LONDON BOROUGH OF SOUTHWARK

INTERNAL AUDIT PROGRESS REPORT

Audit, Governance and Standards Committee

18 July 2018

BDO

CONTENTS

1. PROGRESS AGAINST INTERNAL AUDIT PLAN

Purpose of the report

This report informs Southwark Council's audit, governance and standards committee of the status of work undertaken by BDO in respect of the internal audit plan for 2017-18 and a summary of the work underway in respect of 2018-19, since the last meeting of the committee on 6 June 2018. Where audit reports have been finalised, the work undertaken, our assessment of the systems reviewed and the recommendations we have raised are summarised. Our work complies with Public Sector Internal Audit Standards.

Internal audit approach and methodology

As part of our audit approach, we have agreed terms of reference for each piece of work with management, identifying the headline and sub-risks that 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 methodology is based on four assurance levels in respect of our overall conclusions as to the design and operational effectiveness of controls within the system reviewed - substantial, moderate, limited or no assurance. The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment. The definitions for our assurance levels are set out in the appendix to this report.

Internal audit plan progress 2017-18 and 2018-19

Progress against the internal audit plans for 2017-18 and 2018-19 is set out in sections 2 and 3. For 2017-18, this covers audits finalised since the last meeting of the committee and work in progress.

Where reports have been finalised, the executive summary from each audit is summarised in section 4.

Follow up

A summary of the follow up of all high and medium priority internal audit recommendations is provided in section 5.

Schools audits 2018-19

The audit programme is progressing as planned. Where a final report has been issued, the audit opinions are included in section 3.

Non internal audit services provided by BDO

BDO has provided the following non internal audit services since the last meeting:

- Independent verification of the validity of historical costs relating to the Canada Water development

- Audit of the Teachers' Pensions End of Year Certificate for the year ended 31 March 2017

We do not consider that undertaking this work has caused the internal audit service any conflict of interest in delivering the internal audit programme.

2. INTERNAL AUDIT PLAN 2017-18 – STATUS REPORT

This table summarises the status of audits finalised since the last meeting or audits that are in progress.

Please note that all reports issued (whether draft or final) as part of the internal audit plan for 2017-18 are included in the internal audit annual report and annual statement of assurance for 2017-18.

Audit	Director / audit sponsor	Days	Timelines					Assurance opinion	
			Start	Closing meeting / Status	Draft	Final	Committee	Design	Operational effectiveness
Housing rents	Director of exchequer services	20	30/10/2017	16/1/2018	31/1/2018	2/7/2018	July 2018	Moderate	Limited
Food safety	Director of environment	10	2/1/2018	19/3/2018	26/3/2018	4/7/2018	July 2018	Moderate	Limited
Goods storage	Director of resident services	10	1/2/2018	23/3/2018	28/3/2018	4/7/2018	July 2018	Limited	Limited
IT disaster recovery	Director of modernise	20	30/1/2018	5/3/2018	6/3/2018 & updated 20/4/2018	5/7/2018	July 2018	Limited	Limited
Data sharing – multi-agency working	Directors of resident services, adults' services and childrens' services	15	26/6/2017	10/5/2018	1/6/2018	9/7/2018	July 2018	Limited	Moderate
Apprenticeships levy	Director of modernise	15	17/3/2018	28/3/2018	23/5/2018 & updated	9/7/2018	July 2018	n/a – Advisory review	
Payroll	Directors of exchequer services and modernise	25	27/11/2018	20/12/2017	29/1/2018 & updated 27/6/2018	9/7/2018	July 2018	Moderate	Moderate

Audit	Director / audit sponsor	Days	Timelines					Assurance opinion	
			Start	Closing meeting / Status	Draft	Final	Committee	Design	Operational effectiveness
Mosaic	Director of adult social care	25	9/3/2018	23/3/2018	29/3/2018 & updated 25/4/2018	9/7/2018	July 2018	Moderate	Limited
Community safety partnership	Director of communities	15	16/10/2017	22/3/2018	22/3/2018	9/7/2018	July 2018	Moderate	Moderate
Ledbury estate compensation payments	Director / departmental finance manager	5	6/2/2018	8/2/2018	22/2/2018	Management responses received, awaiting formal sign off by the audit sponsor	July 2018	Moderate	Limited
Access to services	Corporate governance panel (CGP)	25	19/6/2017	Draft report to CGP	28/3/2018 Findings accepted	Report presented to CGP on 11 June 2018	July 2018	Moderate	Moderate
Governance – decision making	Corporate governance panel (CGP)	25	2/10/2017	25/5/2018	1/6/2018 Findings accepted	Report presented to CGP on 11 June 2018	July 2018	Moderate	Moderate
Leaving care	Director of children's services	15	6/3/2018	27/3/2018	29/3/2018	Management responses received, awaiting formal sign off by the director	July 2018	Moderate	Limited

Audit	Director / audit sponsor	Days	Timelines					Assurance opinion	
			Start	Closing meeting / Status	Draft	Final	Committee	Design	Operational effectiveness
Housing investment decision making	Director of asset management / director of resident services	10	24/10/2017	27/3/2018 further meeting 19/7/2018	6/4/2018 (for discussion)		September 2018		
Financial planning/ budget monitoring	Director of finance / chief officer's team	25	04/9/2017	24/5/2018	6/7/2018		September 2018		

3. INTERNAL AUDIT PLAN 2018-19 – STATUS REPORT

Audit	Director / audit sponsor	Days	Timelines					Assurance opinion	
			Start	Closing meeting / Status	Draft	Final	Committee	Design	Operational effectiveness
CCTV	Director of environment	15	6/4/2018	13/4/2018	1/6/2018	5/7/2018	July 2018	Substantial	Moderate
Access to restricted areas (cfwd from 2017-18)	Director of asset management	10	23/4/2018	16/5/2018	26/6/2018	10/7/2018	July 2018	No	Limited
Chargebacks (cfwd from 2017-18)	Director of finance	10	2/4/2018 Continuation of work started in 2017-18	14/5/2018	27/6/2018		September 2018		
Temporary accommodation (cfwd from 2017-18)	Director of customer experience	15	21/3/2018	26/6/2018 & 11/7/2018	29/6/2018		September 2018		
Right to buy and ad hoc sales	Director of customer experience	20	14/5/2018	28/6/2018	11/7/2018		July 2018		
IT change controls	Director of modernise	15	22/5/2018	3/7/2018 & 5/7/2018	11/7/2018		September 2018		
Tenancy management organisations	Director of communities	15	4/6/2018	Reporting			September 2018		
Better care fund	Directors of adult social care and commissioning	15	21/5/2018	Reporting			July 2018		
Parking management	Director of environment	15	16/7/2018	ToR agreed			November 2018		

| Audit | Director / audit sponsor | Days | Timelines | | | | | Assurance opinion | |
			Start	Closing meeting / Status	Draft	Final	Committee	Design	Operational effectiveness
Youth and play service	Director of leisure	15	16/7/2018	ToR agreed			November 2018		
Public health – health in all policies	Director of health and wellbeing	20	25/7/2018	Start date confirmed, draft ToR issued			September 2018		
Legal fees	Director of law and democracy	15	10/9/2018	Start date confirmed, draft ToR issued			November 2018		
Recruitment checks – criminal convictions (cfwd from 2017-18)	Director of modernise	10	TBC	Terms of reference issued. Awaiting documentation pack.			September 2018		
Business continuity planning	Head of chief executive's department	25	Q4 (was Q2)	Deferred to Q4 at request of management, draft ToR issued			November 2018		

