

Audit, Governance and Standards Committee

Monday 11 February 2019
7.00 pm
Ground Floor Meeting Room G02B - 160 Tooley Street, London SE1 2QH

Membership

Reserves

Councillor Gavin Edwards (Chair)
Councillor Dora Dixon-Fyle MBE
Councillor Humaira Ali
Councillor Nick Dolezal
Councillor Victoria Olisa
Councillor Andy Simmons
Councillor Dan Whitehead

Councillor Eleanor Kerslake Councillor Sarah King Councillor Hamish McCallum Councillor Cleo Soanes Councillor Bill Williams

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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 February 2019





Audit, Governance and Standards Committee

Monday 11 February 2019
7.00 pm
Ground Floor Meeting Room G02B - 160 Tooley Street, London SE1 2QH

Order of Business

Item No. Title Page No.

PART A - OPEN BUSINESS

The chair would like to remind members that prior to the meeting they have the opportunity to inform officers of particular areas of interest relating to reports on the agenda, in order for officers to undertake preparatory work to address matters that may arise during debate.

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. CONFIRMATION OF VOTING MEMBERS

A representative of each political group will confirm the voting members of the committee.

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

In special circumstances, an item of business may be added to an agenda within five clear days of the meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.

5. MINUTES 1 - 4

To approve as a correct record the minutes of the open section of the meeting held on 21 November 2018

6. GOVERNANCE TOPIC: IT GOVERNANCE

Emma Marinos, Director of Modernise, Southwark Council, and Steve Tredinnick, Brent Council

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

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AGAINST THE CODE OF CONDUCT FOR MEMBERS

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14. ANNUAL REPORT ON THE WORK AND PERFORMANCE OF THE

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE IN 2018-19

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15. DRAFT WORK PROGRAMME FOR 2019-20

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

To follow

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

EXCLUSION OF PRESS AND PUBLIC

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

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

PART B - CLOSED BUSINESS

Date: 1 February 2019



Audit, Governance and Standards Committee

MINUTES of the OPEN section of the Audit, Governance and Standards Committee held on Wednesday 21 November 2018 at 7.00 pm at Ground Floor Meeting Room G02B - 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Gavin Edwards (Chair)

Councillor Dora Dixon-Fyle MBE

Councillor Humaira Ali Councillor Nick Dolezal Councillor Victoria Olisa Councillor Andy Simmons

OFFICER Jo Anson, Head of Finance and Information Governance

SUPPORT: Nick Baker

Norman Coombe, Head of Corporate Team, Legal Services Doreen Forrester-Brown, Director of Law and Democracy

Emma Marinos, Director of Modernise Alex Moylan, Senior Finance Manager

Rob Woollatt, Departmental Finance Manager Virginia Wynn0Jones, Principal Constitutional Officer

Nick Baker, BDO

Angela Mason-Bell, BDO

Greg Rubins, BDO

Matt Dean, Grant Thornton Paul Dossett, Grant Thornton

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Dan Whitehead, and from Duncan Whitfield, the strategic director of finance and governance.

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 the meeting of 12 September 2018 were agreed as a correct record and signed by the chair.

6. GOVERNANCE TOPIC: IT

Emma Marinos, Director of Modernise, Southwark Council, and Prod Sarigianis, Head of Joint IT Services, Brent Council, presented to the committee. The committee had questions for the officers.

Officers undertook to bring an example service catalogue to members.

Officers undertook to circulate the joint IT committee's agendas to members of the audit, governance and standards committee.

Officers undertook to coordinate communication between the chair of audit, governance and standards committee and chairs of the committees with a responsibility for governance in Brent and Lewisham Councils to discuss cross-council working.

7. INTERNAL AUDIT PROGRESS REPORT AND ANTI-FRAUD UPDATE NOVEMBER 2018

BDO presented the report, and noted that it was the first time they had completed the antifraud work for Southwark Council. Members had questions for BDO.

RESOLVED:

That the audit, governance and standards committee noted the internal audit annual report, attached as appendix A to the report.

8. GRANT THORNTON PROGRESS REPORT AND SECTOR UPDATE FOR YEAR ENDING 31 MARCH 2019

Grant Thornton presented the report.

RESOLVED:

That the audit, governance and standards committee noted Grant Thornton's progress report and update for year ending 31 March 2019, as attached at Appendix A to the report.

9. CAPITAL STRATEGY AND TREASURY MANAGEMENT STRATEGY 2019-20

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

RESOLVED:

That the audit, governance and standards committee noted the draft:

- i. Capital Strategy 2019-20 (Appendix A of the report)
- ii. Treasury Management Strategy Statement 2019-20 (Appendix B of the report)
- iii. Investment Management Strategy 2019-20 (Appendix C of the report)
- iv. Minimum Revenue Provision Statement 2019-20 (Appendix D of the report)
- v. Prudential Indicators for 2019-2021 (Appendix E of the report).

10. WHISTLEBLOWING COMPLAINTS AND OUTCOMES

Officers presented the report.

RESOLVED:

That the report be noted.

11. MEMBER INDUCTION LEARNING PROGRAMME 2018

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

RESOLVED:

That audit, governance and standards committee noted:

- a. the outcome and feedback from the Member Induction Learning Programme following the Local Elections in May 2018.
- b. the successful implementation of the livestreaming of council meetings.
- c. the progress made in the reduction of printing costs following the implementation of electronic summonses.

12. IN YEAR REVIEW OF WORK PROGRAMME 2018-19: NOVEMBER 2018

Members discussed the report.

RESOLVED:

- 1. That the audit, governance and standards committee considered the proposed revised work programme for 2018-19, including scheduling of governance topics for the year, and also whether they would wish to make any other amendments.
- 2. That the audit, governance and standards committee invited representatives of the ICT shared services contract back to the meeting of February 2019.

3. That the audit, governance and standards committee, subject to any requested changes, agreed the work programme set out in Appendix 1 of the report for 2018-19.

13. RECRUITMENT OF INDEPENDENT PERSONS

Norman Coombe updated members on the recruitment of further independent members. Members had questions of the officer.

Meeting ended at 9.10 pm

CHAIR:

DATED:

Item No. 7.	Classification: Open	Date: 11 February 2019	Meeting Name: Audit, Governance and Standards Committee	
Report title	Update on Ledbury Estate – Management respective to recommendations of the independent review the Ledbury			
Ward(s) or	groups affected:	Old Kent Road		
From: Stuart Davis – Director of Asset Mar Housing and Modernisation			• •	

RECOMMENDATION

1. Audit, Governance and Standards Committee are asked to note the contents of this report.

BACKGROUND INFORMATION

- 2. Following the issues that have arisen at Ledbury estate where the four tower blocks are being decanted as a result of fire safety and structural issues, RSM were instructed to carry out an independent investigation in to the repairs history on the four tower blocks. This report was completed in May 2018 and there were a set of 18 recommendations made for actions relating to all the housing stock. A management response was made to each of the recommendations and this was reported to overview and scrutiny committee on 23 July 2018. An updated version of these management responses is attached as Appendix A. Each of the responses to the recommendations had been given a clear deadline which has been closely monitored by the Director of Asset Management.
- 3. Overview and scrutiny committee accepted the report and it was suggested that there may be a role for audit, governance and standards committee in reviewing the findings of the report as part of its management of systems and risk controls. This committee has been the first one with space on its agenda where it has been possible to update the committee.

KEY ISSUES FOR CONSIDERATION

- 4. Subsequent to the report to overview and scrutiny committee there has been a further report to cabinet on 30 October 2018 on subsequent actions on Ledbury estate, the intensive consultation with local residents and the way forward for the estate.
- 5. An options appraisal had been carried out and the options discussed with residents. The option agreed and one that residents supported was to refurbish the existing four tower blocks and build on land adjoining the blocks with 50% of new homes being retained for Council rented accommodation.

Policy implications

6. The management actions being carried out help the council achieve Theme I of its

Fairer Futures commitments, that is, 'Everyone should have a place that they are proud to call home. We are committed to delivering good quality, affordable homes for all our residents, which is why we are improving council homes, building new ones and building more affordable homes across the borough.'

Community impact statement

7. The proposals in the report will help ensure the safety of all Southwark Council residents.

Resource and Financial implications

8. There are no specific resource or financial implications contained in this report at this stage.

Legal implications

9. There are no specific legal implications contained in this report.

Consultation

10. Ledbury residents were extensively consulted on future proposals for the estate and this is being continued as design work progresses.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

11. The report asks the Audit, Governance and Standards Committee ("the Committee") to note the update on the management response to recommendation of the independent review of the Ledbury Estate since the last report to the Committee on 23 July 2018. Details of the update are contained in Appendix 1 of this report

Strategic Director of Finance and Governance

12. The Strategic Director of Finance and Governance notes the report and the updated management action plan at Appendix A.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Overview and Scrutiny Report 23 July	-	Everton Roberts
2018 Ledbury Estate – Management to recommendations of the Independent	160 Tooley Street	020 7525 7221
Review of the Ledbury		
Title of document(s)	Constitutional Team, 160	Everton Roberts
Cabinet 30 October 2018	Tooley Street	020 7525 7221
The way forward – Ledbury Estate		
high rise blocks		

APPENDICES

No.	Title
Appendix 1	Update of Management Responses

AUDIT TRAIL

Lead Officer	Stuart Davis				
Report Author	Ferenc Morath				
Version	Final				
Dated	30 January 2019				
Key Decision?	No				
CONSULTA	TION WITH OTHER	OFFICERS / DIRECTO	RATES /		
	CABINET	MEMBER			
Office	r Title	Comments Sought	Comments Included		
Director of Law and	Democracy	Yes	Yes		
Strategic Director of	f Finance	Yes	Yes		
and Governance					
Cabinet Member	Cabinet Member No No				
Date final report s	ent to Constitution	al Team	30 January 2019		



LONDON BOROUGH OF SOUTHWARK

Ledbury Estate: Review of repairs history

FINAL AND CONFIDENTIAL

May 2018(Management update January 2019)



1 RECOMMENDATIONS

Ref	Recommendation	Management Response	Responsible Person	Deadline	Update for AG&S Date February 2019
Recon	nmendations to improve high-level process to ident	ify and rectify wider issues within the Council's ho	using portfolio		
1	The Council should introduce a system of flagging repairs within iWorld that may relate to potential structural indicators. This could be through types of SORs raised on works orders, key words in repair descriptions, the training of contact centre staff and contractors to identify these. Where the repairs are completed by a contractor, the Council should ensure these requirements are fully met by the contractor.	To introduce SOR codes to identify structural works completed and run monthly reports to highlight trends and ensure post inspections are arranged as required.	Christine Bramman	December 2018	Our commercial team have identified those SOR codes which could indicate structural issues within a building and will run regular reports to highlight any apparent issues on a monthly basis.
		Contractors to report monthly at contract meetings on potential structural issues.			Included as a standard Agenda item at each contract meeting.
		Update to be included in repairs report to Repairs Core Group each quarter.			To be included at the next Core Group meeting.
2	The Council should consider a separate risk assessment for its tower blocks/estates to capture historical construction issues, wider compliance requirements and issues raised through implementing the 1st recommendations.	We will build on the desk top structural surveys carried out by Arups asking them to review the system build blocks owned by Southwark and provide recommendations. If not urgent, works will be picked up within the QHIP.	Ferenc Morath	December 2018	Arups have been commissioned to carry our surveys to the other two LPS estates, Osprey and Aylesbury and these are currently underway.
3	The Council should review their current process to identify wider structural and other issues on an ongoing basis and take appropriate actions to address any gaps identified. This review should include an assessment of the current scope of stock condition surveys, fire-assessment, inspection regime and	There will be constant liaison with all the teams within Asset Management and APEX will be promoted for wider use. The information in APEX will be updated through stock condition surveys, work completions and	Ferenc Morath	December 2018	APEX is now being used across the whole of Housing and Modernisation and extensive training has been carried out.
	liaison between the teams to identify where improvements can be made to identify and rectify the Ledbury type gaps and cracks issues on a timely	information from repairs and other building inspections.			Updates are being done on a regular basis from a variety of sources.

basis.

system in which multiple teams can store and access and GSuite to enable the selection of a common file key documents relating to repairs, complaints, disrepair cases and members enquiries.

