losses
Business rates	15.6	17.4	1.8	Increasing losses expected for business rate income
Council Tax	8.6	8.6	0	
Commercial Income	7.0	0.9	(6.1)	Commercial rent income reduces by £0.4m and £1.8m moves to HRA, £3.9m moves to other sales, fees and charges lines
Other income	5.0	5.2	0.2	Housing rent losses show small increase
Highways and Transport	3.2	4.3	1.1	Loss of parking fee income estimated to be higher
Cultural	1.9	3.6	1.7	Leisure contract income losses increase of £1.6m to £2.5m, £0.1m moved from commercial income.
Planning & Development	0.6	1.5	0.9	Movement from commercial income
Other sales, fees and charges, income losses	2.4	5.9	3.5	Movement from commercial income
Total income losses	44.3	47.4	3.1	Increased losses from £1.8m from collection fund, other income losses net £1.3m (£1.6m leisure and £0.3m other net reductions)

Housing revenue account (HRA)

16. Housing was identified by councils as one of the main areas where emergency funding was being directed. Although the HRA does not directly impact on the general fund, there are substantial income losses and discussions continue as to how these might be recovered. The estimated income loss and increased expenditure for Southwark are estimated at £17m, which is mainly loss in income from residential rent arrears and is similar across London. The council will be seeking advice and assurance from the MHCLG as to how this will be covered.

Potential funding shortfall between government grant and estimated expenditure increases and income losses

17. Table 3 updates the expected shortfall. This is updated for known funding to date, and changes in expected income losses and increased expenditure.

Table 3: Comparison of Estimated Funding Shortfall between June and July Returns

Current estimate of expenditure increases and income losses	June estimate	July estimate	Difference between the monthly returns	Notes
	£m	£m	£m	
Expenditure increases	40.5	48.6	8.1	Change in reporting in public health and housing. Net decrease of £0.5m. (Table 1)
Business rates and council tax losses	24.2	26.0	1.8	Increasing losses expected for business rate income
Sales, Fees and Charges losses	8.1	15.3	7.2	£1.6m leisure contract increases, £1.1m increase in parking losses. Other net increase £0.1m. Movements of £4.4m from other categories into SFC.
Other Income losses- Commercial, housing rents	12.0	6.1	(5.9)	Commercial income reduces by a £1.8m movement into the HRA. £0.9m into planning and £3.5m into other sales, fees and charges lines, housing rents and other increases £0.3m.
Total current estimate of expenditure and income losses	84.8	96.0	11.2	£8.6m represents change in reporting requirements; £0.5m reduction in expenditure losses and £3.1m increase in income losses
Current estimate of grant funding				
Grant funding: Tranche 1 and 2	-19.9	-19.9	0	Southwark's share of £3.2bn
Additional estimated share of £500m	-3.5	-3.6	0.1	Actual share £3.649m
Support for Vulnerable families		-0.4	0.4	Southwark share of £63m to support vulnerable families.
Expected further funding for increased expenditure	-7.0	-7.0	0	Initial view of further funding to support expenditure increases (share of £1 bn)
Public Health Grant 'Testing and contact tracing'		-2.5	2.5	New reporting for expenditure in July; included specific grant for consistency, net effect is zero.

Current estimate of expenditure increases and income losses	June estimate	July estimate	Difference between the monthly returns	Notes
	£m	£m	£m	
Housing benefit/universal credit and tenant contributions		-6.1	6.1	New reporting for expenditure in July; included specific grant for consistency, net effect is zero
Business rates and council tax losses	-12.1	-13	0.9	Expected that the spending review will share expected shortfalls in tax revenues. Initial estimate at 50%
Sales, Fees and Charges	-5.8	-6.5	0.7	Grant of 75% to cover losses in sales, fees and charges- details still unknown
Other Income losses	-5.0	0	(-5.0)	Currently looks like no additional funding for commercial income
Estimated additional grant funding for 2020-21	-53.3	-59.0	5.7	Reporting changes increases funding by £8.6m, other net reductions £2.9m
Estimated Potential Funding Shortfall	31.5	37.0	5.5	£2.6m net increases in costs and losses income; £2.9m of net reduction in govt grants

18. The difference between both the council's current estimate of income losses and additional expenditure and government grant to date has increased by £5.7m to £37m from the previous report in July.
19. The increased shortfall arises mainly from anticipated further losses in income and from a reassessment of the methodology of the SFC grant. Currently it looks likely that other income, such as commercial and rental income will not be in scope. The MHCLG is still requiring local authorities to submit monthly returns to establish an ongoing assessment of increases in expenditure and reductions in income. It is anticipated these will continue to be used to provide evidence to support local authorities across the full financial year. This evidence is likely to show that supporting income losses is critical to ensuring that councils' finances are stable in the medium term.
20. Since reporting to the committee in July, there have not been further announcements regarding additional general support for local authorities. This is largely to be expected over the summer months. However, it is expected that the autumn spending review will provide some clarity over further resources that may become available.

Mitigating risks

21. Again, there is no change from the last report as to the financial challenges arising from the pandemic. They are both 'in year', delivering a balanced budget for 2020-21,

and medium term, with the need to re-think the medium term financial strategy. Although, the most substantial risk associated with 2020-21 still lies in the government's lack of clarity around fully funding local authorities and pledging full reimbursement for activity undertaken to support local people as a result of the crisis.