In addition to the audits above, we have programmed in the internal audit plan for schools on behalf of the director of education, to take place during term times between May 2018 and March 2019.

The internal audit assurance opinions provided for the schools audited to date are as follows:

School	Design	Operational Effectiveness
Final reports issued since the last meeting of the audit, standards and governance committee		
Ann Bernadt Nursery School	Limited	Limited
Dulwich Wood Nursery School	Moderate	Moderate
John Ruskin Primary School	Moderate	Moderate

4. SUMMARY OF INTERNAL AUDIT FINDINGS

MA03	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Housing Rents	Design	Operational effectiveness	High	1
July 2018			Medium	4
	Moderate	Limited	Low	5

Purpose of audit	To provide assurance over the controls in place to accurately collect and allocate rental income.	Added value	We identified a disjointed and inconsistent approach due to a number of teams being involved in various processes that affect the collection of housing rents. There was a lack of knowledge regarding where certain responsibilities lay within the council.

The council's housing rents team collect approximately £215m in rent per annum from circa 33,000 properties. Tenants may pay rents due by PayPal, rent card, bank transfer, standing order or direct debit. A new way of working has been introduced, which includes a change of approach to income maximisation and debt chasing due to the challenges presented by the roll out of universal credit, utilising the 'Rent Sense' software for a risk based approach to debt management, a greater emphasis on the customer experience and increased engagement to reduce the risk of payments being missed.

Good practice:

• Reconciliations between AIM, SAP and iWorld are undertaken accurately and are approved within a timely manner

• Housing stock reconciliations between additions and removals are updated and completed on a monthly basis

• There was an adequate segregation of duties and supporting documentation for the amendments made to rental values of properties.

Key findings:

• Supporting documentation for refunds was not saved on information@work

• Write-offs were completed without sufficient evidence of authorisation after adequate checks being undertaken

• Rent liabilities and accounts could be amended by inappropriate and non-current staff members

• Amendments to rent liabilities were made without the correct level of authorisation and requests were not retained centrally

• Properties were removed from the council's housing stock without authorisation.

Looking forward: supporting the council's journey from moderate / limited to substantial assurance			
Design	Moderate $\longrightarrow$	Substantial	Upload all documentation within two weeks of it being completed Introduce a pro forma for amendments to, or removals of, properties Introduce a pro forma which is consistently used by all teams when requesting system access
Operational Effectiveness	Limited $\longrightarrow$	Substantial	Undertake sample testing of those cases for which documentation has been lost Improve staff awareness for the removal of access rights if they are no longer required

Follow up - The recommendations will be followed up in January 2019 as part of the next audit of housing rents.

EL51	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Food Safety	Design	Operational effectiveness	High	2
July 2018			Medium	2
	Moderate	Limited	Low	1

Purpose of audit	A review of the resource planning measures that the council's food safety team has in place to ensure that all required food safety inspections can be completed within the required timeframe.	Added value	We explored the council's relationships with other services such as business rates to help with identification and reconciliation of all food premises in the borough. We contacted the procurement team to determine possibilities of prioritising recruitment of agency staff or preferred suppliers frameworks to support the team.

The council is responsible for enforcing the Food Safety Act 1990 across the borough, including the inspection of premises that handle food, to ensure that premises are hygienic, food is safe and infectious disease is mitigated. The Food Standards Agency (FSA) sets the criteria and timeframes. The council was last audited by the FSA in 2012. The council has reported to the FSA that it has not been meeting the required number of inspections per the FSA criteria. If the service continues to fail to meet the required standards, the FSA has the power to take over the running of enforcing the Food Safety Act 1990 in the borough and the council would incur any costs for this arrangement. However, in practice is rare and Southwark's performance has not been raised as a significant risk by the FSA. The director sought assurance and advice on how to ensure that the team has a robust resource planning strategy and performance monitoring process to help identify potential future issues arising and to have appropriate contingency plans in place to ensure the team complies with legislation.

Good practice:

- A comprehensive master spreadsheet for food premises pre and post inspection allows easy comparison over time of hygiene ratings and risk profiles, and whether inspections are required more or less frequently
- A risk-based approach is used to prioritise premises that require inspection based on the resources available.

Key findings:

- The council is meeting just under 40% of the inspections required under the Food Standards Agency's premises criteria (although the majority of these are low risk premises and the council inspects the known high-risk premises)
- The service has not completed any form of reconciliation to confirm the actual number of known premises in the borough. Any potential violation is the responsibility of the owner and not the council if they fail to report the existence of their premises.
- The service does not have relationships in place with all council services that deal with food premises
- The food safety team's service plan is not formally presented to the strategic director for environment and social regeneration and the lead member with responsibility for this area.

Looking forward: supporting the council's journey from moderate / limited to substantial assurance			
Design	Moderate $\longrightarrow$	Substantial	Develop a plan as to how the inspection shortfall will be addressed and seek agreement from the strategic director of environment and social regeneration.

			The team's service plan should be approved by the relevant cabinet member and strategic director for leisure & environment before being published
			The service needs to liaise with other council services to either gain access to their databases or receive information in regards to food premises.
Operational Effectiveness	Limited $\longrightarrow$	Substantial	A formal record should be retained to evidence the calculations for the number of inspections that can be completed compared with the FSA's requirements
			Performance targets need to be reviewed on an annual basis and adjusted to be a challenging target to help achieve FSA targets and improve performance
			Introduce the plan to address the shortfall in inspections of premises.

Follow up
The recommendations will be followed up in November 2018 in line with the agreed management implementation dates.