The Council should implement a common file sharing The Council is currently looking at piloting Office365 sharing and collaboration tool. This will be completed by the end of the year allowing implementation in early 2019. It will be a phased approach across the business. Teams within Housing and Modernise can be prioritised if necessary to allow for an implementation by April 2019. In addition, repairs can start using the EDMS (Information@Work) in the same way that Resident Services currently use it. This will need to be supported by appropriate training and development.

> Once a file sharing and collaboration tool has been implemented, there is a piece of work around identifying which documents should be shared and with whom they should be shared. This will be business lead and coupled with a process redesign and change management project to ensure the file sharing and collaboration is sustainable.

Mark Compton- April 2019 James

The process of piloting has begun and a formal smart working board has also begun. It is hoped the pilots will be completed in May.

Reco	ecommendations to improve reporting, recording and resolving issues within iWorld					
5	The Council should implement a formal process to record and share key concerns from the monthly inspections and pre- and post-inspection regime to ensure that the critical information is not lost over time, especially if the Technical Quality Officer leaves the Council.	Process to be implemented to ensure that critical information on stock identified by the repairs technical team is fed into APEX.	Christine Bramman	December 2018	APEX is now being used across the whole of Housing and Modernisation and extensive training has been carried out.	
					Updates are being done on a regular basis from a variety of sources.	
6	The contractors/in-house team should be required to	:	Christine Bramman			
	document the cause of the repair within iWorld.	Agreed. Operatives will include the cause of the repair when closing orders which will feed into		April 2019		

		iWorld.			
	report on any wider issues as part of the monthly contract meetings.	Wider issues and concerns to be added as an Agenda item for contract progress meetings.		September 2018	Included as an Agenda item for contract progress meetings
7	Consideration of the wider issues should be included as a standard agenda item at the monthly meetings with the contractor to encourage wider thinking about the causes of repairs.		Christine Bramman	September 2018	Included as an Agenda item for contract progress meetings
8	The Council should set a minimum level of information to be included within the notes of each repair and that pictures from any complicated repairs are saved down to a common drive to add depth to the evidence of what work has been performed.	The new contracts beginning in October 2018 allow for the contractor to determine all works undertaken for each works order via scheduled rates and notes applied to individual orders. Pictures are required to be provided on works orders under new contacts, complex matters will be added to EDMS.	Christine Bramman	April 2019	Done
Recon	nmendations to improve reporting, recording and re	solving issues through complaints			
9	Deadlines (currently 15 days) for dealing with the complaint are reviewed and a policy is introduced for extending the deadline if necessary.	The majority of complaints are investigated within 15 working days. The existing policy allows policy for holding responses to be sent and deadlines to be extended if necessary.	Christine Bramman	Done	
10	Supporting pictures and documented reasons for delays are added to iCasework where possible.	Reasons for delays are recorded. It is agreed to have pictures stored in iCasework where applicable.	Christine Bramman	Done	
Recon	nmendations to improve reporting, recording and re	solving members enquiries			
11	If possible, enquiries are not closed or are monitored until the full response has been sent to the Members and the full conclusion of each issue within the enquiry has been reached and documented on iCasework.	It is agreed to monitor enquiries until the full conclusion of each issue and have this documented on iCasework for repairs. For some major work enquiries it will be necessary to advise that issues will be addressed in the future programmed years.	Christine Bramman	December 2018	Repair Resolution Officers ensure that any outstanding actions on their cases are monitored to full conclusion. Repair Resolution Managers are monitoring this.
Recon	nmendations to improve Major Works documentatio	n/process			
12	A stipulated document list is created to ensure that	There is already a stipulated structure in place but	Ferenc Morath	Done	

	appropriate documentation is included within each Major Works file and the file structure is consistently applied across all Major Works schemes.	this has been reviewed. Documents are all accessible on the shared drive,			
13	A project issues tracker is built into an electronic system such as APEX to ensure actions are documented and completed.	We are looking currently at developing an APEX works management system and a pilot will be started shortly and the current target is to see if the system is suitable by March 2019.	Ferenc Morath	March 2019	A visit has been made to see how Croydon Council use Works Management and an analysis is being done to see if it would improve information for Southwark.
14	A register of Resident, Contractor and Consultant meetings is kept, and that minutes of these meetings, and other key correspondence are documented and saved down to the file.	This is done as standard practice and overlaps with Recommendation 12.	Ferenc Morath	Done	
15	Where possible, consider more intrusive investigations into the existing structure as part of the stock condition surveys.	Currently specific stock condition surveys are not done as APEX is updated as we finish each QHIP scheme. APEX will be promoted for wider use.	Ferenc Morath	Done	APEX is updated as each QHIP scheme finishes and with information from voids and any other surveys done, for example to window panels.
16	Communication with the Engineering or Repairs department to attempt to identify any issues that they are facing is formally documented prior to any Major Works project taking place.	Already in place.	Ferenc Morath	Done	
Reco	mmendations to improve Fire Risk Assessments				
17	Assess the current policy to complete Type 4 fire-assessment and complete these on rotational basis where practically possible.	A new process to carry out Type 4 surveys in all blocks as part of the cyclical investment programme has now been agreed and will be effective from 01 October 2018.	Tony Hunter	01 October 2018	Type 4 FRA's have begun in advance of the major works programme, in void properties that have been made available. Progress has been slow so we are currently revisiting the process in order to increase volumes.

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18	The Engineering Department introduce a KPI regarding the resolution of identified fire risks.	Tasks arising out of FRA's are managed and monitored on the APEX system. Monthly meetings are held with all task owners where performance is reviewed and challenged robustly. Asset Management to consider merit of introduction of local KPI.	Tony Hunter	01 October 2018	A KPI has been developed to measure the completion of tasks against their designated timescales for resolution. This KPI will be in use from 1/4/19.
	regarding the resolution of identified fire risks.	are held with all task owners where performance is reviewed and challenged robustly. Asset Management to consider merit of introduction of local	ı	2018	of tasks against their designated timescales fo resolution. This KPI will b

FOR FURTHER INFORMATION CONTACT

RSM 25 Farringdon Street London EC4A 4AB

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Item No. 8.	Classification: Open	Date: 11 February 2019	Meeting Name: Audit, governance and standards committee	
Report title	Report title: BDO Internal audit progress report			
Ward(s) or	groups affected:	All		
From:		Strategic Director of Finance and Governance		

RECOMMENDATION

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

BACKGROUND INFORMATION

2. The purpose of the report is to inform Southwark Council's audit, governance and standards committee of the status of work undertaken by BDO in respect in 2018-19 since the last meeting of the committee on 21 November 2018. The full report is given in Appendix A.

Policy implications

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

Community impact statement

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

Resource implications

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

Consultation

6. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

7. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	Internal audit progress report

AUDIT TRAIL

Lead Officer	Duncan Whitfield, S	Duncan Whitfield, Strategic Director of Finance and Governance								
Report Author	-	Virginia Wynn-Jones, Principal Constitutional Officer								
Version	Final	, ,								
Dated	1 February 2019									
Key Decision?	No									
CONSULTATIO	CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET									
	ME	MBER								
Officer Title		Comments sought	Comments included							
Strategic Director of	of Finance and	No	N/A							
Governance										
Director of Law and	Director of Law and Democracy No N/A									
Cabinet Member	Cabinet Member No No									
Date final report s	Date final report sent to Constitutional Team 1 February 2019									



Presented to the Audit, Governance and Standards Committee 11 February 2019



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1. SUMMARY OF WORK SINCE THE LAST MEETING

Purpose of the report

This report informs Southwark Council's audit, governance and standards committee of the status of work undertaken by BDO in respect in 2018-19 since the last meeting of the committee on 21 November 2018. Where audit reports have been finalised, the executive summaries are included in this report.

Internal audit approach and methodology

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

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

Professional standards and results of the peer review

We undertake to comply with the Public Sector Internal Audit Standards (PSIAS).

Standard 1312 of states that "External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation... External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation."

In London, The London Audit Group has organised a system of peer review, with 32 of the 33 London Boroughs agreeing to take part. It has been agreed that self-assessments will be carried out and that these will be validated by suitably qualified individuals or teams from other members of the group across a 5 year cycle.

A peer review of the internal audit service provided to the council against the PSIAS has been undertaken during 2018-19 by the Head of Assurance and an Audit Manager from OneSource (who work on behalf of the London Borough of Bexley).

The review was based on the self-assessment conducted by the Engagement Partner and Chief Audit Executive, with evidence provided to support its conclusions. In addition, interviews were conducted with some of internal audit's key stakeholders: The Director of Finance (CFO and S151 Officer and the BDO Engagement Partner. Also available were the results and analysis of customer questionnaires.

Their report concludes that:

 Based on the work carried out it can be confirmed that the internal audit function at the London Borough of Southwark generally conforms to the UK Public Sector Internal Audit Standards. This outcome should be reflected in the Chief Audit Executive's annual opinion report for the year 2018-19.

The definition of generally conforms is "The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.

- The IT provision at the London Borough of Southwark is a shared service, with Brent and Lewisham. Internal audit, across the three authorities, are in discussion with management and the ICT provider to determine and plan the ICT audits going forward, including audit allocation, cross cutting audit reviews and how assurance will provided to members.
- Some minor observations were made relating to: audit Execution improved consistency of numbering of working papers on the electronic system, audit review points - consistency of the location of key sign offs through the quality assurance process and clarity over the final version of the test schedule on the file
- The conclusion reached from the customer questionnaires was that the Standing and Reputation of Internal Audit is generally positive. There were some best practice improvements suggested by some survey responses in the areas of ensuring recommendations are commercial and practical, ensuring adequacy of resources and skills, and demonstrating Internal Audit's influence on the organisation, which the Chief Audit Executive has agreed to consider.

Follow up

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

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

Changes to the internal audit plan 2018-19

Since the last meeting of the committee, the following additional audits have been requested, which are being provided by internal audit:

- Procurement this audit is being undertaken to assess the council's compliance with the Fairer Futures Procurement Strategy, as requested by the committee. Fieldwork is in progress. This audit is being undertaken as part of the internal audit plan 2018-19.
- Leathermarket CBS grant this audit is being undertaken to provide assurance that the grant awarded by the council has been spent in accordance with the council's conditions and on the adequacy and effectiveness of the control framework in place for procurement. As a grant audit this is being undertaken outside of the internal audit plan.

Non internal audit services provided by BDO

BDO LLP has been commissioned to provide the following non internal audit services since the last meeting, these are provided by teams outside of the public sector internal audit team:

- Tax advice on the tax issues arising from the dissolution of the One Tower Bridge Partnership (for the Regeneration Division of the Place and Wellbeing Department)
- Refinancing advice to support the council's assessment of the refinancing gain arising and the proposed sale of equity for a schools PFI by Amber infrastructure
- Assurance on development and payments due to the Council checking the costs and allocation of amounts to be distributed on account monies due from Berkeley Homes in relation to the One Tower Bridge development.

This work is delivered by a separate team from the internal audit team and does not pose a threat to our independence or objectivity.

2. ANTI-FRAUD UPDATE

We have 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. Assistance is provided by James Shortall, an accredited counter fraud manager within BDO forensic services.

Our work to date

We have held weekly meetings with Paul Bergin, who manages the anti-fraud service, which enable us to monitor case progress and where appropriate provide direction and guidance. There are currently 22 live cases under investigation.

We have drafted an initial counter-fraud work-plan to the year to April 2020. The work plan focusses on the requirement for the anti-fraud team to be able to provide both a reactive and pro-active response. The work plan has been devised with reference to the Government Counter Fraud Profession Standards. The Government Counter Fraud Profession was launched towards the end of 2018. It is a structure for counter fraud specialists working in government and aims to bring the counter fraud community together under a common set of standards and develop that community as they protect public services and fight economic crime.