22. The policy and resources strategy report to cabinet on 14 July 2020 initiated the process for review of the council's medium term financial plan for the period 2021-22 to 2023-24. The report provides the foundation for the financial planning process following the unprecedented financial uncertainties of the impact of Covid-19, as well as other local government funding uncertainties. The council plan will be updated in September and financial remit will be updated as soon as the relevant information is available. This is likely to be in November after the spending review.
23. The annual budget challenges are now underway. Budget savings and targets will be addressed through cabinet member led panel meetings in September, with a second round scheduled for November. As set out in the budget remit report to cabinet, a 'most likely' funding shortfall for 2021-22 is estimated in the region of £26m. To bridge this gap, the budget challenge will target net savings of 10% on net controllable departmental spend. The meetings will first consider the 2020-21 outturn forecast together with the COVID impact on departmental budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Financial and Information Governance files	Finance and Governance, Second Floor, Tooley Street	Geraldine Chadwick

APPENDICES

No.	Title
Appendix A	Covid-19 Grants (as at 24 August 2020)

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Geraldine Chadwick, Interim Technical Accountant	
Version	Final	
Dated	25 August 2020	
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	N/A	N/A
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team	25 August 2020	

Appendix A Covid -19 Grants (as at 24 August 2020)

Grant / Commitment	Date of Notice	National £m	Southwark £m	Purpose
General support for local authorities for COVID-19 pressures - first announcement	11/03/20	1,600	11.137	Primarily to support social care, homeless and rough sleepers and to meet pressures across other services.
General support for local authorities for COVID-19 pressures - second announcement	18/04/20	1,600	8.785	The second tranche of funding was allocated on a per capita basis.
General support for local authorities for COVID-19 pressures - third announcement	02/07/20	494	3.649	The third tranche of additional funding to support additional costs. Headline figure of £500m. £494m for general funding and £6m for targeted support for Unaccompanied asylum seekers.
General support for local authorities for COVID-19 pressures - third announcement - income loss	02/07/20	No set amount	6.500	Estimated share of additional funding to support losses in sales, fees and charges. Draft guidance, actual funding ongoing and dependent on actual irrecoverable losses in 2020-21
Total General support		3,694	30.071	
Hardship Fund	11/03/20	500	3.476	The council has introduced a new council tax hardship policy to provide extra help to low income, working age, council tax payers. In most cases the extra help will reduce bills by £150.
Homelessness Fund - emergency fund to help rough sleepers to self-isolate	17/03/20	3.2	0.033	Emergency funding for rough sleepers
100% business rate reliefs	17/03/20	8,000	31.900	The government increased the retail businesses discounts to 100%, with the relief applying to occupied retail, leisure and hospitality properties in the year 2020-21. Local authorities are compensated through a Section 31 grant.
New burdens funding for administering business grants	17/03/20	TBC	TBC	Funding of the new administrative burdens, including Business Rate Grants and discounts.
Small Business Grant Fund and Retail, Hospitality and Leisure Grant	17/03/20	13,000	70.062	Business Grants. At 19 August 2020, c £63.4m released (4354 of 4939 SMEs)
Discretionary Grant	30/04/20	617	3.503	This additional fund is aimed at small and micro businesses that were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.
Emergency Active Travel Plan	12/05/20	250	25.0 for London	Department for Transport announcement of funding for reallocation of roads for walking and cycling measures. Part

Appendix A Covid -19 Grants (as at 24 August 2020)

Grant / Commitment	Date of Notice	National £m	Southwark £m	Purpose
				of £5bn investment.
Care Home Support Package	15/05/20	600	0.887	The fund is ring-fenced for social care to help care homes cover the costs of implementing measures to reduce transmission. 75% of the funding to be passed straight to care homes with discretion for local authority to distribute the residual based on need.
Track and Trace Action Plan Funding	22/05/20	300	2.521	Additional funding for LAs to support track and trace action plans. Each local authority will be given funding to develop tailored outbreak control plans, working with local NHS and other stakeholders.
Reopening High Street Safely Fund	24/05/20	50	0.286	Funding to support the safe reopening of high streets and other commercial areas to establish a safe trading environment for businesses and customers
Rough Sleeping Initiative	24/05/20	160	TBC	Rough Sleeping Initiative backed by £160 million in 2020-21. Brought forward capital funding already announced in Budget 2020. It was also indicated that the government is increasing the revenue support of the total programme.
Pupil Referral Units	05/06/20	7	TBC	£7m one off package for vulnerable pupils leaving alternative provision to boost support to 11,300 year 11 pupils making the transition from secondary school into post 16 education, work or training.
Unaccompanied asylum seeker care leavers (UASC)	09/06/20	6	0.400	Increased funding rates for unaccompanied asylum seeking children leaving care to £240 per week replacing previous rates of £150-200pw. Plus a targeted uplift of 25% for authorities who are looking after the highest numbers of UASC, who will receive a tariff of £143 per night instead of standard rate of £114 per night. Estimated for Southwark at £400k.
Support for Vulnerable families	10/06/20	63	0.412	Govt announces funding for LA for vulnerable families to help those who are struggling to afford food and other essentials due to coronavirus. LAs have existing mechanisms to provide this support such as cash payments, food vouchers, or alternative means of support.