HM53	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Goods Storage and Disposal	Design	Operational effectiveness	High	1
July 2018			Medium	5
	Limited	Limited	Low	2

Purpose of audit	To provide assurance that the goods storage and disposal procedure is being implemented effectively and efficiently.	Added value	A fundamental weakness was identified in the reconciling and payment of invoices, meaning under or over payments may have been made to the contractor unknowingly.

Since the previous audit in July 2015, the housing and modernisation department has taken over the responsibility for contract management and the service is now compliant with the council's contract standing orders, and has reduced from three to a single provider, whose fees cover pickup, storage and disposal of items. The service has reduced the number of items held in storage from 271 to 101 as at October 2017, resulting in reduced monthly costs of storage from £84,071 to £12,336. When a tenant leaves items behind at the end of a tenancy, a resident services officer (RSO) visits the property, takes an inventory of items, photographs the items and makes a storage request to the housing finance team. The systems team will contact Harrow Green to pick up and store the goods. Invoices from the provider are checked on a monthly basis by the housing finance team and reconciled against the two 'central' logs maintained by the team.

Good practice:

• Goods had only been collected by tenants after liaising with the council

• There was a consistent approach to goods storage and disposal across temporary accommodation, sheltered housing and resident services

• There was insurance in place to cover damage caused by the contractor

Key findings:

• Monitoring meetings were not evidenced as being undertaken on a regular basis

• A number of issues were identified with the completeness of the reconciliations undertaken on the accuracy of invoices

• Inventory checks were not undertaken in line with the goods storage and disposal procedure

• Checks of the storage facility were not undertaken

• Insufficient evidence was retained relating to the disposal of goods.

Looking forward: supporting the council's journey from moderate / limited to substantial assurance			
Design	Limited $\longrightarrow$	Substantial	Ensure incorrect invoices are not paid Obtain supporting photographic evidence from the contractor of the number of storage cases
Operational Effectiveness	Limited $\longrightarrow$	Substantial	Implement a regular schedule of contract monitoring meetings Remind staff of the need to follow the inventory process outlined in the procedure Obtain greater supporting documentation relating to the disposal of goods

Follow up
The recommendations will be followed up in September 2018 in line with the agreed management implementation dates.

IT05	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
IT Disaster Recovery	Design	Operational effectiveness	High	3
July 2018			Medium	3
	Limited	Limited	Low	0

Purpose of audit	To provide assurance that the council has adequate arrangements in place to recover its IT services, hardware and infrastructure in the event of a disaster.	Added value	Review of the council's IT disaster recovery arrangements highlighted potential issues in areas that could significantly affect the council's ability to recover to offer critical IT services in the event of a disaster.

In October 2017, Southwark council exited their contract with Capita for the provision of ICT services and joined with the London Boroughs of Lewisham and Brent to operate as a shared ICT service. The shared ICT service is responsible for the provision and maintenance of the councils' IT estates. It is expected that the council will have migrated its data from the Capita data centres by October 2018. The councils' shared ICT Service is responsible for the management and availability of IT resources. This includes the disaster recovery and backup arrangements. Ownership of the ICT systems rests with the respective Head of Service.

Good practice:

- The Shared ICT Service has contracted with SunGard, a third party vendor to provide disaster recovery and testing services.
- There are appropriate arrangements in place to successfully backup data.

Key findings:

- The IT disaster recovery procedures have not been tested
- The impact of an IT disaster on the council has not been adequately assessed
- The recovery objectives are not aligned to the council's continuity requirements
- Work is underway across the council to update business continuity arrangements and the ICT service will need to ensure their arrangements are strengthened in accordance with that process
- The IT Disaster Recovery plan was last updated in March 2016
- Backup and restoration procedures have not been defined.

Looking forward: supporting the council's journey from limited to moderate assurance			
Design	Limited $\longrightarrow$ Moderate		Update the IT disaster recovery plan. Assess the impact of an IT disaster on the council Align the recovery objectives with the continuity requirements of the council
Operational Effectiveness	Limited $\longrightarrow$ Moderate		Formally test the disaster recovery arrangements Update the IT Business Continuity Plan in place Update backup procedures

Follow up
The recommendations will be followed up in April 2019 in line with the agreed management implementation dates.

HM52	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Data Sharing – Multi-Agency Working	Design	Operational effectiveness	High	1
			Medium	3
July 2018	Limited	Moderate	Low	2

Purpose of audit	To review the adequacy of the council's procedures, controls and protocols and provide assurance that there is a consistent approach in identifying potential vulnerable tenants and that the flow of information between the different parts of the council and other agencies supports the 'single view of the customer'.	Added value	Undertaking the review helped to identify there is a need for an electronic approach to sharing data between directorates to ensure relevant information is shared appropriately but also on a timely basis.

Within the council and externally there are a number of multi-agency approaches to the provision of housing and consequently client information is recorded across various council systems and external partners systems. Where the council has faced serious case reviews, a regular theme has been the failure to share sufficient information between parties to ensure that all are aware where the client is known to be vulnerable. This includes the communication of the actions that are required to ensure that the client receives the correct support or housing to meet their needs and deliver the council's vision in practice.

Good practice:

- Housing Services has produced written procedures for referrals.
- Housing Services use a referral form to social care detailing concerns of an individual for potential assessments.
- Procedures in place for sharing data in relation to safeguarding cases, which are covered by data protection.

Key findings:

- There is no data sharing agreement between housing services and children's and adults services departments as to how to and what information could be shared on vulnerable tenants unless a case is a serious case review where it is covered under a national agreement.
- A reconciliation between the information held by the departments has not been undertaken to ensure both databases have current details of risk assessments and if clients are tenants of the council. At present, the two databases are standalone systems.
- Checks are not undertaken on the access to department databases by staff from outside of the department.
- Information raised following risk assessments is not being shared with housing services that raises an issue on health and safety for staff who could potentially attend addresses of tenants without knowing the full details of their vulnerabilities.
- Children's and adults services currently have no formal process to refer clients with vulnerabilities to housing services.
- There are no written procedures in children's and adults services covering the referral of clients to housing services so no way of ensuring the right officer is contacted to avoid possible delays.

Looking forward: supporting the council's journey from limited to moderate assurance			
Design	Limited ⟶ Substantial		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.
Operational Effectiveness	Moderate ⟶ Substantial		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.
Follow up The recommendations will be followed up in November 2018 in line with the agreed management implementation dates.			