Following on from this, we have also considered the potential changes to the structure and staffing of the anti-fraud team that will be required to enable the work plan to be carried out and the costs likely to be involved.

Specifically in respect of pro-active work, we have started work with Paul Bergin in meeting the Council's appointed Risk Champions, with the aim of identifying those specific areas within the council susceptible to fraud. We will first focus on Environment & Leisure, followed by Housing and Modernisation. This will entail us meeting with the managers and senior managers within those departments to identify the specific threats that they consider exist. Once the primary areas of concern and threat have been identified, then the next stage will be to plan the appropriate work to be undertaken to best address those risks. This work will also be planned in conjunction with BDO Internal Audit, to ensure a fully joined up approach.

Ongoing activities

These will include:

- Holding weekly meetings with Paul Bergin to discuss case progress and provide operational-level direction and guidance, including case prioritisation (we will not engage directly in investigative fieldwork and / or individual case management, or provide quality assurance). There are currently 22 live cases under investigation.
- Providing an initial sense-check of referrals received by counter-fraud staff, forwarding those suitable for internal investigation and / or disciplinary action to HR, and internal audit where appropriate.
- Preparing and presenting update reports on counter fraud activity for the audit, governance and standards committee.
- Briefing of strategic directors as to the role they and their departments play in dealing with fraud-related issues.
- Identifying any needs for further additional counter-fraud training for relevant council staff.

3. REVIEW OF WORK UNDERTAKEN IN 2018-19

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	Reporting	Committee	Design	Operational Effectiveness
Internal Audit Plan 2017-	18							
Financial planning/ budget monitoring	Director of finance / chief officers team	25	•	~	•	November 2018	Moderate	Moderate
Temporary accommodation (continued into 2018/19)	Director of customer experience	15	*	~	✓	November 2018	Limited	Moderate
Internal Audit Plan 2018-	19							
Access to secure housing estates (new request by management)	Director of asset management	10	•	~	•	July 2018	No	Limited
Better care fund	Directors of adult social care and commissioning	15	~	~	✓	November 2018	Substantial	Moderate
ССТУ	Director of environment	15	>	~	✓	July 2018	Substantial	Moderate
CHAPS (new request by management)	Strategic director finance and governance	10	~	~	✓	November 2018	Moderate	Moderate
Chargebacks (new request by management)	Director of finance	10	>	~	✓	November 2018	Moderate	Moderate
Legal fees	Director of law and democracy	15	*	~	✓	November 2018	Moderate	Moderate
Members allowances	Director of law and democracy	10	~	~	✓	November 2018	Substantial	Substantial
Parking management	Director of environment	15	~	~	✓	November 2018	Moderate	Moderate

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	Reporting	Committee	Design	Operational Effectiveness
Placements - children in care service	Director children's social care	20	~	~	>	November 2018	Moderate	Limited
Right to buy, &	Director of customer	20	>	>	~	November 2018	Moderate	Moderate
Ad hoc sales	experience					2010	Limited	Limited
Sheltered housing	Director of resident services	15	~	>	~	November 2018	Substantial	Moderate
Tenancy management organisation - Haddenhall	Director of communities	25	•	>	~	November 2018	Limited	Moderate
Community Council manual cheque payments (new request by management)	Strategic director finance and governance	8	•	>	•	February 2019	Limited	Limited
Community support and engagement	Director of communities	15	•	>	~	February 2019	Substantial	Substantial
Contact centre	Director of customer experience	15	~	>	~	February 2019	Moderate	Moderate
Housing solutions - applications and allocations	Director of customer experience	15	~	>	~	February 2019	Moderate	Moderate
Housing benefits and universal credit	Director of exchequer	15	~	>	~	February 2019	Moderate	Moderate
IT change controls	Director of modernise	15	~	>	✓	February 2019	Moderate	Limited
Markets	Director of environment	15	~	>	~	February 2019	Moderate	Moderate

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	Reporting	Committee	Design	Operational Effectiveness
Tenancy management organisation - Browning	Director of communities	25	•	~	~	February 2019	Moderate	Moderate
Youth service	Director of leisure	15	~	~	~	February 2019	Moderate	Limited
Accounts Payable (Healthcheck)	Strategic director finance and governance	10	~	~	✓ Draft report	June 2019		
Commercial Waste	Director of environment	15	>	>	✓ Draft report	June 2019		
Customer Services Channel Shift	Director of customer experience	15	~	>	✓ Draft report	June 2019		
Health and safety	Director of modernise	20	>	>	✓ Draft report	June 2019		
Housing Rents and universal credit	Director of exchequer	15	>	>	✓ Draft report	June 2019		
Mosaic operational audit/payments	Directors of adult social care and children's social care	20	*	>	✓ Draft report	June 2019		
National non-domestic rates	Director of exchequer	15	>	>	✓ Draft report	June 2019		
Safeguarding - adults	Director of adult social care	15	>	>	✓ Draft report	June 2019		
Tenancy management organisation - Browning	Director of communities		~	>	✓ Draft report	June 2019		
Tenancy management organisation - Two Towers	Director of communities		~	>	✓ Draft report	June 2019		

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	Reporting	Committee	Design	Operational Effectiveness
Public health - health in all policies	Director of health and wellbeing	20	~	~	>	June 2019		
Budget recovery board	Strategic director of children's and adults' services	15	•	*	*	June 2019		
Waste contract/ PFI	Director of environment	15	~	>	~	June 2019		
Business continuity planning	Head of chief executive's department	25	•	*	*	June 2019		
Estates cleaning and grounds maintenance	Director of Environment	10	~	*		June 2019		
Music Service	Director of education	10	~	~		June 2019		
Payroll	Director of exchequer services	20	~	>		June 2019		
Procurement - fairer future strategy compliance	Strategic director finance and governance	25	•	*		June 2019		
Repairs and maintenance	Director of asset management	20	~	>		June 2019		
Southwark building services	Director of Environment	20	~	>		June 2019		
Commissioning of social care	Director of commissioning	15	~			June 2019		
Data protection / GDPR	Head of financial & information governance	20	~			June 2019		

Schools internal audit plan 2018-19

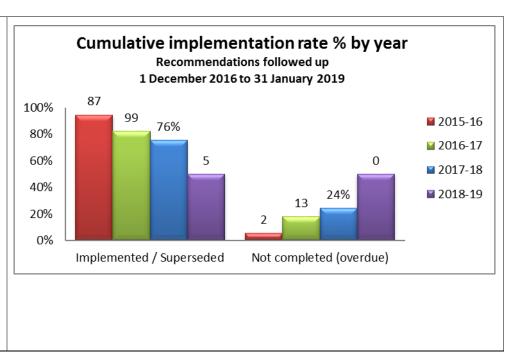
We have programmed in the internal audit plan for schools on behalf of the director of education, to take place during term times between May 2018 and March 2019. The internal audit assurance opinions provided for the schools where a final report has been issued are as follows:

School	Status	Design	Operational Effectiveness
Ann Bernadt Nursery School	Final Report	Limited	Limited
Dulwich Wood Nursery	Final Report	Moderate	Moderate
John Ruskin Primary School	Final Report	Moderate	Moderate
English Martyrs' Catholic Primary School	Final Report	Substantial	Moderate
Highshore School	Final Report	Moderate	Moderate
Dog Kennel Hill Primary School	Final Report	Moderate	Moderate
Bellenden Primary School	Final Report	Limited	Moderate
Beormund Primary School	Final Report	Substantial	Moderate
Bethlem & Maudsley Hospital School	Final Report	Substantial	Substantial
Spa School	Draft Report		
Michael Faraday	Draft Report		
Oliver Goldsmiths	Draft Report		
St Anthony's Catholic Primary School	Draft Report		
St James the Great Roman Catholic Primary School	Draft Report		
Kintore Way Nursery School and Children's Centre	Draft Report		
Bessemer Grange	Draft Report		
Dulwich Village Church of England Infants' School	Draft Report		
Nell Gwynn Nursery School	Draft Report		
Notre Dame Roman Catholic Girls School	Draft Report		
Albion Primary School	Draft Report		
St Peter's Walworth Church of England Primary School	Draft Report		

4. SUMMARY OF RECOMMENDATIONS STATUS

The cumulative summary provided here relates to 358 high and medium recommendations followed up in the period when BDO was appointed as internal auditors to the council on 1 December 2016 to 1 February 2019 relating to the years 2015-16, 2016-17, 2017-18 and 2018-19. We have confirmed with reference to evidence that 281 (78%) of the

recommendations have been implemented.



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

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

RECOMMENDATION IMPLEMENTATION RATES BY AUDIT

	Total High & Medium recommendations raised by BDO	Imple	mented	the fo	gress at ollow up ate		pdate vided	% verified complete	Management Implementation dates
	due for implementation	Н	M	Н	M	Н	М		
<u>2018-19</u>									
Access to Restricted areas on Housing Estates	8	2	-	-	-	-	-	25%	November 2018 February 2019 May 2019
Parking Management	3	-	1	-	2	-	-	33%	December 2018 Awaiting Evidence
Data Sharing - Multi agency working	4	2	1	-	1	-	-	75%	December 2018 February 2019
Governance - Decision Making	4	-	4	-	-	-	-	100%	December 2018
Better Care Fund	1	-	1	-	-	-	-	100%	December 2018
Residential Placements - Children in Care Services	4	-	-	1	3	1	-	0%	November 2018 Awaiting Evidence
Tenancy Management Organisation - Haddonhall	6	2	4	-	-	-	-	100%	December 2018
Temporary accommodation	3	-	-	-	-	2	1	0%	December 2018
<u>2017-18</u>									
Network Security	6	-	-	2	4	-	-	0%	December 2017 October 2018 May and June 2019
Children with disabilities service	5	2	2	-	1	-	-	80%	September 2018 Awaiting evidence
Mosaic	3	2	1	-	-	-	-	100%	December 2018
Corporate energy	2	-	-	-	-	-	2	0%	December 2017 October 2018 Revised date required
Information Governance	9	2	6	-	1	-	-	88%	June 2018 March 2019

	Total High & Medium recommendations raised by BDO due for implementation	Imple	emented	the f	ogress at ollow up date		ipdate vided	% verified complete	Management Implementation dates
Electoral Services	4	-	3	-	1	-	-	75%	April 2018 August 2019
Integration of customer based systems	2	-	-	-		-	2	0%	July 2018 November 2018 and January 2019 Revised date required
Register of Interests	4	2	2	-	-			100%	May 2018 November 2018
2016-17									
Planning applications	5	-	-	-	-	-	5	0%	October 2016 A pril 2018 March 2019
Payment Card Project	5	2	3	-	1	-	-	100%	August 2017 January 2018 December 2018
Access to Services	3	-	-	-	-	1	2	0%	August 2018 Revised date required.
S106 Agreements	3	-	1	-	-	-	2	33%	October 2016 April 2018 June 2019

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
2018/19 - Parking Management		
The council should check the cases involved and obtained the relevant information to establish their validity. In future a permit should not be issued until all the appropriate documentation is obtained and retained and should be approved by the parking contracts manager. Medium	Parking services and development manager/ Parking contracts manager November 2018	Management has responded that they are up to date with the recommendation raised. We are awaiting evidence to confirm this.
Parking services should receive weekly reports of chargebacks and the actions taken to recover fees owed to the council. Medium	Parking services and development manager/Business planning and performance manager November 2018	As stated above.
2018/19 - Data Sharing - Multi Agency Working		
Each department should maintain a record of those officers from outside of their directorate with access to their database and ensure this is reviewed on a regular basis to verify the level of access is still appropriate to their current role in the organisation. Medium	Housing & Social Care Partnership Board December 2018 February 2019	Management stated that they hoped the databases could automatically identify relevant users but unfortunately this was not possible. Instead service managers were contacted to confirm which staff required access. They identified 152 staff from 25 different services. Information Governance advised that a Data Protection Impact Assessment should be completed before proceeding further. This is expected to be finalised shortly. Staff will then be invited to training sessions and asked to sign a form setting out their responsibilities when accessing databases held by other directorates. Changes have been made to systems so that staff from outside departments can be identified automatically in future and dormant accounts are shut down quickly.
2018/19 - Residential Placements - Children in C	are Services	
An attempt to negotiate lower fees should be made in all cases and evidence supporting such actions should be retained. The brokerage team should ensure that sufficient evidence is retained to show that commissioned residential care packages are market competitive and that negotiations to attempt to reduce costs where achievable were appropriate without compromising the quality of care received by the child. High	Access to Resources Manager December 2018	Management has responded that they are up to date with the recommendation raised. We are awaiting evidence to confirm this.
Evidence of the High Cost and Quality Panel's decision for each individual case should be recorded on the appropriate case notes. Management should undertake periodic quality	Access to resources manager	As stated above.