Appendix A Covid -19 Grants (as at 24 August 2020)

Grant / Commitment	Date of Notice	National £m	Southwark £m	Purpose
Schools	18/06/20	650	£80 per pupil, over the academic year. Average £16k for primary and £80k for secondary	£650m of universal catch up premium over 2020/21 academic year. £80pp for mainstream and £240pp for special). Estimated at £16k for primary and £80k per secondary). £350m access to tuition for most disadvantaged 'National Tutoring Programme' this is paid for programme where school can use their catch up premium to pay a subsidised rate for tuition. Covers the academic year, 2 financial years.
Rough sleepers initiative	24/06/20	85	TBC	£85m of new funding and £20m from existing homeless and rough sleeping budgets, to provide interim support for 15,000 vulnerable people accommodated during the pandemic, and secure tenancies and short term housing. Help with deposits for accommodation, and securing alternative rooms such as student accommodation.
Building Programme	30/06/20	5,000	TBC	New Deal announced. Building programme to bring forward £5bn of capital investment projects in Education, Health, Transport, Youth and Prison service, High streets and Parks. Autumn statement expected to announce a National Infrastructure Strategy (energy, road and rail, flood defences and waste).
Education – Wellbeing for Education Return Grant	12/08/20	8	0.047	Grant to support the wellbeing for education return project, to support pupils wellbeing and psychosocial recovery, to be used for training package and ongoing support for next 6 months
Measures to ease cash flow pressures on local authorities (no additional funding)				
Section 31 grant for business rates reliefs	11/03/20	1,800	9.256	Early payment of 2020-21 S31 business rates reliefs grant. Paid in one instalment in 2019-20 rather than spread through 2020-21.
Advance of social care funding	16/04/20	850	6.834	Early payment of full year social care grants rather than 4 quarterly payments.
Deferral of business rate to government	16/04/20	2,600	27.842	Payments of the business rates central share deferred.

Appendix A Covid -19 Grants (as at 24 August 2020)

Grant / Commitment	Date of Notice	National £m	Southwark £m	Purpose
General support for local authorities – third announcement- tax deficits over 3 years				Councils will be allowed to spread tax deficits over 3 years. Additional support likely to be announced at the autumn statement.
Additional Southwark funded Covid-19 support for residents, community/voluntary sector and small businesses				
Enhancement of Southwark Emergency Support Scheme	19/03/20	NA	1.500	Release of earmarked reserves of c £1.5m for Southwark Emergency Support Scheme, previously set aside to offset pressure in future years. Forecast spend up to March to August 2020 is £854k
Southwark Small Business Support Fund	07/04/20	NA	2.089	Release of unused Pioneer Fund resources (c £1.95m) and High Street Support Grant (c £139k) from earmarked reserves to help support small businesses
Southwark Community Support Grant	13/04/20	NA	0.511	Release of £391k from earmarked reserve for voluntary sector to new scheme for small support grants for VS working to help tackle COVID. Additional support for tenants also available from existing council scheme (c £120k)

Item No. 11.	Classification: Open	Date: 9 September 2020	Meeting Name: Audit, governance and standards committee
Report title:		Local Government Association Proposal for a Model Code of Member Conduct	
Ward(s) or groups affected:		All	
From:		Director of Law and Democracy	

RECOMMENDATIONS

1. That the committee notes this report.

BACKGROUND INFORMATION

2. The Localism Act 2011 (“the Act”) provided for the abolition of the former standards regime including Standards for England, statutory standards committees, the jurisdiction of the First Tier Tribunal over standards of conduct, and a nationally set code of conduct for councillors. Local authorities agreed their own Code of Conduct within the terms of the Act.
3. The Local Government Association (LGA) has recently issued a report on Civility in Public Life and a review of the model code of conduct in response to growing concerns about the impact an increasing level of public intimidation and toxicity of debate is having on the Country’s democratic processes, particularly at a local level.
4. The LGA report highlights that the increasing incidents of public intimidation and abuse against those in public office are a growing concern. The attacks risk the personal safety of councillors, undermine local democracy and decision making and can deter prospective candidates from standing.
5. Concern has also been raised about incidents of intimidation within councils, involving councillors as well as officers. If decent standards of behaviour are expected from members of the public when they engage with councillors, then good standards of behaviour need to be modelled within the council.

KEY ISSUES FOR CONSIDERATION

6. The LGA is reviewing and updating the member model code of conduct, which is suggested good practice and councils may adopt this code or their own local code. All councils are required to have a local Member Code of Conduct. This draft Model Member Code of Conduct is now out for consultation [see appendix1].
7. The Council’s current Code of Conduct is attached at appendix 2.
8. The Act requires local authorities to have arrangements to investigate allegations of breach of the code of conduct against members and make decisions on them. The current arrangements, with revisions, have been in place since 1 July 2012.

9. The review is being undertaken in response to the recommendations made by the Committee on Standards in Public Life and to rising local government concern about the increasing incidence of public, member-to-member and officer/member intimidation and abuse and overall behavioural standards and expectations in public debate, decision making and engagement.
10. The LGA aims to develop a code that benchmarks a standard for all in public office and for those engaged in public discourse and debate. It will set out the duties and expectations of persons in public office as well as their rights, particularly their right to be protected from abuse and intimidation resulting from their undertaking of public office.
11. It has been developed in collaboration with the sector and will be offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation.
12. The objectives in reviewing the model code of conduct are to:
 - Articulate what local government believes are good standards for all in public office.
 - Show leadership in good standards of conduct for those in public office, both elected and as employees.
 - Achieve consensus between the stakeholders affected by local government conduct.
 - Support councils and partners in achieving a good standard of conduct.
 - Produce a code that is fit for purpose, useful and held in high regard.
 - Enhance the reputation of local government and local politicians.
 - Support the good running of councils.
 - Support all democratically elected local representatives to deliver their best on behalf of their local communities.
 - Build on the good practice that already exists within councils.
13. The process for review will involve the LGA working collaboratively with a range of officer and member stakeholders to gather evidence and opinion on what is needed in an updated and fit-for-purpose code, including considering the review into local government ethical standards undertaken by the Committee on Standards in Public Life.
14. A comparison of the draft code and current code of conduct is attached at appendix 3.
15. Once the final model code of conduct has been published by the LGA it will be presented to the Audit, Governance and Standards Committee for consideration. They would decide whether to recommend to Council Assembly to adopt a new code.