HM75		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Apprenticeships Levy July 2018		Design Operational effectiveness		High	0
				Medium	4
		N/A – Advisory Review		Low	3

Purpose of audit	To provide assurance that the processes in place at the council effectively support the correct calculation of the Apprenticeship Levy payable to HMRC and the accurate and timely draw down of funds from the Digital Account.	Added value	Data analytics was undertaken to match payroll, HR and apprenticeship records and identify discrepancies with ages and NICs, as well as those who fall within IR35 yet have not been included within the calculation of the pay bill. We engaged a BDO employment tax specialist to identify improvements to bring the council in line with best practice.

The UK government has a target of three million apprenticeships by 2020 and the aim to 'upskill the workforce'. The Apprenticeship Levy has been chosen as the route to fund, encourage and increase employer engagement. Introduced by the Finance Act 2016, the Levy is applicable to all employers (or groups of connected employers) with a combined pay bill of £3m of more. The Levy has been set at 0.5% initially and is payable to HMRC alongside PAYE/NIC as part of the Real Time Information (RTI) system. The pay bill is defined as any amount subject to Secondary Class 1 NI Contributions (including any earnings below the secondary threshold). As of February 2018, the council's pay bill for the 11 months totalled approximately £130m, bringing the levy to date to £637,104. Levy paying employers are able to access and utilise the English proportion of their levy (plus a 10% uplift) via a Digital Apprenticeship Service account. Funds held in the digital apprenticeships account will only be available for the levy-payer's use for 18 months. After that any unused funds are transferred into a central government fund. Each separate levy payment (plus the associated 10% government top-up) will have its own 24-month lifespan (increased from the originally proposed 18 months). Funds used to provide training are taken from the account on a first-in-first-out basis.

Good practice:

- There were parameters evidenced as in place for the calculation of the pay bill and NICs for apprentices under 25
- The Apprenticeship Levy liability was notified to HMRC in a timely manner.

Key findings:

- There is a lack of assurance that connected charities have been identified, and those identified have not been included on the council's Digital Account to allow for access to the levy
- Payments made to workers who are engaged by the council via a personal service company (PSC) which falls under the scope of IR35 are yet to be added onto the payroll and included within the calculation of the pay bill, reducing the entitlement for the council and understating the levy
- NICs have been taken for apprentices under 25 due to data entry errors, inflating the council's pay bill and therefore the levy
- The full cost of training is not known to the council until each qualification has been through procurement so forecasting to ensure the use of the levy before expiry is complex, and the digital account functionality around this has not worked since the introduction of the levy.

MA05	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Payroll	Design	Operational effectiveness	High	0
July 2018			Medium	7
	Moderate	Moderate	Low	3

Purpose of audit	To review the adequacy and operational effectiveness of the key controls in place to manage the identified risks in respect of the payroll and expenses.	Added value	We undertook a number of data analytics tests in addition to our sample testing in order to identify potential areas of improvement. This included analysis of overtime payments being made by the council.

Within the Exchequer Services Division of the Finance and Governance Department, the council has a SAP Competency Centre, which includes the officers responsible for SAP HR and Payroll management and running the actual payroll. The council's Human Resources team is in the Housing & Modernisation Directorate, which is split into HR Operational service and HR Strategy & Development. There is a service level agreement between payroll and HR. Southwark Council processes the payroll for 4,600 staff on a monthly basis. The monthly payroll cost for officers is £15m and the monthly payroll cost for pensioners is £5m. Council managers work with the HR operational teams concerning new starters, leavers and variations for the staff for which they have line management responsibility. HR notifies the payroll team for the financial aspects of these changes to be reflected in the payroll system. The council operates an employee self-service (ESS) system where processing/approval regarding sickness, annual leave, unpaid leave, overtime and expenses can be undertaken. If individuals cannot access the system then managers can do this on the individual's behalf. Some services are not on ESS such as Southwark Cleaning where managers issue payroll with excel documents of time to be compensated that is then processed.

Conclusion:

New systems and procedures implemented during 2017 have strengthened controls around the processing of HR and payroll transactions. There has also been clarity of the roles and responsibilities of the respective teams and the introduction of management checks on processes and reviews on the sufficiency and retention of evidence to support decisions made on pay, amendments and other transactions. This is a positive direction of travel in relation to procedures being introduced, which has resulted in an improvement from part limited to moderate assurance. The further introduction of sample checks on the timeliness of notifications from managers, timely processing and completeness of documentation should further enhance the control environment. There is the need for more manager awareness of their responsibilities, and holding managers to account for non-compliance with expected practice.

Key findings:

- Testing identified that supporting evidence and appropriate approvals were not being retained in all cases by the HR or payroll teams in respect of: the processing of starters, leavers, including settlement and redundancy agreements, amendments to bank details and contract variations
- Managers were not notifying HR and completing the correct lines of entry on the casework system on a timely basis, leading to the payroll processing deadlines being missed and remedial action having to be take in the subsequent month
- We did not receive all supporting documentation related to expense claims and we noted that there were claims without sufficient supporting documentation that had been processed
- Ten exceptions concerning access rights in SAP were identified.

In additional to the key findings, we noted that:

- SAP has been upgraded and some stages of the current payroll run procedure have become an automatic process. Therefore, the procedure may need to be updated once the upgrade is completed.
- HR has introduced a new change to the issuing of starter contracts from mid-November onward, all starter contracts will be issued along with the start date confirmation email. This practice is adopted in order to improve the Council's compliance with the 8 weeks requirement. Testing found that the eight-week deadline was generally being met.

Data Analytics

- A review of whether all payments made had a corresponding payee in the master file data found two exceptions. One employee received three months further payroll after they had left the council as the manager failed to notify HR and payroll. One employee did not receive the sum due for outstanding annual leave that took four months to be rectified.
- A review of overtime paid in the current financial year, up to November 2017, identified that the top 25 employees (for overtime payments) had received a sum of £198,890 and as a percentage of their basic salary the highest earner received an additional 57.8%(£11,560) and the lowest an additional 29.24% (£6,103). On average, the top 25 had received an additional 37.46% of their basic salary in Overtime payments.
- It was noted that 24 of the 25 employees receiving overtime payments came from the Environment & Social Regeneration Directorate and were in the Cleaning Services Department.

Looking forward: supporting the council's journey from limited to moderate assurance			
Design	Moderate $\longrightarrow$	Substantial	Ensure procedures and control frameworks are updated and clear
			Overtime should be subjected to regular review and scrutiny
Operational Effectiveness	Moderate $\longrightarrow$	Substantial	Ensure documents are retained on SAP in a timely manner.
			Ensure that leavers who have access to SAP and their profile on SAP are removed on a timely manner
			Leavers and contract variation should be recorded on Casework
			Managers should obtain and retain appropriate supporting documentation from employees prior to approval of expense
			SAP access should be reviewed on a regular basis to ensure it remains appropriate

Follow up
The recommendations will be followed up in November 2018 as part of the next audit of payroll.