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
checks to ensure that panel decisions are being recorded on the individuals' files correctly.	November 2018	
Medium		
The Access To Resources team should liaise with the Information and Governance Team to discuss the retention of documentation by the council and unsuccessful providers to ensure it meets GDPR requirements. Once clarified all work carried out as part of a placement search (providers contacted, responses received) should be retained by the council and confirmation sought that information is destroyed by unsuccessful providers.	Access to resources manager December 2018	As stated above.
Medium		
2018/19 - Temporary accommodation		
Management should ensure that all staff involve in the process of collecting, checking and confirming invoices are required to update iWorld to match the data in the financial system (SAP). Reconciliation of the two systems should then happen at regular intervals to ensure that the information contained in one matches the other. Any inconsistencies should be followed up and resolved and the reasons for recurring inconsistencies should be investigated and addressed. Longer term, the two systems should be integrated and information input in one system should automatically update in the other. High	Placements Team Manager November 2018 March 2019	The responsibility for temporary accommodation has been reassigned to the business support team. There is a new manager in place in that team. Therefore we will seek an update of this position in March 2019.
Management should ensure the responsibilities for recording void properties is clear to all staff	Placements Team Manager	Management has advised that temporary accommodation voids are now all recorded on
to ensure that all available properties are recorded in one centralised system accessible to all and updated on a regular basis, so that real	December 2018	the Voids List which is held on the housing Options shared drive and can be accessed by all staff.
time information is available to the placement team. This system should be Northgate (iWorld) which is already used for the management of placements. If spreadsheets are used by staff members for recording the different types of properties, these should be saved centrally so all staff can access them, updated at regular and set intervals and the information transferred to Northgate as soon as possible. The system should be updated whenever the status of a property changes so that staff have access to the most up to date information when making a placement.		We will carry out a review of the information held and limited sample testing to confirm its completeness and accuracy.
Medium		
a. Management should formally require staff to follow a consistent process when filling placement, cancellation and continuation	Placements Team Manager	a) Management has advised that temporary accommodation documents are held on Info@work (EDMS) under temporary

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
decisions and provide training if necessary, in order to have a consistent trail of the decisions process. The most efficient way to save evidence that relate to the various steps in the processes is to attach the documents directly onto the Northgate system. Management should monitor whether staff follow the process by periodically reviewing the records. b. The resourcing of the placements team should be reviewed by senior management to ascertain whether the necessary grades are included in order for staffing to be better aligned to the different levels of responsibility and resources are used in the most efficient manner. The ability to delegate responsibility to the appropriate grade staff would free up some time to allow for more formal reviews to take place. Medium		accommodation. All staff have access and inhouse training and demonstration provided as at when required. We will carry out a review of the information held and limited sample testing to confirm its completeness and accuracy. b) Management has advised that the housing solutions department is undergoing a restructure which will see the merger of the placement and procurement Teams. This move is expected to increase the scope of knowledge, resource the team more adequately at the right grades. The new Team will resume on 1 April 2019 as the temporary accommodation team.
2017/18 - Children with disabilities service		
All timesheets should be reconciled to their respective invoices. Once this reconciliation has been completed, the completing officer should sign both documents and then save them to the system to evidence that they have been appropriately checked.	Finance Manager May 2018 September 2018	It was confirmed by management that reconciliation between timesheets and invoices is in place and signed off as approved by the appropriate personnel. We are awaiting evidence to confirm this.
Medium		
2017/18 - Corporate Energy		
For each of the council's buildings in the green building programme a performance target should be set for each key area and should be allocated to an officer who should monitor and report to senior management on performance to enable the council to evidence how it is reducing costs and its environmental impact. The energy team should further enhance communication with departments on how the green buildings programme is progressing and how staff across the council can play a role in achieving the council's targets.	Sustainability & energy manager January 2018 September 2018	Management had responded to follow up request but we have not received any further update on this, therefore a further follow up will be carried out before the next audit, governance and standards committee.
Medium		
A formal programme and budget plan for use of the capital carbon fund should be developed to clearly show where funds have or are to be allocated. This can then be monitored along with the outcomes from the original proposal to ensure the fund was used appropriately. To support the above, the energy team should liaise with the appropriate forums to ensure council staff are aware of the capital funding for carbon reduction and how proposals to obtain funding covering how the funding might be used.	Sustainability & energy manager January 2018 September 2018	As stated above.

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
Medium		
2017/18 - Integration of customer based systems		
Service level agreements should be created detailing the responsibilities of the various council departments involved in the management and maintenance of the MySouthwark website. This should include response timeframes and reporting lines, as well as the role of each of the parties and how updates can be provided should the resident recontact the council. Medium	Service Improvement Manager June 2018 January 2019	We have not received an update from management on this, therefore a further follow up will be carried out before the next audit, governance and standards committee.
The performance monitoring objectives should be reviewed and objectives created for the service level agreements which can be accurately measured and used to assess the actual performance of the service, without the results being skewed. Medium	Service Improvement Manager June 2018 November 2018	As stated above.
2017/18 - Network Security		
All devices that are running unsupported operating systems should be upgraded to operating systems that are supported by the developer. Where it is not possible to upgrade the operating system of a device, it must be isolated from the council's IT network and appropriate security controls should be implemented. High	Jason Carney Enterprise Architect - IT Shared Services. July 2017 June 2019	This recommendation has been affected by a change freeze that was put in place until 15 January 18 due to the transition to the shared ICT service and SAP HANA. Evidence was provided of the road map to upgrades, with non-compliant servers being addressed by September 2018 for the transition to shared ICT service servers. Due to ongoing issues with the link between Spring Park and the new Datacentres, the migration from the 2003 has been delayed. This activity will continue until the completion of the Southwark datacentre migration to the new datacentre.
Management must apply all missing operating system and firmware patches to the council's IT estate. Where an operating system or firmware patch cannot be applied to a device the council should implement appropriate security arrangements. Furthermore, there should be a defined and consistent procedure in place for applying operating system and firmware patches as and when they are made available. High	Jason Carney Enterprise Architect - IT Shared Services. July 2017 June 2019	A review has been undertaken to apply patches. A risk-based approach is being taken to ensure continuity of systems. Processes were explained and provided for testing and applying patches. This procedure will be put in place as part of the data migration project to ensure that shared ICT service servers run with only appropriate patches. Ongoing System Centre Config Manager (SCCM) is being used to deploy updates, windows 2003 servers which can't be patched are part of the project to upgrade during the datacentre moves.
Management should establish a complete record of the council's firewall rules, which includes but is not limited to: • The service that the firewall rule supports, including the owner of the service	Jason Carney Enterprise Architect - IT Shared Services.	As part of the data centre migration, firewall rules will be reviewed and vendors will be consulted to establish the required rules for their products. The shared ICT service has elected to not copy and paste the rules across

Recommendations in progress

Recommendation made and Priority Level	Manager Responsible and Due Date	Current Progress
Whether the rule allows for inbound, outbound or both connections The expected levels of traffic for the rule. Furthermore, a full review of the Council's internal and external firewall rules should be performed and, where necessary, insecure or redundant rules should be removed. Medium	July 2017 June 2019	due to the risks associated. Evidence was shown of the security management policy which addresses the recommendation and will be put in place. During the move to the new datacentre new Firewall rules will be created and documented. This will allow for the removal of obsolete firewall rules as only active rules will be migrated across.
The anti-malware signatures for all council IT assets should be updated with the most recent anti-malware signature. Devices that cannot be updated should be isolated from the council's IT network. Furthermore, Capita should be required to provide assurance that the devices running the Microsoft Endpoint anti-malware solution have up to date anti-malware signatures. Medium	Jason Carney Enterprise Architect - IT Shared Services. October 2018 June 2019	A review of antivirus and anti-malware issues will be undertaken as part of the data centre migration. Evidence was provided of the antivirus procedures that will be put in place. The Symantec Anti-virus pattern files are updated on a regular basis. Symantec licenses have been extended until November 2019. With the move to the new datacentre System Centre Endpoint Protection (SCEP) will be deployed and updated. Symantec reports are now available to show coverage.
The council's IT network diagram should be reviewed in order to establish whether: Connections to external networks are secured Appropriate redundancies exist within the IT network to prevent a loss of service. Action should be taken to address any issues with the design and configuration of the IT network. Medium	Jason Carney Enterprise Architect - IT Shared Services. May 2017 June 2019	Work on this remains in progress, delays caused by link issues between Spring and the new datacentre have delayed moves. An audit has been carried out by Fordway of all the links in to the old datacentres. Virtual Private Network (VPN) links are secure. During the move of services which should be in the demilitarized zone (DMZ) will be placed within the DMZ in the new network infrastructure being deployed by Fordway and Axiom.
Network activity should be baselined and proactively monitored in order to identify unusual or suspicious activity. This monitoring should include, but not be limited to: • A record of the balance of network activity and external traffic • A record of all open and closed ports and where these have been changed • A record of standard network activity for any given time, which includes known peaks. Furthermore, management should establish a programme to review the efficacy of the network security controls that have been deployed. Medium	Jason Carney Enterprise Architect - IT Shared Services. October 2017 May 2019	When the council transitioned from Capita, Capita retained the configuration of the System Centre Operations Manager (SCOM) monitoring system as intellectual property. As part of the data migration project, the shared ICT service will review the monitoring requirements and reconfigure SCOM to address this recommendation. This security design has now been implemented. A server plan has been provided that shows that this process is underway. As the servers are moved to the new network infrastructure, the new Juniper infrastructure has some Intrusion Detection built in. This will log anomalies to the monitoring infrastructure. The monitoring solution (Splunk) is in place and being configured. The new network is scheduled for completion in early 2019 with all the servers being moved on to it as part of the moves from Spring\Cody and Tooley street. A record of open and closed ports is kept within the firewall rules. These are checked during the IT Health check. Copies of the rule sets will be copied to a file share on a monthly basis to check for changes.

5. KEY PERFORMANCE INDICATORS

Description	Target	Actual and comment	RAG Rating
% of audits from the plan reported to the planned meeting of the audit, governance and standards committee (as per the approved terms of reference).	90%	This reflects 4 audits where the reporting has been delayed due to staff absence at BDO, 1 audit where responses were not received by the committee reporting dealine and 2 audits where council staff asked for deferral of fieldwork due to staff availability.	
% of high and medium rated recommendations implemented by the agreed management implementation date	75%	78% As reported in section 4 of this report.	
% of recommendations in draft report accepted by audit sponsor / owner	90%	95%	
% of draft reports issued within 15 working days of the audit closure meeting.	90%	92%	
% of returned audit satisfaction survey forms achieving a score of 4 or 5 out of 5	75%	In respect of the audit reports finalised for 2018-19, we have received three completed surveys, two of which rated us as 4 and one which rated us as 5 out of 5.	
Annual chief officer and audit, governance and standards satisfaction survey results	Average of 75% and above	The annual survey will be issued at the end of 2019-20.	
% of audits from the plan completed to draft report stage by 31 March 2019	100%	To be reported at the end of 2018-19.	