Community impact statement

16. The ability for members of the public to make complaints about councillors' failure to comply with a code of conduct may be of concern to local people and communities which could result in a perception of poor governance. This could affect the reputation of the council.

17. However the council maintains an open and transparent process for making complaints against members, information is assessable on the council's website.

Resource implications

18. Any implications can be maintained within current budgets.

Legal implications

19. The specific legal implications relating to this report have been included in the report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
The Constitution	2nd floor, PO Box 64529, London, SE1P 5LX	Chidilim Agada 020 7525 3310
http://www.southwark.gov.uk/YourCouncil/HowTheCouncilWorks/councilconstitution.html		

APPENDICES

No.	Title
1	Draft model member code of conduct
2	Current code of conduct
3	Comparison of the draft code and current code of conduct

AUDIT TRAIL

Lead Officer	Doreen Forrester-Brown Director of Law and Democracy	
Report Author	Norman Coombe, Head of Corporate Team	
Version	Final	
Dated	25 August 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Incorporated
Strategic Director of Finance & Governance	No	No
Cabinet Member	N/a	N/a
Date final report sent to Constitutional Team	25 August 2020	



Local Government Association Model Member Code of Conduct

Introduction

The Local Government Association (LGA) is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.

The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.

All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

As a councillor we all represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent everyone (in our ward/town/parish), taking decisions fairly, openly, transparently and with civility. Councillors should also be treated with civility by members of the public, other councillors and council employees. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations. This Code, therefore, has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.



Councillor Izzi Seccombe OBE
Leader, LGA Conservative Group



Councillor Nick Forbes CBE
Leader, LGA Labour Group



Councillor Howard Sykes MBE
Leader, LGA Liberal Democrats Group



Councillor Marianne Overton MBE
Leader, LGA independent Group

Purpose

The purpose of this Code of Conduct is to assist councillors in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect yourself, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

Application of the Code

The Code of Conduct applies to you when you are acting [or claiming or giving the impression that you are acting]¹ in [public or in]² your capacity as a member or representative of your council, although you are expected to uphold high standards of conduct and show leadership at all times. The Code applies to all forms of member communication and interaction, including written, verbal, non-verbal, electronic and via social media, [including where you could be deemed to be representing your council or if there are potential implications for the council's reputation.] Model conduct and expectations is for guidance only, whereas the specific obligations set out instances where action will be taken.

The seven principles of public life

Everyone in public office at all levels – ministers, civil servants, members, council officers – all who serve the public or deliver public services should uphold the seven principles of public life. This Code has been developed in line with these seven principles of public life, which are set out in appendix A.

Model member conduct

In accordance with the public trust placed in me, on all occasions I will:

- act with integrity and honesty
- act lawfully
- treat all persons with civility; and
- lead by example and act in a way that secures public confidence in the office of councillor

In undertaking my role, I will:

- impartially exercise my responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence; and
- ensure that public resources are used prudently and in the public interest

Specific obligations of general conduct

This section sets out the minimum requirements of member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where you act [or claim or give the impression that you are acting] as a councillor [or in public], including representing your council on official business and when using social media.

As a councillor I commit to:

Civility

- 1. Treating other councillors and members of the public with civility.**
- 2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.**

Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a civil manner. You should not subject individuals, groups of people or organisations to unreasonable or excessive personal attack.

In your contact with the public you should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return you have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidating you are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police. This also applies to members, where action could then be taken under the Member Code of Conduct.

Bullying and harassment

- 3. Not bullying or harassing any person.**

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

Impartiality of officers of the council

- 4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.**

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although you can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

Confidentiality and access to information

- 5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.**
- 6. Not preventing anyone getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and

printed materials are open to the public except in certain circumstances. You should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

Disrepute

7. Not bringing my role or council into disrepute.

Behaviour that is considered dishonest and/or deceitful can bring your council into disrepute. As a member you have been entrusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on other councillors and/or your council.

Your position

8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the council provides you with certain opportunities, responsibilities and privileges. However, you should not take advantage of these opportunities to further private interests.

Use of council resources and facilities

9. Not misusing council resources.

You may be provided with resources and facilities by the council to assist you in carrying out your duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given

to you to help you carry out your role as a councillor more effectively and not to benefit you personally.

Interests

10. Registering and declaring my interests.

You need to register your interests so that the public, council employees and fellow members know which of your interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests you have, and whether they might give rise to a possible conflict of interest. The register also protects you. You are responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by you or other members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. Discuss the registering and declaration of interests with your Monitoring Officer/Town or Parish Clerk and more detail is set out in appendix B.

Gifts and hospitality

11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.

12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.

You should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you

because you are a member. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family, or gifts which you do not accept. However, you may wish to notify your monitoring officer of any significant gifts you are offered but refuse which you think may have been offered to influence you.

Note – items in square brackets [x] refer to recommendations made by the Committee on Standards in Public Life and may be part of a future Government consultation. This includes possible future sanctions and appeals processes.