CAS63	LEVEL OF ASSURANCE			SUMMARY OF RECOMMENDATIONS	
Mosaic July 2018	Design	Operational effectiveness		High	2
				Medium	1
	Moderate	Limited		Low	1
Purpose of audit	To review the arrangements for recording, approving and processing social care packages within Mosaic, such that only valid cases and accurate amounts are generated for processing and payment via SAP.		Added value	An in depth review of the documentation needed to back up the payments being made was carried out.	

Mosaic is the council's care database, and the majority of invoices received by the council for care packages are processed for payment via SAP through interfaces from the Mosaic system. The audit focussed upon this type of payment. Care support plans that set out the packages provided to clients are authorised by the appropriate panel or a delegated officer. The care package details are loaded on to Mosaic, including the amount to be paid to the provider and the payment cycle (e.g. weekly or monthly), and are authorised via electronic workflow. Mosaic will automatically pick up payments due based on the payment cycle and produce an interface file that is sent to the SAP team to be processed. The financial control and processing team perform a basic reconciliation of number of records and amount and run the interface through SAP to generate the payments to providers. Invoices are received from providers by the appropriate finance team and details loaded on to Mosaic against the relevant client and care plan.

This is an annual audit, as Mosaic is now a key system that drives social care payments made by the council. Through discussion with management, the specific areas of social care focussed upon this year were learning disability residential care and older people nursing care, based upon the volume and materiality of transactions being processed through the system and specific areas of concern.

Good practice:

• There is a set of policies and procedures to help guide the social worker teams and the finance teams in the processing and preparation of Mosaic payments
• Access to systems is well managed, maintaining a segregation of duties through the workflow
• Sufficient checks are carried out on the Mosaic file prior to payment
• Interface files from the Mosaic system to the SAP system have several in built checks to reject mistakes and incorrect payments, in addition to a reconciliation that is prepared to ensure that changes to the interface files are correct and signed off appropriately.

Key findings:

• Panel assessments and approvals for care packages and financial assessments were not evident on the Mosaic system.
• Support plans are not being reviewed within a year as required
• In one case there was a recorded panel decision to move a client onto a substantially lower care package. This panel decision was not actioned or appropriately followed through and recorded, we were advised that this was a panel suggestion rather than approval to act, however the Mosaic system was not clear on this point.

We also found minor variations in cost figures between support plans, panel assessment and Mosaic forms. This could be because an average weekly cost for the year figure is prominent on each client's profile page, and this figure could be used rather than the actual weekly cost in some calculations.

Looking forward: supporting the council's journey from limited to moderate assurance			
Design	Moderate⟶	Substantial	Introduce a monthly review of a sample of 10% of all new cases to ensure all documents have been completed and saved correctly
Operational Effectiveness	Limited ⟶	Substantial	Ensure that all support plans, panel assessments and financial assessments are being completed appropriately and then being saved down to the Mosaic system. A review of current cases should be conducted to address any gaps in documentation. Ensure that actions arising from care plans and panel assessments are put into place in a timely manner Introduce monitoring of documentation review dates to ensure that documents do not fall out of date.
Follow up The recommendations will be followed up in January 2019 as part of the next audit of Mosaic.			

CAS31	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Community Safety Partnership July 2018	Design	Operational effectiveness	High	0
			Medium	2
	Moderate	Moderate	Low	1

Purpose of audit	To provide assurance on the management and monitoring controls over the new commissioning arrangements for leaving care, and the extent to which they are meeting the stated objectives and delivering against required standards and meeting key performance indicators.	Added value	We helped review the new risk scoring system that separates care leavers by their needs into high, medium and low risk categories.

The community safety partnership team works with the police, fire services, victim support and other agencies to tackle crime, anti-social behaviour and substance abuse issues in the borough of Southwark. "Making the Borough Safer" is one of the council's ten "Fairer Future Promises". In March 2017, the community safety partnership team was re-organised and is now part of the communities division of the housing and modernisation department. The team's work has several strands directed at different areas of focus, such as drug and alcohol treatment and domestic abuse. Services provided either can be conducted by in-house teams or the council will engage with its partners to help provide external services. External services will be agreed through a contract or a grant with KPIs and targets to help the council ensure that services are being completed to the correct standards and timeframes.

Good practice:

- There are strong, robust strategies in place for each of the strands of the community safety partnership team.
- Each strand is holding regular monitoring meetings
- There is a clear structure regarding roles and responsibilities in the service, with each sub group reporting into an overall committee
- Relationships with each service have been well defined in the contracts agreed
- Agreements are well structured to allow the council to have good oversight on the fulfilment of obligations on behalf of the clients.

Key findings:

- There is no consolidation of the separate strands to help provide an overall financial view of the service
- When undertaken, the monitoring conducted on targets and KPIs is of sufficient frequency and depth, but not all the targets and KPIs within agreed contracts are being monitored.

Looking forward: supporting the council's journey from limited to moderate assurance			
Design	Moderate⟶	Substantial	Introduce a standardised consolidated view of the overall finances that pulls together the separate strands to be discussed quarterly
Operational Effectiveness	Moderate⟶	Substantial	Ensure that all contractual targets and KPIs are monitored within expected timeframes

Follow up
The recommendations will be followed up in August 2018 in line with the agreed management implementation dates.

ADD04	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Ledbury Estate Compensation Payments	Design	Operational effectiveness	High	1
			Medium	1
July 2018	Moderate	Limited	Low	2

Purpose of audit	To provide assurance over the record keeping and validity of cash payments being made to residents of the Ledbury Estate in the period 10 August 2017 to 7 January 2018.	Added value	We included an example to use as a basis for the changes to the processes and controls, and highlighted how the council can strengthen its current controls and improve the assurance rating in this area should similar situations arise on the future.

In August 2017, the council took the decision to turn off the gas in all four tower blocks on the Ledbury Estate; this followed a structural survey that identified safety concerns. A full evacuation of the properties was not undertaken, rather the council implemented a programme of replacing gas-powered appliances (e.g. heaters, cookers) with electrical ones. Residents had a range of options made available to them, from choosing to stay and using electrical hotplates and free shower facilities at leisure centres, making a request to move into temporary accommodation or making a bid for a permanent move via the council's housing solutions service. The council made compensation payments to residents of the four tower blocks since August 2017 via cheque and cash.   At the time of the audit in February 2018, the total amount of cash approved by the strategic director of finance and governance to the area manager responsible for the Ledbury Estate is £12,000. Following a request by the Area Manager for a further £2,000 cash float on 12 January 2018, the strategic director of finance and governance requested an audit of the controls in place concerning the compensation payments.