APPENDIX 1 – EXECUTIVE SUMMARIES (NOT PREVIOUSLY REPORTED)

HM22	LLVLL OI			NCE	SUMMARY OF	RECOMMENDATIONS
Community Support and Engagement - Southwark Conversation				<i></i>	High	-
		Design	Operational effectiveness		Medium	
January	y 2019	Substantial	Substantial Substantial		Low	1
Purpose of audit	To review the current process and children in residential care, includi approval and financial monitoring a	Added value	engagement pro understanding o area. The return and the commun	jects with the aim to of perceptions and expensions and expensions are of local people ration channels used	erience of regeneration in the esponding on a council plan	

The council decided to launch a major community engagement project "the Southwark Conversation" with an aim to develop a deeper understanding of perceptions and experience of regeneration in the borough. This event took place over nine and half weeks between October and December 2017. The Southwark Conversation was aimed as a discussion with local people about change in the borough. This demonstrates the council's commitment to community engagement ensuring the involvement and co-operation with residents are key to its approach to social regeneration. It aims to use the results of the Conversation to help shape the policy framework, ensuring all residents in the borough have a say in the future development. From this engagement with local people, the council was to identify themes and areas to factor into policy development.

Good practice:

- An engagement plan was created which outlined the objects of the project:
 - a) To keep in touch with residents and show the council is listening
 - b) Understand the residents' views on the changing borough and use the information to test the council's regeneration frameworks that works for everyone; help shape future plans for the borough, and ensure that change works for everyone and no resident is left behind
 - c) To develop over time a new and more robust narrative around the process and outcomes for change in Southwark, to challenge myths and misconceptions with facts, real local stories and information
 - The engagement plan document was further substantiated with a detailed activity plan that outlined all the events that were to be held to ensure sufficient public engagement was achieved. The engagement plan was shared with the two lead cabinet members and project board members for their review and comments which fed into the final version.
- Approval of the plan was given by the cabinet on 19 October 2017, and the head of the cabinet office drafted a shortened version for formal signing by the cabinet members. This contained sections on the background, objectives, approach, branding, materials, governance arrangements and

management of the project. The two co-lead members approved the questionnaire to be used with input from internal and external stakeholders.

- A dedicated budget was awarded for the project which enabled the project team to identify and engage in new ways of engagement with the community through a variety of owned and paid for channels. This not only meant the regular approach through printed advertising and council website but:
 - a) Using a local radio station, which targets a younger audience
 - b) Use of younger people to assist in attending events for younger residents as peers
 - c) Street touch down areas, where a 'family front room' was set up for residents to drop in and have a chat
 - d) Talkaoke at Surrey Quays shopping centre.
- All responses were logged on the 'Consultation Hub' in real time and could not be edited after submission. It was also confirmed that the Hub's privacy policy clearly set out how personal information was processed and stored, which was in accordance with GDPR rules and regulations. In addition, only a limited number of people had direct access to the data, safeguarding the council from data leaks.
- In-house expertise from the Public Health team was utilised to analyse data being returned. The Public Health team devised an analysis framework which outlined how the data was to be coded on the database and then analysed to ensure consistency in reviewing the responses. Common themes from the response analysis were reported to the project board on a regular basis and formed the evidence for the interim report presented to the cabinet in March 2018.
- The results of the Big Conversation were initially reported to the cabinet, in March 2018, and have been used to update the Council Plan, covering the period 2018-19 to 2021-22, which is to be sent for review and potentially be approved by the Council Assembly in November 2018.
- A review of similar size London councils on the issues being raised when engaging with their local populace and the number of responses received highlighted that the council was facing similar issues but had received a higher level of responses. It was also found the council had engaged in new ways including the local radio station and the use of youth peers

Key findings:

• The review raised only one [low] finding, which highlighted the lack of minutes being taken for the Operational Group meetings.

ADD04		LEVEL OF	LEVEL OF ASSURANCE			ECOMMENDATIONS
Community Council Manual Cheques December 2018		Design		ational iveness	High Medium	1
		Limited	Limited		Low	1
Purpose of audit	· · · · · · · · · · · · · · · · · · ·			practice in p	d the council's expected pr lace to identify the discrep ses found in each of the are	ancies, as well as highlight

Community council manual cheque payments fall outside the scope of the council's usual payment process. There are five community councils in place, based on the council ward boundaries, with elected councillors as voting members and each has their own account: Bermondsey and Rotherhithe, Camberwell, Borough Bankside and Walworth, Peckham and Nunhead, Dulwich.

Each account has its own bank mandate stipulating who may authorise payments, and each cheque payment requires two signatures. There are in total 10 main account signatories who appear on the community council bank mandates and 17 councillor signatories. Dulwich has 10 main account signatories and 5 councillor signatories. Camberwell, Peckham, Bermondsey, and Bankside have 10 main and 3 councillor signatories.

Grants are approved by the community council at one of the five public meetings held per year and grant payments are made by manual cheque. Since 1 April 2018, there have been 158 community council manual cheques processed, totalling £518,000.

The review was requested due to the identification of a cheque payment which included an undated cheque which had not been made out to a specified person or group and had discrepancies between the written amount and the numerical figure.

Good practice:

- The payments sampled had all been authorised by the community council
- All cheques had been signed by two officers/elected members and no blank cheques had been authorised
- All cheques paid had been completed in full.

Key findings:

- Our review identified a divergence away from the original intention for the community councils to operate independently and be responsible for the completion and issuing of their own cheques. We found that the council has over time taken on greater involvement in the process, including preparing the cheques for signing, reviewing the supporting documentation to confirm if the grant funding conditions have been met and physically issuing the cheques to successful groups.
- We identified that the cheque giving rise to this audit was issued from the Borough, Bankside and Walworth community council bank account for £6,280. The cheque was written out by the community council officer, and signed by the authorised councillor signatories. This cheque had been authorised without a date being recorded, and was also authorised despite the value in words and figures not reconciling and the recipient being recorded as a generic '1 2 3 current account'.

- The issuing of cheques without a date is a common practice as the councilors sign the cheques in bulk at the start of the year and the community council officers may then retain the cheques for a long period of time until the groups provide the required supporting documentation.
- As part of the agreed terms of reference, we also reviewed the design and operational effectiveness of the control framework. Our review identified the following issues:
 - The bank mandate contained non-current councillors.
 - A copy of the specimen signatures was not retained so it was not possible to confirm whether cheques had been signed by authorised signatories
 - Cheques had been made out to different persons than those approved by the committee
 - There was a lack of training in the cheque payment process for both councillors and community council officers
 - There was a lack of independent oversight of the payments being made
 - A large number of authorised cheques were held in community council officers' lockers.

Looking forward: supporting the council's journey from limited to substantial assurance							
Design	Limited	Substantial	 Copies of the specimen signatures should be retained Community council officers should hold a copy of the bank mandate A record should be retained of those instances in which a cheque is made out to someone different from the decision notice Training should be provided to both officers and councillors Cheques should be signed in line with the timeframes for the project delivery, rather than at the start of the year An independent review should be implemented to reconciled the decisions with payments 				
Operational Effectiveness	Limited	Substantial	 Update the bank mandates to include only current members of staff The same template listing the group and project should be used for recording decisions across all community councils Cheques should be cancelled after the end of the financial year 				

Follow up

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

HM32		LEVEL O	F ASSURAI	NCE	SUMMARY OF RECOMMENDATIONS	
Contact Centre		Design Operation effective		ational	High	-
January 2019					Medium	3
		Moderate	Mod	lerate	Low	1
Purpose of audit To provide assurance over the Southwark Monitoring and Alarm Response Team (SMART) service, including whether responses are timely and appropriate, as well as providing guidance on opportunities available to the council for expanding this service.			Added value		ey areas where the council can prove the assurance ratings ntial.	

SMART offers security and help to older and vulnerable people and operates 24 hours a day, 365 days a year. There are a range of devices installed in service users' homes, such as pendant alarms, which notify the team if someone is in need. The SMART service works closely with the emergency services to determine when they may need to be contacted for more serious cases. Training has been undertaken so responders are able to identify these cases.

The SMART service has two key roles; call handlers who are responsible for taking calls and any initial actions, and responders who undertake the visit to the client.

These devices are installed based upon assessments undertaken by occupational therapists in the Adults' service to determine what will most suit their needs. A financial assessment is undertaken and an amount to be paid determined in line with the Fairer Charging Policy.

The SMART service is funded mainly by the Better Care Fund, with smaller amounts of funding being received from the Housing Revenue Account (HRA). A separate audit of the Better Care Fund has been undertaken as part of the 2018-19 internal audit plan.

There are currently no arrangements in place to allow for 'self-funded' people, who do not meet the requirements to be classified as in need of having these devices installed, to choose to have devices installed at their own expense. This is something which is being utilised by other local authorities to enable customers, or families of customers, to have comfort in their own home and therefore represents a potential opportunity to the council which is yet to be utilised. At the time of the audit, proposals were in the process of being created to explore this.

Good practice:

- Call handlers and responders had clearly defined roles
- Procedures were in place to guide staff on the actions to be taken for a variety of scenarios
- Staff received a range of training based upon their roles.

Key findings:

• The guidance in place did not provide sufficient detail in some areas, including the need to liaise with the adults' service, scenarios outlining when to contact the Local Ambulance Service and the instances when the action to be taken is discretionary and how this should be documented

- The training matrix did not clearly record the training to be undertaken by each role and the staff members who had completed / were yet to complete the training
- The exceptions performance monitoring reports did not detail the action to be taken to address non-conformance.

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

Looking for ward, supporting the council's Journey from inoderate to substantial assurance							
Design	Moderate	Substantial	•	Update the procedures to provide additional guidance on contacting the Local Ambulance Service (for call handlers), the need to liaise with the adults' service and the documentation and commentary required relating to client calls Update the training matrix to clearly record the training expected to be completed by each role and the training which has been completed by staff to allow any gaps to be identified Record the actions to be taken to address areas of non-compliance within the performance reports and reintroduce provide higher level reports to senior management.			
Operational Effectiveness	Moderate	> Substantial	•	Use enhanced sample checks to focus on key areas which have recurring issues identified Remind staff of the expectations regarding reviewing Mosaic, retaining evidence of correspondence with the adults' service and recording actions on Answerlink.			
= "	·						

Follow up

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

MA09			EVEL (OF ASSURANCE	SUMMARY OF R	SUMMARY OF RECOMMENDATIONS	
Housing Benefits and Universal Credit January 2019		Design		Operational effectiveness	High Medium	- 2	
		Moder	ate	Moderate 1	Low	5	
Purpose of audit	To provide assurance on the continuadequacy of the design and operation effectiveness of internal controls, pand records in place to mitigate the identified risks relating to housing band universal credit.	onal rocesses	Added value	identify: potential de accounts of clients a 'normal' working how Our data analytics remanual transactions 30 staff that share a For 25 of the matched central bank sort coe account on receipt.	data analytical work on the couplicate client accounts or payring staff, and transactions being ars. Evealed that there are no duplicate undertaken within normal with matching bank account with hose it was found to be due to whose and account and then references of the remaining five, these of the it was confirmed staff were	nents, matching bank g undertaken outside of ated accounts or payment and working hours. We identified busing benefit claim clients. ere the building society uses a nce to the relevant individual efficers were employed by the	

Housing Benefit and Local Council Tax Support is a key financial system, through which significant sums of public funds are processed.

The estimated figures for 2018-19 are:

- Housing benefit subsidy £180m to £190m arising from 28,000 claims
- Council tax reduction support £21m arising from 22,000 claims.

As Universal Credit continues to be rolled out, this has seen a £60m decrease in the value of claims processed, and the benefits team at the council has consequently been reduced by 30%. The need for a risk based approach to validating the eligibility of claims and checking of supporting documentation has therefore continued.

The council continues to be one of the authorities supporting the DWP in its trialling and testing of systems relating to Universal Credit, including the notifications portal where claimants transfer over to Universal Credit.