Breaches of the Code of Conduct

Most councillors conduct themselves appropriately and in accordance with these standards. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by members and co-opted members of the authority. Each local authority must publish a code of conduct, and it must cover the registration of pecuniary interests, the role of an 'independent person', and sanctions to be imposed on any councillors who breach the Code.

The 2011 Act also requires local authorities to have mechanisms in place to investigate allegations that a member has not complied with the Code of Conduct, and arrangements under which decisions on allegation may be made.

Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence.

Political parties may have its own internal standards and resolution procedures in addition to the Member Code of Conduct that members should be aware of.

Example

LGA guidance and recommendations

Internal resolution procedure

Councils must have in place an internal resolution procedure to address conduct that is in breach of the Member Code of Conduct. The internal resolution process should make it clear how allegations of breaches of the Code of Conduct are to be handled, including the role of an Independent Person, the appeals process and can also include a local standards committee. The internal resolution procedure should be proportionate, allow for members to appeal allegations and decisions, and allow for an escalating scale of intervention. The procedure should be voted on by the council as a whole.

In the case of a non-criminal breach of the Code, the following escalating approach can be undertaken.

If the breach is confirmed and of a serious nature, action can be automatically escalated.

1. an informal discussion with the monitoring officer or appropriate senior officer
2. an informal opportunity to speak with the affected party/ies
3. a written apology
4. mediation
5. peer support
6. requirement to attend relevant training
7. where of a serious nature, a bar on chairing advisory or special committees for up to two months
8. where of a serious nature, a bar on attending committees for up to two months.

Where serious misconduct affects an employee, a member may be barred from contact with that individual; or if it relates to a specific responsibility of the council, barred from participating in decisions or information relating to that responsibility.

Endnotes

1. CSPL recommend that “Section 27(2) of the Localism Act 2011 should be amended to state that a local authority’s code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority”.
2. CSPL recommend that “councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.”
3. Subject to footnotes 1 and 2 above
4. See CSPL website for further details www.gov.uk/government/news/the-principles-of-public-life-25-years
5. ACAS’s definition of bullying

Appendices

Code Appendix A

The principles are :

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Code Appendix B

Registering interests

1. Within 28 days of this Code of Conduct being adopted by the council or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests).
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest in Table 1 or 2, or of any change to a registered interest, notify the Monitoring Officer.

Declaring interests

3. Where a matter arises at a meeting which directly relates to an interest in Table 1, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
4. Where a matter arises at a meeting which directly relates to an interest in Table 2, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

5. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
6. Where a matter arises at a meeting which affects –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a friend, relative, close associate; or
 - c. a body covered by table 1 below

you must disclose the interest.

7. Where the matter affects the financial interest or well-being to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

Table 1: Disclosable Pecuniary Interests

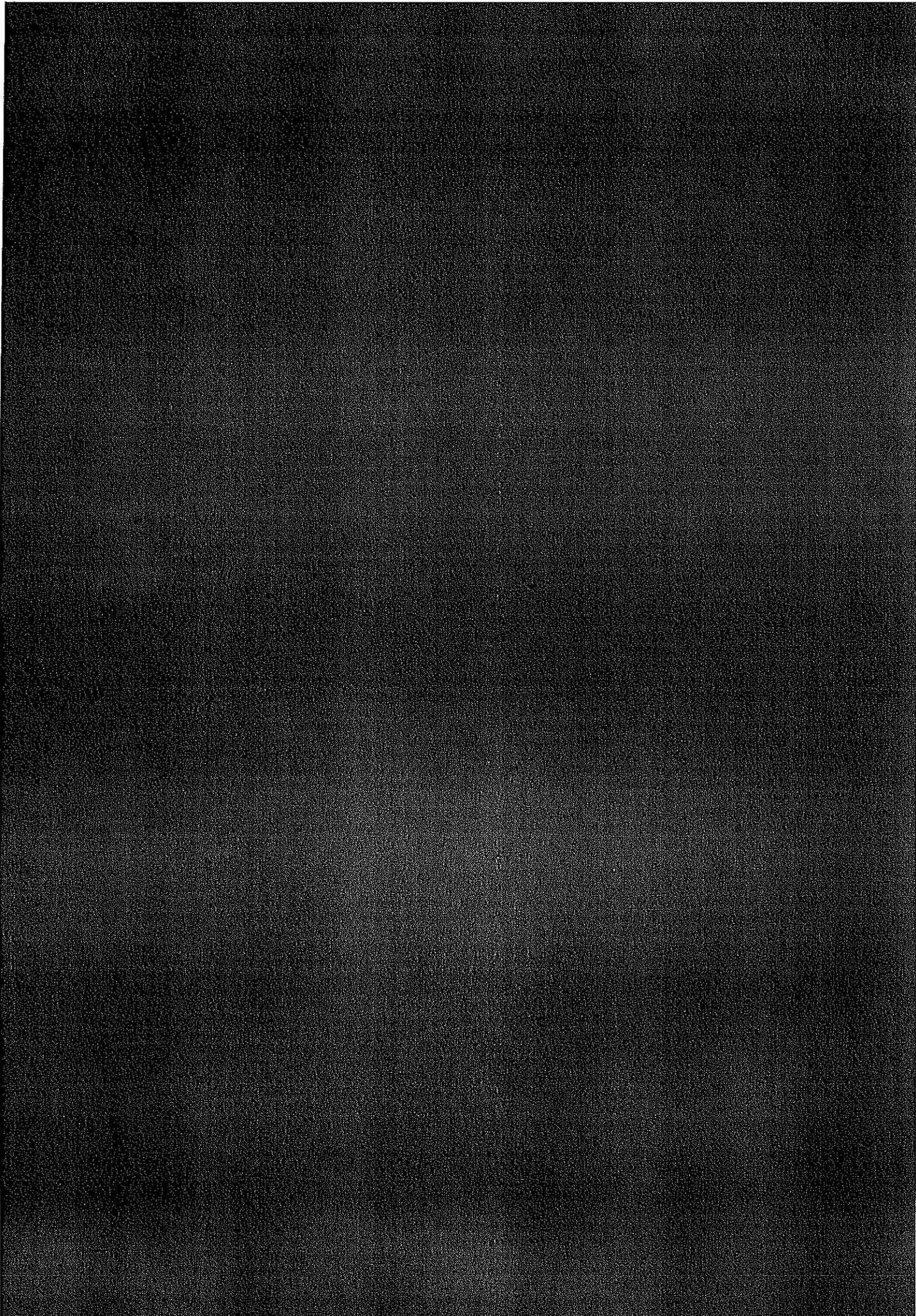
Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 .
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor's knowledge) — (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