Key findings:

• Cash and cheque payments were not always supported by documentation to evidence the validity of the payment

• Payments were not reviewed and authorised by management

• A weekly formal forecast was not being undertaken on likely cash required.

We recognise that applying controls can be challenging in emergencies but there is an increased risk of fraud and error in these situations that requires enforcement of these controls.

Looking forward: supporting the council's journey from limited to moderate assurance			
Design	Moderate⟶	Substantial	Introduce written procedures and criteria for cash payments Introduce forecasts for future payments
Operational Effectiveness	Limited ⟶	Substantial	Management review and authorisation of payments Checks to ensure completeness and accuracy of payment registers

Follow up
As this was an unusual situation, our recommendations are there to be applied to any similar future circumstances, an in-year follow up will therefore not be undertaken.

TR01	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Access to Services	Design	Operational effectiveness	High	1
July 2018			Medium	3
	Limited	Moderate	Low	2

Purpose of audit	This audit focused upon the adequacy of the control framework for identifying where customers no longer require services or are no longer eligible to receive services and/or funding.	Added value	A cross-council review has been undertaken to identify recurring issues across a range of departments. A lack of cross-council communication has been identified.

This is the final of three thematic reviews undertaken by internal audit on access to services as part of the council's internal audit strategic plan. The earlier reviews (carried out by the previous internal auditors) considered initial applications and changes to circumstances. This audit focused upon when a customer of the council no longer requires a services or is no longer entitled to receive such services and / or funding. The previous audits, which covered exchequer, housing, finance, culture and customer experience, have highlighted areas for improvement including the introduction of a framework to ensure a consistent approach across services for validation checks and retention of evidence and notifying other council services of changes.

Conclusion:

Overall, there was a lack of knowledge relating to the retention of documentation or whether any data cleansing would be undertaken to ensure documents were not held longer than the agreed retention period. Additionally, there was a lack of communication between council departments that would enable quicker identification and cancellation of services or payments. This had implications for the council's compliance with the General Data Protection Regulations that came into effect on 25 May 2018, and were addressed as part of work undertaken to ensure that the council is compliant.

Looking forward: supporting the council's journey from limited to moderate assurance			
Design	Moderate ⟶ Substantial		Introduce a data sharing agreement between the two departments Children's and adults services to introduce a formal referral process Children's and adults services to compile written procedures covering the referral of clients to housing residential services.
Operational Effectiveness	Limited ⟶ Substantial		Once a data sharing agreement is in place: Undertake an initial data matching exercise and then set a timetable for carrying out further checks Any risk assessments undertaken by either department to be shared Review the users of Mosaic and iWorld and establish if other departments have access, the level of access and gain assurance this is still required.

Follow up
This audit report is being considered by the Corporate Governance Panel, following which a management action plan and timeframes for implementation will be agreed. The follow up will be carried out in accordance with that action plan.

TR12	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Governance – Decision Making	Design	Operational effectiveness	High	0
July 2018			Medium	4
	Moderate	Moderate	Low	0

Purpose of audit	A review to give assurance on the adequacy of evidence presented across the council such that decisions are based upon sufficient information and decisions reached are documented such that future scrutiny can be undertaken.	Added value	The review has highlighted issues to address, which a training programme through electronic measures could compensate.

The Local Government Acts 1972 and 2000 set out the powers and responsibilities of local government. This includes executive arrangements, which govern how decisions are made and include a requirement to have a constitution. The council's constitution is a written legal document that guides the council on its decision-making processes. The council's decision-making powers fall into two categories, executive and non-executive functions. Those stated above can exercise a decision in connection with an executive function. The council's scrutiny function of decisions is undertaken by the overview and scrutiny committee, which provides a critical challenge to the delivery of public services through the power to make inquiry into matters of local concern. Amongst other things, the overview and scrutiny committee has the power to recommend that the decision maker reconsider a decision. All future executive decisions must be recorded on the council's published forward plan.

Good practice:

- The council has a constitution, which details how the council's decision-making process operates. The most recent update was on 7 June 2017.
- The council has also produced guidance on the decision-making, overview, scrutiny committee call in processes, and a flowchart for officers, which is available on the Source.
- Departmental co-ordinators have been appointed and receive training from the constitutional team on a minimum of an annual basis to ensure they are kept aware of any changes in the process.
- The constitutional team has set deadline dates for receipt of updates for the forward plan, building in some lead-time for the leader of the council to review the updated version of the plan before it is published. These are communicated to departmental co-ordinators.
- The constitutional team leads on reminding departmental co-ordinators of deadlines and issues a detailed systematic guide of what actions to take and how to update the forward plan with their information. The team send timely reminders to departmental co-ordinators to seek confirmation from chief officers and individual decision makers before processing these updates.
- Decisions are being recorded at appropriate departmental senior management team meetings where respective reports are sent for approval. Once approved and the approval route confirmed, the departmental co-ordinator updates the forward plan as required. Decisions were found to be in the main taken in a timely manner and through the correct route with the exception of where General Exception Notices (GEN) were raised.
- The forward plan is published in accordance with the schedule with the relevant date and decision maker recorded. The forward plan web page has links to the plans from November 2017 to May 2018 and when clicked on a printed version can be downloaded or there is the ability to click on each decision for that month with new items for the plan clearly marked.
- Information is generally presented on a timely basis, apart from items raised in Key Findings, so the appropriate decision maker is

making a decision on relevant information in the reports.

Key findings:

- The current list of departmental co-ordinators for children's and adult services and finance and information governance departments is not up to date and does not reflect each department's process.
- At present the terms of reference covering the role of a departmental co-ordinator is in draft form and has not received ratification of the actual duties expected.
- A review of General Exception Notices for a six months period (October 2017 – March 2018) found 24 had been raised, with three being rated as urgent. A review of the 24 found 11 where reasons for the GEN being raised brought in to question the department's processes on identifying key decisions and ensuring they followed the process. Reasons included omission from plan, incorrect decision maker identified and key decision not identified until with completion of assessment or at report stage. This meant the correct approval route was not sought in sufficient time, meaning that the decision was postponed until the next relevant meeting.
- There is a lack of training available for staff involved in the decision making process and the council has no measurement as to the current knowledge base of staff to ensure decisions are taken following the correct approval process. Guidance for staff has not been reviewed since August 2016 and does not have enough details covering the process.