Good practice:

- Housing benefits payments are cancelled in a timely manner where individuals have been set up by DWP to receive universal credit payment
- DWP directives are implemented in a timely fashion.

- Reconciliations are performed regularly and evidenced
- The Universal Credit arrangements are being implemented appropriately.

Key findings:

- Write offs take place prior to authorisation and do not happen on a regular basis
- A sample of user's access was reviewed and found one to have an inappropriate level of access. Although it was found there were no transactions for this account which has now been removed. A local support officer has housing benefit assessor access on Northgate which is not within their work remit. Leavers are not notified to the system team to have their access removed.

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

Design	Moderate	Substantial	 Write off policy and procedure to be created and updated Evidence requirement, process time frame and notes on Northgate HR to notify system of any change in staff job roles and leavers.
Operational Effectiveness	Moderate	> Substantial	 Evidence of review of the reconciliation between AIM, SAP and Northgate to be documented Test and live reconciliations of system parameters should be dated by all inputters and reviewers.

Follow up

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

HM35		LEVEL OF	ASSURANCE	SUMMARY OF RECOMMENDATIONS	
Housing Solutions - Applications and Allocations January 2019		Design	Operational effectiveness	High Medium	- 3
		Moderate	Moderate	Low	-
Purpose of audit	To provide assurance over the alloc including the application of the coupolicy and waiting list management	ncil's allocation	Added value	We benchmarked the council's the banding methodology, to id operating in line with other sim council appears to have more cauthorities for submitting an apsystem for other local authoritidifferences in the systems appears	entify if the council is vilar local authorities. The riteria than most other local oplication and the banding es is simpler. However, the

The current housing allocations procedure has been in place since august 2014. To be eligible for housing, households must meet the 'local connection' criteria, satisfying one of the following: lived in southwark for the last five years, work in the borough, want to live near to a close relative who has lived in southwark for more than five years and received or provide support / care, homeless person placed in southwark in temporary accommodation by another local authority or another specific reason you need to live in southwark.

If households submit a successful application, they will be entered onto the council's waiting list and allocated a band, between 1 and 4. Band 1 have the highest priority and is generally awarded to those applicants who have to move due to major works or overcrowding or are discharged from the armed forces.

As of September 2018, there were approximately 9,000 households on the waiting list, with just under half of these in band 4. The council has seen a falling number of properties available to let due to a number of reasons, including the right to buy scheme, with this number now around 1,000.

The council operates a bidding method to award housing. Households on the waiting list are allowed one bid per week, with bidding opening on Wednesday morning and closing Sunday night. The bidders will then be prioritised based first upon their band, then upon the stars they have been awarded, then upon award date and then registration date. This priority listing is automatically generated by Abatras. If a household rejects three properties they have successfully bid on, they will have a reduced priority and move to band 4 for 12 months. Direct offers may also be made in exceptional circumstances meaning the household does not go through the bidding process.

Good practice:

- The priority listing for bidders is generated by the system and is followed by officers when contacting applicants to view the properties. Periodic reviews of the offers are conducted by the Housing choices manager to ascertain the process has been followed
- Direct offers are reviewed by the Housing Choices Manager, supporting documentation is requested and review of each case is performed where necessary before a decision is made
- Additional priority within bands is offered based on the policy

• Band demotion for certain applicants follows the policy.

Key findings:

- Documentation is not consistent and required evidence is not always attached to support local connection, banding and registration dates and evidence regarding the award of priority stars is not always complete
- The policy and procedures are out of date and have not been reviewed for over four years. Decisions that have been made recently have not been included (eg direct offers to homeless people in temporary accommodation). The policy document does not state who it was approved by and when it should be reviewed
- There is a lack of evidence at the viewing stage to confirm that the applicant is still eligible.

Looking forward: supporting the council's journey from moderate to substantial assurance • Ensure policies and procedures are up to date, complete and reflect changes in process or decisions made regarding housing allocations Design • Perform periodic reviews of offers and file completeness to ensure that all applications have the appropriate Moderate Substantial evidence attached and the Abatras listing order has been followed • Create a formal scheme of delegated authorisation. • Ensure the evidence required to be saved in each applicant's file is complete and there is consistency in Operational documentation Moderate Substantial Effectiveness • Ensure a checklist of evidence seen at the viewing stage is completed accurately, appropriate evidence has been viewed and saved on the system to confirm applicant is still eligible for a council property.

Follow up

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

IT11 IT Change Management January 2019		LEVEL OF	LEVEL OF ASSURANCE			SUMMARY OF RECOMMENDATIONS	
			Operational effectiveness		High	-	
		Design			Medium	3	
		Moderate	Lin	nited	Low	-	
Purpose of audit				in the design	and operational effecti	entify whether the weaknesses iveness of the change o the council's IT outages in	

A good change management process mitigates the risks associated with the introduction of new elements and other modifications into the IT environment to prevent unapproved changes and to rapidly recover from change related problems.

ICT services are provided to the Council by the shared ICT service (SICTS), which comprises the London boroughs of Lewisham, Brent and Southwark. A change advisory board (CAB) was established in January to govern and manage the review, authorisation and prioritisation of changes raised across the three authorities. This includes changes made to the live and development environments by both the council and the SICTS.

SICTS has deployed Firmstep, an IT application, in order to raise new IT changes and to manage the assessment and approval of IT change requests. The changes go through a peer and technical review by relevant stakeholders for authorisation before the change can be implemented.

Original audit scope - 117 change requests were raised for SICTS in relation to the council during the period of 01/02/2018 to 15/06/2018. This was the basis for the samples selection for the original internal audit carried out in June 2018.

Additional work undertaken - Between issuing the original draft report on 11 July 2018 and the management committee meeting held on 21 August 2018 to formalise the council's response to the findings, there were a series of IT incidents that resulted in major IT outages. At a meeting between the internal audit team and the council's director of modernisation and IT team management on 1 October 2018, the council expressed the view that these incidents were a result of poor change management controls. This gave rise to concern that the internal audit report assurance opinions of moderate assurance did not reflect the experience of the council. We were therefore asked to assess the recent major incidents and revisit our findings, recommendations and audit assurance if appropriate.

Good practice:

- There is a Change Advisory Board in place to review all the major changes
- There is a change management process in place and all the IT changes are adequately recorded and tracked
- Changes are reviewed and approved before being implemented.

Key findings:

Original audit

- Changes are not adequately risk assessed for the potential factors that could arise from the change, nor are there adequate procedures for assessing the impact of a change on the council's wider operations.
- Requests for change do not record sufficient detail or all relevant information.
- There is no formal change management policy in place and not all of the council's service areas follow a standardised process.

Additional work

- A review of the council's major incident report from May to August 2018 identified two incidents (out of six) that occurred due to a change that was implemented
- We found that the changes implemented for which these major IT outages occurred, were not appropriately risk assessed and tested prior to approval and implementation of those changes (these were reported as key findings on our original draft report.

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

Design	Moderate —>	Substantial	 Develop a formal IT Change Management policy and procedures ratified by the senior management and follow a standardised process across the council Establish formal procedures to perform an appropriate business impact assessment of the new IT changes prior to implementation.
Operational Effectiveness	Limited	> Substantial	 All the changes requested should be appropriately risk assessed prior to implementation. Establish the requirement to include appropriate back out and test plans for every change requested.

Follow up

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

ESR46		LEVI	EL OF AS	ASSURANCE SUMMARY OF RECOMMENDATIONS		COMMENDATIONS
	Markets			Operational	High	-
January 2019		Des	ign	effectiveness	Medium	4
		Mode	erate	Moderate	Low	1
Purpose of audit To provide assurance over the control place for the management of market particularly relating to income collections.		ets,	Added value	London Local Aut for charging. Thi line with the ave locations.	ercise was undertaken between sthorities to identify variances in sidentified that, on the whole, serage, with some higher fees chauncil offer a 5% discount to those	Southwark fees are generally in rged for more expensive
				direct debit. This	s method of payment is offered l couraging this payment method	by the council but has not seen a could reduce administration time

Within the borough of Southwark there are 28 markets. These are made up of a combination of local authority markets, privately operated markets and seasonal markets, with East Street market being the council's largest local authority market. The management of the markets is overseen by the markets and street trading manager, with a number of officers, primarily being based off site at SAST House, where the East Street market is held. The legislation to be followed depends upon the number of stalls present. Markets are to follow the Food Act 1984, with the classification as a market being met if there are greater than five stalls. If there are fewer than five stalls, meaning individual street traders or miscellaneous pitches, these are instead licensed under the London Local Authorities Act 1990. Southwark Council is the only London authority to license under the Food Act. Privately operated markets are also licensed under the Food Act. These are operated on private and public land and charged based upon the number of stalls the market will have. Prior to granting a licence, the council must consider the impact this may have on the local authority markets and the existing stall holders.

All fees are outlined in the fees and charges, as approved by Cabinet on an annual basis. The payment process will depend on the type of stall holder. Permanent traders pay via standing order or direct debit whilst temporary traders must produce a pre-paid invoice to evidence their right to trade. No cash is collected by the service. The income generated for 2017-18 was £903,000, with a forecasted £950,000 to be collected for 2018-19. The debt collection process for permanent traders is not undertaken by the council's central debt collection function, instead there are local arrangements in place undertaken by the markets and street trading manager and officers, including calling and meeting with the traders, with the option to revoke licences. This approach was decided by management as the best means of ensuring debts are paid.

All licences must be renewed on an annual basis. Each year the traders are required to provide proof of identification, along with a number of other documents in accordance with the respective legislation. Temporary traders are allocated pitches based upon a seniority listing. This is determined by the length of time a trader has traded with the council, meaning long standing traders receive a higher seniority.

Good practice:

- There is clear guidance on the information to be provided by permanent and temporary traders
- Up to date licences were in place for the traders selected in our sample
- The allocations process was undertaken in line with the seniority listing
- Evidence was available that temporary traders had paid for their pitch prior to allocation.

Key findings:

- A number of exceptions were identified in the documents held on file for traders, including proof of the right to work in the UK, public liability insurance and food hygiene certificates. In some cases these are checked by telephone but there was no evidence held to confirm this
- There was no guidance in place relating to the granting of discounts, including who is authorised to make these decisions and any thresholds
- Documentation was stored in the personal drives of staff members, meaning information was not always accessible or was lost when staff left the council
- There was insufficient evidence that the annual renewal fees had been paid by traders
- Insufficient evidence was retained relating to the actions taken to recover outstanding debts.

Looking forward: supporting the council's journey from moderate to substantial assurance Implement an authorised listing for who can offer discounts Have internal guidance relating to private or seasonal markets recording what should be provided and how this should be scrutinised. Design Moderate Substantial Clarify how the seniority listing should be used for traders with two permits Simplify the debt spreadsheet to enable clear scrutiny of traders who are in debt and ensure this records debt relating to private or seasonal markets. When the annual renewal process is undertaken, ensure all documentation is held for traders, with evidence of Operational payment of the renewal charge Moderate Substantial Effectiveness Document action taken to recover debts, including any verbal correspondence with the trader Ensure all documentation is saved centrally rather than on personal drives.

Follow up

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

Tenancy Management Organisations - Browning		LEVEL OF AS	SURANCE	JRANCE SUMMARY OF RECOMMENDA	
		Design	Operational	High	
January	v 2019		effectiveness	Medium	4
Surfacily 2017		Moderate	Moderate	Low	1
Purpose of audit To provide assurance over the control framework in place at the TMO to ensure there is effective administration of operational and financial processes.			Added value	We benchmarked the three TM against one another to ensure control framework was in place	a consistent governance and

Southwark Council has 17 Tenant Management Organisations in total managing the council's housing stock. Each TMO has an allocated tenant management initiatives (TMI) council officer to support and monitor the TMO, and a management agreement in place with the council. The TMOs employ their own staff members and also have an elected management committee made up of tenants and leaseholders residing in the TMO's area.