*'director' includes a member of the committee of management of an industrial and provident society.

*'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body—	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	





Local Government Association

18 Smith Square
London SW1P 3HZ

Telephone 020 7664 3000
Fax 020 7664 3030
Email info@local.gov.uk
www.local.gov.uk

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For a copy in Braille, larger print or audio,
please contact us on 020 7664 3000.
We consider requests on an individual basis.

REF 11.197

CODE OF CONDUCT

Part 1

As a member or co-opted member of Southwark Council I have a responsibility to represent the community and work constructively with our staff and partner organisations to secure better social, economic and environmental outcomes for all.

In accordance with the Localism Act provisions, when acting in this capacity I am committed to behaving in a manner that is consistent with the following principles to achieve best value for our residents and maintain public confidence in this authority.

SELFLESSNESS: Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP: Holders of public office should promote and support these principles by leadership and example.

The act further provides for registration and disclosure of interests and in Southwark Council this is outlined in Part 2 of this document.

Members are required to register these interests within 28 days of their election and keep the register up to date by notifying any changes within 28 days to the monitoring officer.

As a member of Southwark Council, my conduct will in particular address the statutory principles of the code of conduct by:

1. Championing the needs of residents – the whole community and in a special way my constituents, including those who did not vote for me - and putting their interests first.

2. Dealing with representations or enquiries from residents, members of our communities and visitors fairly, appropriately and impartially.
3. Not allowing other pressures, including the financial interests of myself or others connected to me, to deter me from pursuing constituents' casework, the interests of the Southwark Council or the good governance of the authority in a proper manner.
4. Exercising independent judgement and not compromising my position by placing myself under obligations to outside individuals or organisations who might seek to influence the way I perform my duties as a member/co-opted member of this authority.
5. Listening to the interests of all parties, including relevant advice from statutory and other professional officers, taking all relevant information into consideration, remaining objective and making decisions on merit.
6. Being accountable for my decisions and co-operating when scrutinised internally and externally, including by local residents.
7. Contributing to making this authority's decision-making processes as open and transparent as possible to enable residents to understand the reasoning behind those decisions and to be informed when holding me and other members to account but restricting access to information when the wider public interest or the law requires it
8. Behaving in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the authority's resources.
9. Valuing my colleagues and staff and engaging with them in an appropriate manner and one that underpins the mutual respect between us that is essential to good local government.
10. Always treating people with respect, including the organisations and public I engage with and those I work alongside.
11. Providing leadership through behaving in accordance with these principles when championing the interests of the community with other organisations as well as within this authority.
12. Assist in any investigation concerning possible breach of this code.

Part 2

Interests

This part explains the requirements of the act and of the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 in relation to disclosable pecuniary interests. These are enforced by criminal sanction and not by the audit, governance and standards committee.

Notification of disclosable pecuniary interests

Within 28 days of becoming a member or co-opted member, the member must notify the monitoring officer of any 'disclosable pecuniary interests'.

What is a 'disclosable pecuniary interest' is detailed in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.

A 'disclosable pecuniary interest' is an interest of the member or their partner (which means spouse or civil partner, a person with whom the member is living as husband or wife, or a person with whom the member is living as if they are civil partners).

Register of interests

Any interests notified to the monitoring officer will be included in the register of interests. A copy of the register will be available for public inspection and will be published on the council's website.

APPENDIX 3

	<u>PROVISIONS OF DRAFT CODE</u>	<u>CURRENT PROVISIONS MATCHING</u>	<u>COMMENT</u>
1	Treating other councillors and members of the public with civility.	Always treating people with respect, including the organisations and public I engage with and those I work alongside.	
2	Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.	Valuing my colleagues and staff and engaging with them in an appropriate manner and one that underpins the mutual respect between us that is essential to good local government.	
3	Not bullying or harassing any person.	Behaving in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the authority's resources.	As applied in Member and Officer Protocol
4	Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.	NOT CURRENTLY IN THE CODE	
5	Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.	Contributing to making this authority's decision-making processes as open and transparent as possible to enable residents to understand the reasoning behind those decisions and to be informed when holding me and other members to account but restricting	As applied in Member and Officer Protocol

		access to information when the wider public interest or the law requires it	
6	Not preventing anyone getting information that they are entitled to by law.	Behaving in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the authority's resources.	As applied in Member and Officer Protocol paragraph 82
7	Not bringing my role or council into disrepute.	NOT CURRENTLY IN THE CODE	
8	Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.	Behaving in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the authority's resources.	As applied in part in Member and Officer Protocol paragraph 10
9	Not misusing council resources.	Behaving in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the authority's resources.	As applied in Member and Officer Protocol paragraph 48
10	Registering and declaring my interests.	NOT CURRENTLY IN THE CODE	
11	Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.	Behaving in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the authority's resources.	As applied in Member and Officer Protocol paragraphs 34 to 34