Looking forward: supporting the council's journey from limited to moderate assurance			
Design	Moderate⟶	Substantial	Finalise the terms of reference for the departmental co-ordinator role.
			Re-design the GEN form to include a section for directors to sign as evidence they have seen and approve the notice.
			Introduce a checklist, which chief officer signs off confirming all updates are correct and al decisions recorded after checking senior management and contract review board's minutes.
			Introduce a formal training package on decision-making. All relevant staff to undertake on a minimum of an annual basis.
Operational Effectiveness	Moderate⟶	Substantial	Create a central record of General Exception Notices and establish a lesson learned process.
			Retain statistics on General Exception Notices (GENs) and report them to corporate governance panel.
			Update list of departmental co-ordinators.
			Ensure the guidance available for staff is evidenced when reviewed and updated as required.

Follow up
The recommendations will be followed up in January 2019 in line with the agreed management implementation dates.

CAS05	LEVEL OF ASSURANCE			SUMMARY OF RECOMMENDATIONS	
Leaving Care	Design	Operational effectiveness		High	1
July 2018				Medium	2
	Moderate	Limited		Low	0

Purpose of audit	To provide assurance on the management and monitoring controls over the new commissioning arrangements for leaving care, and the extent to which they are meeting the stated objectives and delivering against required standards and meeting key performance indicators.	Added value	We helped review the new risk scoring system that separates care leavers by their needs into high, medium and low risk categories.

Southwark council has a legal duty to support young people after they leave care at the age of 18 in employment, education and training until they reach the age of 21. This can be extended until the age of 25 if the young person is in continuing education or training. At the age of 16 all children in care are required to have a 'Pathway Plan'. This document sets out goals and targets in relation to the child's ongoing education, health needs and ambitions. As the child leaves care the council remains obligated to ensure that they are in a good position with respect to housing, education, health and work. All children are allocated a personal advisor as their main point of contact with the council, and to ensure that the care leaver is following their pathway plan. New procedures are currently being developed to enhance the process of leaving care, including making a broader range of support more easily available to more clients, as well as ensuring that social workers can be more flexible in order to meet the varying needs of clients.

A risk assessment tool is under development, currently with the Leaving Care Service, Clinical hub (psychology staff) and the Performance. The future development and roll out of the tool will be subject to trials before being adopted during the Current Care Leaver's Partnership Pilot - service users and worker feedback will be used to develop it and training will be provided to understand the purpose of the tool will be provided. The pilot Pathway Plan will embed the tool within the Pathway Plan assessment. We were asked to consider the use of this tool as part of the audit, to identify any areas for improvement whilst it is being developed.

Good practice:

- There is a robust set of policies and procedures underpinning the service
- All care leavers are offered advice on the help and support available to them
- All care leavers have a pathway plan in place.

Key findings:

- Effective monitoring of cases is not in place, there has been high-level of non-compliance with the completion of pathway plans, review of pathway plans and regularity of visits by personal advisers.
- Pathway plans vary substantially in quality, with some being very detailed and some lacking targets and goals for the care leaver
- Visits with care leavers by the PAs are not always face to face. In instances where contact is not face to face there is a lack of explicit agreement from the care leaver in the majority of cases
- In respect of the development of the new risk assessment tool for care leavers, we found the following:
- The risk rating system as at the time of the audit lacked score weighting and lack a holistic input from the social worker. Additionally, the risk scores are not currently being effectively reflected in the pathway plans of care leavers

Looking forward: supporting the council's journey from limited to moderate assurance			
Design	Moderate⟶	Substantial	Provide extra training for social workers with respect to how to include clients in the preparation of pathway plans Requirements for contact with care leavers should be clarified and communicated to staff
Operational Effectiveness	Limited ⟶	Substantial	Ensure that monitoring activities for pathway plan completion, pathway plan review and PA visits are strengthened to avoid gaps and substandard pathway plans. Ensure that pathway plans are actively reviewed and updated, with the care leaver actively involved and producing SMART targets to help the care leaver
Follow up The recommendations will be followed up in August 2018 in line with the agreed management implementation dates.			

ESR21 CCTV July 2018	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	0
			Medium	2
	Substantial	Moderate	Low	0

Purpose of audit	To provide assurance that the control framework in place for the CCTV service is effective and compliant with legislation.	Added value	Undertaking the review and the timing assisted management in gaining assurance over the control framework currently in place for the Surveillance Commissioner's review for a 5 years accreditation.

The council has 450 CCTV cameras within the borough, which are monitored via a CCTV control room, based at a police station. The cameras gather around two thousand pieces of evidential material every month, including information that does not relate to crime and anti-social behaviour. The council must comply with the Surveillance Camera Code of Practice 2013. The council was awarded a one-year accreditation from the Surveillance Commissioner in 2017 and is currently preparing for an audit to be awarded a five-year accreditation.

Good practice:

- The CCTV Service Standard Operating Procedures lay out the core function of the Service and provides an update on its role within the Safer Southwark Partnership (SSP). The Privacy Notice clearly states the rights of the public to access and possible use of footage
- Access to the CCTV control room is controlled via doors with pin pads with different codes known to control room staff and management
- Retained images are held on four specific computers held in the CCTV control room called 'vigilant stations'.
- The control room is recorded using two CCTV cameras and all cameras and recordings are checked three times per day.
- Checks confirmed that footage that has not been requested for criminal investigations is automatically deleted after 31 days and is not recoverable and evidence retained for investigations will be deleted after a maximum of 6 months under appropriate authority
- Requests to review footage forms are being completed before data is downloaded and stored in case of investigation. Police and CCTV operators have either a Crime Reporting Information System (CRIS) or Computer Aided Despatch (CAD) reference number before viewing
- The Information Sharing Protocol (ISP) provides detail to staff about disclosures of specific information.

Key findings:

- The server recording checklist that is used to evidence that all cameras are working and recording correctly on servers at the start of each shift, three shifts per day, is not being competed by staff. A review of a three-month period, January 2018 – March 2018 found that on 15% of occasions no signature was recorded
- The signage to clearly identify the area was under surveillance was missing from one camera location visited. This was corrected during the time of the audit.

Looking forward: supporting the council's journey from limited to moderate assurance			
Operational Effectiveness	Moderate ⟶ Substantial		Server and cameras checks are evidenced when completed at the commencement of each shift
			Evidence physical checks of camera sites, to ensure they comply with The Surveillance Camera Code of Practice.

Follow up
The recommendations will be followed up in August 2018 in line with the agreed management implementation dates.