Browning TMO had 498 units under its management at the end of the last financial year, 338 of which were tenanted and 160 of which were leasehold. The management committee currently has 11 members, elected annually at the annual general meeting (AGM) who represent the residents and set priorities for the TMO.

Good practice:

- The TMO is meeting the KPI for overall turnaround time for void and lettings.
- Declarations of interest are completed consistently by management committee members.
- The TMO's housing officers take regular and appropriate action to chase outstanding rent arrears.
- Budget Monitoring is undertaken on a quarterly basis in accordance with the management agreement.
- Bank Reconciliations are undertaken with the Board's Treasurer in attendance
- Completion of repairs was found to be 99.7% for 2017/18.

Key findings:

- One out of 10 invoices tested were approved by officers in excess of their authorised limit and all invoices tested were paid without receipt of goods received notes or confirmation of works completed.
- Tender decisions are not being fully documented in the board minutes to evidence agreement by the board.
- The TMO's financial regulations need updating to include an agreed limit for a petty cash transaction, who are the authorised signatories for the bank mandate and a section on the use and authorisation for debit cards.
- Minutes for AGMs are not produced in a timely manner or circulated for approval.
- Actions and notes covering rent arrears are not being recorded on Northgate but in manual files.

- Dates for each step of the voids and lettings processes are not always being recorded, making it difficult to confirm completion in set target dates.
- The required identity documentation is not always received from individuals taking up new tenancies with the TMO
- There is no formal system in place to ensure that the regular review of policies takes place, and policies are not easily available to and accessible by TMO staff.

Looking forward: supporting the council's journey from moderate to substantial assurance Implement the use of the governance checklist template and a HR policy. Committee meeting minutes should be reviewed and signed by the chair and annual general meeting (AGM) minutes produced in a timely manner. Design Moderate Substantial Implement system to record and monitor actions relating to rent arrears collection electronically. Update lettings process/procedures to include signing and dating copies of ID and a checklist of documents provided to new tenant. Housing officers should ensure both photo ID and proof of address are provided by new tenants when registering for a Operational new tenancy. Copies should be taken and retained on the appropriate file. Moderate Substantial Effectiveness Key dates in the voids and lettings process to be recorded. Ensure tender award.

Follow up

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

ESR15		LEVEL	EVEL OF ASSURANCE SUMMARY OF RECOMM		RECOMMENDATIONS
Youth Service January 2019		Design	Operational High 2 effectiveness Medium 2		
		Moderate	Limited	Low	-
Purpose To provide assurance over the Add		Added value	identify the progress made of deficiencies in the control of with the withdrawal of cash more robust with the introd service still has issues with exposed.	to implement recommend ramework. Significant implement and the control framework fuction of spot checks and compliance with these compliance with these compliance with these compliance the council to compare	provements have been made ork has been made significantly recording. However, the ntrols which leaves them ughs, how these are used and the existing arrangements

The youth and play service aims to achieve a balance between operating for the benefit of the community in a sustainable manner which allows the service to continue through the charging of Cabinet approved fees.

An internal audit of the youth and play service was undertaken in May 2016, which identified a number of deficiencies in the control framework, as well as large-scale non-compliance by staff members within the service.

Subsequently, there has been a number of staffing changes within the service and management has undertaken a review of the way in which the service operates and the controls in place. This has included the removal of cash at all sites and the decentralisation of the management function to individual sites (due to the removal of the Albany Road site).

The youth and play services have been separated, the youth service has remained within the culture division, whilst the play service now operates within parks and leisure.

The youth service has five centres in operation - Brandon Success House, Odessa, Damilola Taylor Centre and Kingswood House. The play service has five sites, two of which - Mint Street and Peckham Rye - were opened at the start of 2018-19.

The total collective income collected and budgeted for the youth and play services for 2017-18 and 2018-19 respectively was £51,605 and £37,733, whilst the cost of the services was £1,608,460 and £1,549,613.

Good practice:

- The commissioning process had been followed for a sample of commissioned services, with the appropriate level of authorisation evidenced
- A list of staff working at the sites was maintained.

Key findings:

- VAT was inconsistently charged and there was a lack of clarity regarding the expected VAT treatment on invoices to service users
- The incorrect value had been charged to service users for a the cost of a weekend youth worker
- Errors were identified in the bookings log, payments were not collected in a timely manner and sessions for the hiring of facilities were cancelled without appropriate authorisation
- Reconciliations were not undertaken between signing in sheets, booking records, invoices and payments to confirm the completeness and accuracy of bookings.

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

Design	Moderate	> Substantial	 Implement reconciliations between the bookings log, signing in book, invoices and payments Update the procedure to accurately document the payment terms to be adhered to Liaise with the FC&P team to implement a system for reviewing payment receipt and invoice cancellation.
Operational Effectiveness	Limited	Substantial	 Ensure fees are charged in line with the agreed fees and charges, including the correct VAT rate Ensure the bookings calendar is kept up to date and accurate Ensure cancelled sessions are documented appropriately with authorisation Ensure session times are adhered to Undertake formal reviews to ensure there are no informal arrangements in place.

Follow up

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

APPENDIX 2

OPINION SIGNIFICANCE DEFINITION

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

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

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Item No. 9.	Classification: Open	Date: 11 February 2019	Meeting Name: Audit, governance and standards committee	
Report title	:	BDO Draft Internal Au	dit Plan 2019-20	
Ward(s) or groups affected:		All		
From:		Strategic Director of Finance and Governance		

RECOMMENDATION

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

BACKGROUND INFORMATION

2. The purpose of the report is to set out the internal strategy for the three year period to 2021-22 and the specific operational audit plan for 2019-20. The full report is given in Appendix A.

Policy implications

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

Community impact statement

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

Resource implications

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

Consultation

6. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

7. None required.

BACKGROUND DOCUMENTS

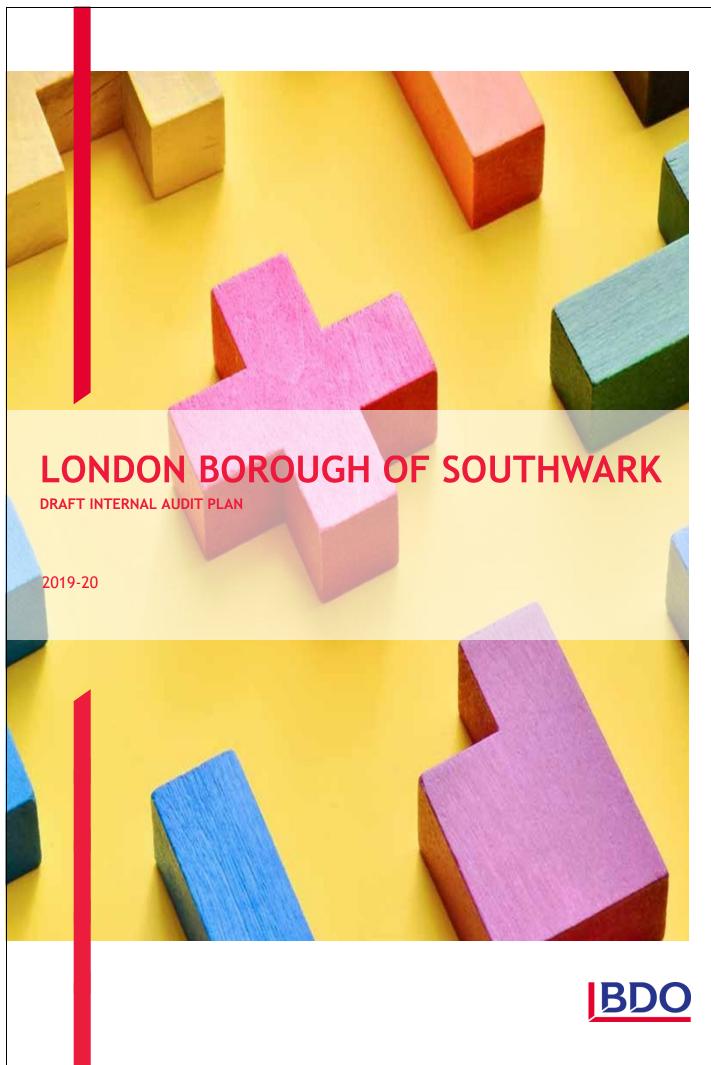
Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	Internal audit plan 2019-20

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance					
Report Author	Virginia Wynn-Jone	es, Principal Constitution	al Officer			
Version	Final					
Dated	1 February 2019					
Key Decision?	No					
CONSULTATIO	N WITH OTHER OF	FICERS / DIRECTORA	TES / CABINET			
	ME	MBER				
Officer Title		Comments sought	Comments included			
Strategic Director of	of Finance and	No	N/A			
Governance	Governance					
Director of Law and	Director of Law and Democracy No N/A					
Cabinet Member No No						
Date final report s	ent to Constitution	al Team	1 February 2019			



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1. AUDIT RISK ASSESSMENT

1.1 Background

BDO has been appointed as internal auditors to the London Borough of Southwark to provide the council with assurance on the adequacy of internal control arrangements, including risk management and governance. Our role at the council will also be aimed at helping management to improve risk management, governance and internal control, so reducing the effects of any significant risks facing the organisation.

We report to the strategic director of finance and governance, as the council's section 151 officer, and the director of finance on an operational basis. The Engagement Partner, Greg Rubins, is the council's Chief Audit Executive.

Responsibility for the council's internal control arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud.

Our risk based approach to Internal Audit uses the council's own risk management process and risk register as a key element for audit planning as this represents the council's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects the council's risk profile. This has been achieved through a combination of attendance at department management team meetings and meetings with strategic directors, directors and heads of service.

In producing the internal strategy for the three year period to 2021-22 and the specific operational audit plan for 2019-20, we have sought to further clarify our initial understanding of the operations of the council with its risk profile in the context of:

- The council's corporate plan for 2018-19 to 2021-22, fairer future promises and commitments that support their achievement
- The key challenges facing the council, including financial pressure and resource constraints
- The objectives and priorities of individual departments and associated risks
- The key areas where management wish to monitor performance and the manner in which performance is measured
- The financial and non-financial measurements and indicators of such performance

1.2 Planned approach to internal audit 2019-20

The indicative Internal Audit programme for 2019-20 is shown from page 9, with an indicative strategic plan for 2020-21 and 2021-22 shown from page 20.

The plan has been circulated to the chief officers team, before being presented to the Audit, Governance and Standards Committee on 11 February 2019. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three to five year audit cycle.

London Borough of Southwark - Internal Audit Plan 2019-20

1.3 Individual audits

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the council. Where revisions are required we will obtain approval from the appropriate Director prior to commencing fieldwork.

In determining the timing of our individual audits we will seek to agree a date which is convenient to the council, which ensures availability of key management and staff.

As we undertake planning for each audit, we will also work with the council's anti-fraud team to identify areas to include to provide assurance on the management of the risk of fraud.

1.4 Variations to the Plan

We review the strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we are undertaking, demonstrating we are focussing on your most important issues. As such our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with management.

Where changes to the planned audits are required during the year, for example in response to new risks or management concerns, these will be agreed with the departmental directors and strategic director of finance and governance and reported to the Audit, Governance and Standards Committee.