12	Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.	Behaving in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the authority's resources.	As applied in Member and Officer Protocol paragraphs 34 to 34 Currently £50
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Item No. 12.	Classification: Open	Date: 9 September 2020	Meeting Name: Audit, Governance and Standards Committee
Report title:		Annual report on the work and performance of the audit, governance and standards committee in 2019-20: Update	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the audit, governance and standards committee forward this report on its work and performance in 2019-20 to all councillors, subject to any amendments it wishes to make.

BACKGROUND INFORMATION

2. The purpose of this report is to review this committee's work and performance in 2019-20.
3. Following the lockdown in March 2020, the government issued legislation for local councils, permitting the annual full council meeting to be delayed until a later date. Southwark Council has agreed to hold the meeting of annual council assembly on 16 September 2020, formally closing the 2019-20 year, and establishing committees for 2020-21. This annual report has therefore been updated from February 2020 to give a complete record of the actions of the audit, governance and standards committee in 2019-20.
4. The audit, governance and standards committee's terms of reference include a requirement to report annually to all councillors on its work and performance during the year.
5. The aims of the report are to make councillors aware of the audit, governance and standards committee's work in relation to its audit, financial reporting, treasury management, governance and standards responsibilities, and to provide assurance on areas covered or to identify any concerns.
6. This report also considers the effectiveness of the audit, governance and standards committee which forms a part of the review of internal audit, and which will in turn be reported as part of the review of the system of internal control, as required under the Accounts and Audit Regulations 2015.

KEY ISSUES FOR CONSIDERATION

Role of the committee

7. The purpose of the audit, governance and standards committee is to provide:
 - Independent assurance of the adequacy of the council's governance arrangements, including its standards regime, 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.
 - Operation of a framework to promote and maintain high standards of conduct by councillors, co-opted members and church and parent governor representatives.
8. In line with the above, the committee's terms of reference are structured by reference to its key functions in terms of governance and standards, audit activity (internal and external), the accounts and treasury management. Since the new standards regime for councillors was introduced in 2012, the frequency and business for the standards committee had reduced, and there was no statutory requirement to have a standards committee. In May 2016 the standards committee was not re-established as a stand-alone committee, and its roles and functions were amalgamated with the audit and governance committee.
9. The audit, governance and standards committee agrees a work programme each year. A summary of the committee's business during 2019-20 in relation to its areas of responsibility is set out below.

Audit activity

Internal audit

10. The committee received and considered regular reports on the performance of internal audit and the outcome from its work during the year, as well as the head of anti-fraud and internal audit's annual report on the work of internal audit and anti-fraud 2018-19. Members had questions for both officers and the engagement manager for the auditors, BDO.

External audit

11. The committee received regular progress reports from the external auditor (Grant Thornton) throughout the year. It also considered Grant Thornton's audit plans for 2018-19 for both the council and the Southwark pension fund, and the audit findings reports and annual audit letter for 2018-19.
12. The committee considered the external auditor's annual fees for 2019-20 for both the council and the Southwark pension fund in July 2019. Grant Thornton also reported to the committee on their review of the council's arrangements for securing financial resilience and on assurance work undertaken by them as to management processes and the committee's oversight of the risk of fraud, compliance with laws and regulation, and matters in relation to going concern, to inform their audit risk assessment.
13. The external auditor has reported on their work for the financial year 2019-20 regularly.

Accounts

14. The committee considered a draft of the 2018-19 statement of accounts at its June 2019 meeting and formally approved them in its July 2019 meeting.

15. The committee considered a draft of the 2019-20 statement of accounts at its June 2020 meeting. Government guidance has given local councils extra time to complete their accounts for 2019-20 accounts, and the final accounts will be presented to the committee before the end of November 2020.

Governance and standards activity

16. As with the statement of accounts, the committee reviewed the annual governance statement for 2018-19 at its June 2019 meeting and approved it at the meeting in July 2019.
17. The committee updated its approach to the consideration of governance matters for 2019-20. Rather than identifying a number of areas for consideration at future meetings, it invited strategic directors to present on their department's governance arrangements. It was expected that this would take two years to hear from each department.
18. The strategic director for place and wellbeing, Professor Kevin Fenton, was invited to the committee meeting of July 2019. The strategic director of housing and modernisation, Michael Scorer, was invited to the committee meeting of September 2019. The strategic director of children's and adults' services, David Quirke-Thornton, was invited to the committee meeting of February 2020. The chief executive, Eleanor Kelly, was invited to the committee meeting of July 2020. The strategic director of environment and leisure, Caroline Bruce, was invited to the committee meeting of September 2020.
19. The work on corporate risk and insurance for 2019-20 has been supported by the council's internal auditors and integrated into their regular update reports.
20. The committee's annual report on whistle blowing outcomes has been considered by the committee at its February 2020 meeting.
21. The committee's work programme for 2020-21 is considered regularly and updated as required.
22. A report on the council's use of RIPA (Regulatory Investigatory Powers Act) and the OSC (Office of Surveillance Commissioners) inspection of Southwark has been considered by the committee at its February 2020 meeting.
23. The establishment of the two standards sub-committees (civic awards and misconduct) were approved by the committee in July 2019. The committee continued its agreement from July 2018 that the number of co-opted community members on the civic awards sub-committee stand at four, and that the sub-committee be gender balanced; at least two of the Southwark members and two of the community representatives serving on the sub-committee should be women.