ADD01	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Access to Restricted Areas	Design	Operational effectiveness	High	4
July 2018			Medium	4
	No	Limited	Low	0

Purpose of audit	To establish if the current controls are sufficient to ensure access to restricted areas on council housing estates such that only approved personnel, including contractors, who require access as part of their role can gain access.	Added value	Significant deficiencies in the control framework were identified which has resulted in a lack of assurance regarding the management of access to restricted areas. In our opinion, the council needs a complete overhaul of the key management systems, potentially through the procurement of a new entry system to secure all areas. At present assurance cannot be provided that areas under the scope of this review are restricted to only those with valid rights of access.

Following an initial referral to the Council's anti-fraud team raising increasing concerns over the access to restricted areas on housing estates, the director of finance has requested an internal audit of the controls for access to such areas. Mul-T-locks were introduced for the restricted areas in 2009. The engineering team within the asset management division have managed these since 2012. The restricted areas on the council's housing estates are divided into eight geographical areas and there are five types of restricted area: boiler house/ communal plant rooms, lift motors rooms, electrical intake cupboards, tank rooms and access to roof areas and ladder boxes.

Key findings:

- There is a lack of overarching guidance relating to the management of access to restricted areas
- There is no written contract with the company being used by the council for copying the keys to secure areas and holding the patent
- There is no record of the designated restricted areas within housing estates
- The key register did not include all keys issued by the council.
- Spare keys were being held in an unsecure location with no record maintained
- Keys have not been returned when staff left the council
- A record of current contractors is not maintained to allow for scrutiny over whether these keys are held with non-current contractors
- Keys issued with a finite life have not been returned and those which were returned could not be tracked through to keys held
- There is a lack of guidance relating to the authorisation for ordering keys and a lack of consistency relating to who was deemed appropriate to order keys
- Incidents in restricted areas and the actions taken are not recorded, as well as a lack of guidance on the process to be followed and a lack of reporting of the cost implications of these incidents.

Conclusion:

Significant deficiencies within the control framework were identified throughout the audit as well as a lack of compliance with the limited controls in place. A lack of communication between teams within the council meant there was no complete record of all keys in circulation and therefore no assurance can be given that access is suitably restricted. Whilst recommendations have been raised to address the issues identified, restricted areas within the borough will not be secure unless all locks are changed with new keys issued following the guidance outlined in this report, as it is not possible to locate all keys that have been issued.

It is acknowledged that prior to the audit commencing that the team had recognised there were issues with key controls and an officer was already investigating potential options of security systems on the market. The team were also aware of the funding implications and the need to identify potential capital and longer-term revenue budget before moving forward. It was also noted that there were no recorded deaths or serious injuries due to gaining access to the restricted areas.

Follow up
The recommendations will be followed up in November 2018 in line with the agreed management implementation dates.

# 5. SUMMARY OF RECOMMENDATIONS STATUS

The cumulative summary provided here relates to 261 high and medium recommendations followed up in the period when BDO was appointed as internal auditors to the council from 1 December 2016 to 30 June 2018.

We have confirmed that 214 (81%) of the recommendations have now been implemented.

Of those audit reports followed up since our last progress report, we could confirm that all recommendations had been implemented.
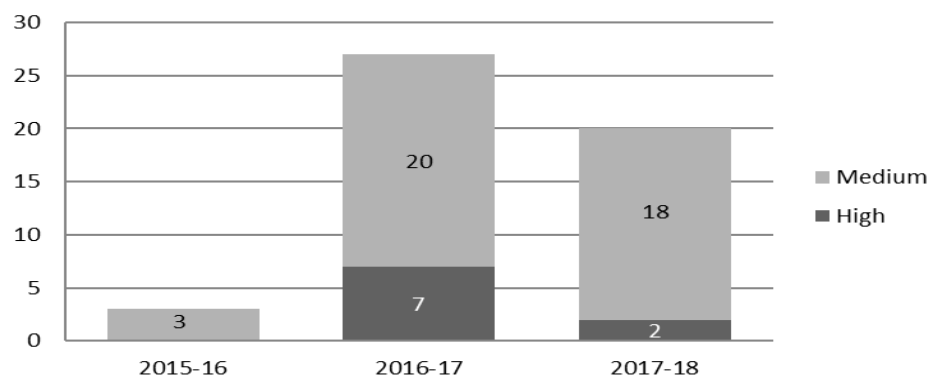

Cumulative implementation rate % by year
Recommendations followed up
1 December 2016 to 30 June 2018
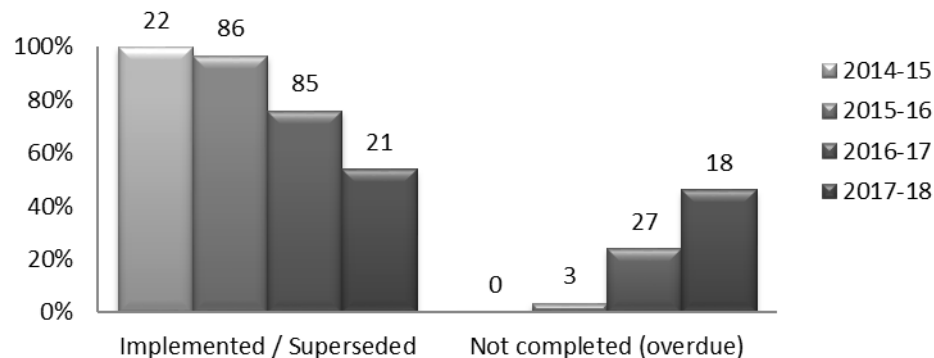
Number of recommendations overdue by year
Recommendations followed up
1 December 2016 to 30 June 2018

6. KEY PERFORMANCE INDICATORS 2018-19 to date

Description	Target	Actual and comment	RAG Rating
% of audits from the plan reported to the planned meeting of the audit, governance and standards committee (as per the approved terms of reference).	90%	100%	Green
% of high and medium rated recommendations implemented by the agreed management implementation date	75%	81% As reported in section 5 of this report.	Green
% of recommendations in draft report accepted by audit sponsor / owner	90%	100%	Green
% of draft reports issued within 15 working days of the audit closure meeting.	90%	100%	Green
% of returned audit satisfaction survey forms achieving a score of 4 or 5 out of 5	75%	80% In respect of the audit reports finalised since the last meeting, we have received one completed survey, which rated us as 5 out of 5.	Green
Annual chief officer and audit, governance and standards satisfaction survey results	Average of 75% and above	A new survey has been developed, which was issued at the end of June 2018. We would appreciate the committee's views on our service.	n/a
% of audits from the plan completed to draft report stage by 31 March 2019	100%	To be reported at the end of 2018-19.	n/a

APPENDIX – ASSURANCE DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
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.

Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.