Treasury management

24. Members received a report on the revised treasury management policy statement, and considered the council's 2020-21 treasury management strategy statement by email in January 2020, as the general election caused the cancellation of the November 2019 committee meeting. All relevant feedback was sent directly to officers.

Effectiveness of the audit and governance committee

25. The Accounts and Audit Regulations require a review of internal audit to be carried out, including consideration of the effectiveness of this committee. An annual opinion is given by the head of anti-fraud and internal audit, and this will be carried out later in the year and the results brought to a future meeting of the committee.
26. To complement this, it is proposed that (as in previous years) this committee assesses itself using a checklist produced by CIPFA. A copy of this was circulated separately to members for their responses, and responses have been forwarded to the strategic director of finance and governance.

Training

27. During the year, information on relevant issues and developments have been provided through CIPFA Better Governance Forum's 'Audit Committee Update', which is published three times a year. These focus on key topics and include a round-up of legislation, reports and developments and are circulated to all members of the committee for their information.
28. Members of the committee were invited to attend the CIPFA training course "Introduction to the Knowledge and Skills of the Audit Committee". A small number of places are made available to the council annually, and further opportunities will be circulated as they occur.
29. Training will be provided as required and officers will continue to arrange training as opportunities arise.

Development opportunities

30. The year saw the following principal achievements:
 - a) Coverage of all elements of the committee's work programme, including the successful inclusion of standards work into the responsibilities of the committee
 - b) Continued assurance of corporate governance arrangements, through discussions with strategic directors.
 - c) Further assurance as to the operation of the council's whistle blowing policy
 - d) Ongoing constructive challenge from members in respect of reports received by them
 - e) Ongoing updates on the financial impact of the Covid-19 pandemic.
31. For the coming year, the following are areas where the committee has the opportunity to effect further development or to which it may wish to give consideration:
 - a) The continuing impact of welfare reform and further cuts in government funding from a governance perspective and, in particular, the identification of risks and ongoing risk management
 - b) Future and ongoing training needs.

Conclusion

32. The committee's work programme aims to ensure that the committee is able to carry out its functions effectively. To this end, the programme is structured to cover the key areas of audit activity (both internal and external), governance and standards activity, financial reporting and scrutiny of the treasury management

strategy and policies.

33. The committee continued to ask questions on matters before it in a challenging yet constructive way. In some cases, this has resulted in further information being provided to the committee to provide the assurance sought; in others, it has resulted in increased focus on the implementation of action plans.
34. The committee has kept its work programme under review in 2019-20 and made changes when appropriate.
35. Through its work, the committee is able to confirm that:
 - The council's system of risk management is adequate to identify risk and to allow the authority to understand the appropriate management of those risks;
 - There are no areas of significant duplication or omission in the systems of governance in the authority that have come to the committee's attention and not been adequately resolved.
36. The work programme for the committee for 2020-21 is included elsewhere on this agenda for consideration and agreement, and this will be reviewed and amended on an ongoing basis as necessary to help to ensure that the committee can continue to provide assurance of the adequacy of the council's governance arrangements.

Policy implications

37. There are no policy implications in the proposals in this report.

Community impact statement

38. This report is not considered to contain any proposals that would have a significant impact on any particular community or group.

Resource implications

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

Conclusion

40. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

41. The strategic director of finance and governance remains committed to the important role of the audit, governance and standards committee and notes that it continues to function in line with its terms of reference. The performance of the committee continues to be strengthened by the attendance of officers with key governance roles and it is expected that the committee will continue to obtain assurance of governance arrangements from this.
42. The committee has operated in accordance with its responsibilities in key finance and audit matters, including the statement of accounts, treasury policies, and internal audit work, which are key issues for the s.151 officer (Local Government Act 1972).

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
CIPFA Audit committees – Practical Guidance for Local Authorities and Police 2018 edition	Finance and Governance, Second Floor, Tooley Street	Jo Anson 020 7525 4308

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Virginia Wynn-Jones, Principal Constitutional Officer	
Version	Final	
Dated	1 September 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	Yes	No
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		1 September 2020

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

COPIES**COUNCILLORS**

Councillor James McAsh (Chair)	1
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

RESERVES

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
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LAW AND DEMOCRACY

Norman Coombe	1
Doreen Forrester-Brown	1

COMMUNICATIONS

Louise Neilan	By email
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CONSTITUTIONAL TEAM

Virginia Wynn-Jones	5
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INDEPENDENT PERSONS

Mr Musa Chunga	By email
Ms Amrit Mangra	By email
Mr Charles Wynn-Evans	By email

FINANCE AND GOVERNANCE

Duncan Whitfield	1
Jo Anson	1
Rob Woollatt	1

BDO (Internal Auditors) – Greg Rubins	By email
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GRANT THORNTON

Ciaran McLaughlin	1
Grant Thornton 110 Bishopsgate London EC2N 4AY	

Matthew Dean	1
Grant Thornton 110 Bishopsgate London EC2N 4AY	

Total Print Run:	15
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List Updated: July 2019