2. MAPPING YOUR STRATEGIC CORPORATE RISKS TO THE INTERNAL AUDIT STRATEGY

Council Ref.	Strategic risks from the council's corporate risk register	2017-18 & 2018-19	2019-20	2020-21	2021-22
CR0001	The continued uncertainty regarding local government funding beyond 2018-19 presents the s.151 officer with a challenge in terms of being able to recommend balanced budget proposals which meet the council's priorities and ambitions.	Financial planning and budget monitoring Budget recovery board Better care fund	Budget recovery board		
CR0002	The cessation of or significant reduction in a council support service including key infrastructure now and in the future causes disruption to a range of front line and back office service delivery across the council arising especially as a consequence of budget reductions.				
CR0003	The increasing need for and cost of demand led services such as social care, social housing, No Recourse to Public Funds and temporary accommodation results in significant overspends against budget.	Housing allocations Temporary accommodation	No recourse to public funds		
CR0004	Delays in paying claimants Universal Credit during the transition to it results in housing rent and other personal debt, and increased demand for other council services and consequential unfunded pressures.	Housing benefits and universal credit	Housing benefits and universal credit	Housing benefits and universal credit	Housing benefits and universal credit

Council Ref.	Strategic risks from the council's corporate risk register	2017-18 & 2018-19	2019-20	2020-21	2021-22
CR0005	Core business systems may become unavailable for prolonged and unpredictable periods of time across the whole council, impairing service delivery performance and impacting on resident satisfaction, the reputation of the council and staff motivation.	Business continuity planning IT disaster recovery IT change controls		IT disaster recovery	
CR0006	Unforeseen events and/or adverse public reaction to council programmes results in the failure of (or the serious delay to) key regeneration or direct delivery projects causing damage to the council's ability to meet the borough's long term housing and investment needs and resulting in short term financing or funding implications for the council.	Major regeneration programmes & projects	Major regeneration programmes & projects		Major regeneration programmes & projects
CR0007	The housing market in London adversely impacts on the council's financial arrangements and its ability to manage temporary accommodation, homelessness and housing investment.	Housing investment Temporary accommodation	Homelessness Housing revenue account		
CR0008	An emergency occurs which affects critical services and the council's ability to deliver business as usual.	Emergency planning and resilience		Emergency planning and resilience	
CR0009	Legislative changes and issues arising from Brexit affecting the council's and its partners' ability to meet the demand for services and/or take advantage of opportunities and/or deal with increased threats due to lack of capacity leading to reduced performance and increasing costs.			Commercialisation	

Council Ref.	Strategic risks from the council's corporate risk register	2017-18 & 2018-19	2019-20	2020-21	2021-22
CR0010	The data held and managed by council departments and its partners is neither appropriately shared nor used in an optimal way, hindering possible improvements and efficiencies in service delivery and resulting in potential risks to service users or employees.		Data and management information Records management		
CR0011	Process, control, or management failure particularly during periods of significant change and ongoing funding reductions leads to a fraudulent activity resulting in financial consequences for the council.	control environment to	ndividual departments foo manage key financial and ts, prevention of fraud an	operational risks to ser	vice delivery and
CR0012	Failure to ensure management action is taken, so that appropriate capacity and skills to deliver change are maintained through periods of reorganising and downsizing, which results in knowledge gaps, poor handover of contract management responsibilities or other consequences.	Our internal audits for individual departments and systems include consideration of the roles and responsibilities for delivery of services and ensuring the control framework is maintained, including contract management and other requirements on the service.			
CR0013	Failure on the part of the council or its partners to properly adhere to data processing legislation / regulation, [which] results in breaches when data is shared inappropriately leading to risk to individuals, ICO intervention and consequential financial penalties and reputational damage.	Information governance Data protection / GDPR Multi-agency working / data sharing	Records management		
CR0014	Failure to invest appropriately in the maintenance or management of the council's assets or a sudden and unforeseen event which may give rise to unacceptable future liabilities.	APEX asset management system Repairs and maintenance	Statutory disrepairs Voids		

Council Ref.	Strategic risks from the council's corporate risk register	2017-18 & 2018-19	2019-20	2020-21	2021-22
CR0015	Due to the rapid evolution of cyber security threats, the council and its partners may not be able to prevent an attack on infrastructure in an effective or timely manner, resulting in a breach of security.	Network security			
CR0016	Failure to provide adequate provision of protection of staff, elected members, residents and all relevant stakeholders leading to their safety being compromised.	Health and safety Safeguarding - adults	Health and safety Safeguarding - children	Health and safety	Safeguarding - adults
CR0017	Service failure of a key provider or partner resulting in the council being held to account for the service delivery failure and having to step in to supply the service at additional cost and with resulting potential reputational damage.	Commissioning of services Facilities management Management of fairer future policy with regards to procurement	Management of fairer future policy with regards to contracts	Where we carry out audits of contract management for specific activities, one line of enquiry is the arrangements in place should the contractor either underperform against contractual requirements or the worst case scenario go into administration / cease trading.	
CR0018	Difficulties in delivering an ambitious council plan and service commitments in the current climate, resulting in adverse reputational impact.	Modernisation programme	Our internal audits for i and effectiveness of the and operational risks to service plans and key pe	e control environment to service delivery and pe	manage key financial

3. INTERNAL AUDIT PLAN 2019-20

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review			
Children'	Children's and Adults' Services Department							
Adult Soc	Adult Social Care							
CAS03	Appointeeships	Director adult social care	15	Q4	Management of clients finances where the council acts as appointee, including approvals, records maintained on use of clients' monies and possessions.			
CAS06	Mental health services	Director adult social care	15	Q2	Governance, approvals, records maintained and monitoring of the care packages and funding relating to the clients receiving the council's mental health services.			
Children's Social Care								
CAS21	Payments to children and families	Director children's social care	15	Q2	The systems for monies paid to children and families, including authorisation, records management and reconciliation.			
CAS22	Troubled families grant claims	Director children's social care	20	Monthly	Verification of the Troubled Families claims to be submitted by the council. To confirm, using a sample basis with reference to evidence, that cases meet the eligibility criteria set out in the Troubled Families Outcome Plan.			
CAS24	Foster carers	Director children's social care	15	Q1	Appointment and payment of foster carers and how the council ensures that foster carers meet the council's initial and ongoing requirements.			
CAS27	Safeguarding - children	Director children's social care	15	Q2	Controls in place to ensure that children within the council's care are properly safeguarded and statutory requirements are met.			

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review		
Commissioning							
CAS11	Community equipment	Director commissioning	15	Q1	The allocation of community equipment, records maintained on location of equipment, and maintenance of equipment to ensure that it remains fit for purpose and safe to use.		
CAS15	Supported Living	Director commissioning	15	Q2	Operational review to include independent living plans for residents within supported living, DBS checks and training for staff working in these schemes, fire risk assessments and budget management.		
Education	1						
CAS48	Special educational needs (SEN)	Director of education	20	Q1	Assurance over the development and implementation of the council's strategy on SEN, funding allocations and management of quality of delivery and financial control.		
Department Wide Audits							
CAS40	Budget Recovery Board	Strategic director	15	Q2	A review of the effectiveness of the budget recovery board, and the robustness of the information presented to the board, e.g. SAP savings reports and the trajectory.		
CAS63	Mosaic operational audit / payments	All Directors	15	Q3	Processes and controls leading to the payments generated via Mosaic, and the completeness of information held on the system. Specific areas of coverage to be determined at the time of scoping. As a fundamental system of the council, this is an annual audit.		
Total			175				
SCH	Schools internal audit plan	Director of Education	145	Ongoing	Internal audit of schools' governance and financial systems and controls, covering areas such as budget management, deficit recovery plans, procurement and purchases, payroll and income. The days also include time for working with the council in delivering training and awareness to head teachers and school business managers.		
Total			145				

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review		
Environment and Leisure Department							
<u>Highways</u>							
EL02	Cleaner, greener, safer programme	Director of environment	15	Q2	Review of the management of projects in the community, including delivery against project purpose and objectives, expected timeframes and budgets.		
Leisure a	nd Culture						
EL16	Parks	Director of leisure	15	Q2	Policy framework, strategic framework and finance and governance around the use of parks for events and commercial income generation.		
EL17	Play service	Director of leisure	15	Q1	Operational management controls including compliance with contract Standing orders when commissioning services, documentation covering arrangements with activity providers, income management and safeguarding.		
Regulator	y Services						
EL22	Enforcement	Director of environment	15	Q2	Procedures around joint enforcement with the Police, including clarity of roles and responsibilities and record keeping. Controls over fixed penalty notices and receipt of fines and escalation procedures where these are not paid.		
<u>Traded Services</u>							
EL41	Materials	Director of environment	10	Q3	Focus on procurement of materials by the department, tendering approaches and resulting contractual arrangements.		
EL42	Pest control	Director of environment	15	Q4	Contract management review, looking at monitoring against contractual requirements, delivery against key performance indicators, the extent to which income generated is meeting expectations.		

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
Waste and Cleaning					
EL52	Fleet contract and strategy management	Director of environment	15	Q4	A review of the application of the council's revised policy on fleet/essential car user (as linked to the council's travel plan).
Departme	ent Wide Audits				
EL61	Volunteer management	Director of leisure / Director of environment	15	Q1	A review of how the risks associated with the use of volunteers are managed (for example, payments, safeguarding, access to data). To include use of volunteers in libraries, at events and for test purchasing.
EL62	Debt management	All Directors / director of exchequer	15	Q3	To feed into the key financial systems audit of accounts receivable, this would review the information available to the department in respect of its debtor positon, roles and responsibility and sufficiency and appropriateness of action being taken against service users who owe money to the council.
Total			130		

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
Finance a	and Governance Department				
<u>Legal Services</u>					
FG03	Barristers' framework	Director of law & democracy	10	Q2	Contract management review, looking at monitoring against contractual requirements, delivery against key performance indicators, the extent to which income generated is meeting expectations.
FG05	Whistleblowing	Director of law & democracy	15	Q4	Review of the council's response to whistleblowing allegations, clarity of roles and responsibilities. documentation, timeliness of responses and closure of cases.
<u>Financial</u>	and Information Governance				
FG22	Pensions administration	Head of financial & information governance	15	Q3	Controls and maintenance of records around the council's system, including policies and procedures, joiners and leavers to the schemes, refunds, contributions (plus AVCs), annual benefits statements.
Excheque	er Services (non Key Financial S	ystems)			
FG31	Home ownership - mortgages	Director exchequer services	10	Q1	Review of the control framework in place to award and monitor repayments for mortgages.
FG33	Home ownership - garages	Director exchequer services	15	Q1	Review of the application process, awarding of garages, administration of garages and records, rent collection and monitoring and escalation for repossession if required.
FG35	Client services	Director exchequer services	15	Q2	Applications and proof of needs meeting criteria, decision on what goods/services or funds awarded, authorisation and budget monitoring for the Southwark Emergency Support Scheme (SESS) and Hardship Fund.
Total			80		

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
Key Finar	ncial Systems				
KFC01	Council tax	Director exchequer services	20	Q3	Assurance over the adequacy of and compliance with controls in respect of council tax. Full audit.
KFC02	NNDR/ business rates pooling	Director exchequer services	10	Q3	Assurance over continuing compliance with controls in respect of NNDR - health check, plus follow up of previous year's recommendations.
KFC03	Housing rents	Director exchequer services / housing and modernisation directorate	10	Q3	Assurance over continuing compliance with controls in respect of housing rents - health check, plus follow up of previous year's recommendations.
KFC04	Accounts receivable /debt management	Director exchequer services	20	Q3	Assurance over the adequacy of and compliance with controls in respect of accounts receivable and debt management. Full audit.
KFC05	Payroll and HR	Director exchequer services / Director of modernise	25	Q4	Assurance over the adequacy of and compliance with controls in respect of payroll and benefits to staff. Full audit.
KFC07	Accounts Payable	Director exchequer services	10	Q3	Assurance over continuing compliance with controls in respect of Accounts Payable - health check, plus follow up of previous year's recommendations
KFC09	Housing Benefits	Director exchequer services	10	Q3	Assurance over continuing compliance with controls in respect of Housing Benefits - health check, plus follow up of previous year's recommendations
KFC10	Suspense accounts management	Director exchequer services	10	Q4	Management of the suspense accounts, including the type of transactions being assigned to suspense accounts and timeliness of action taken to clear suspense items and record accurately in the general ledger.

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
					For all key financial audits, we will consider the controls in place to detect fraudulent activity. To this end, we will work alongside the council's corporate anti-fraud team.
Total			115		
Housing a	nd Modernisation Department				
Asset Man	nagement .				
HM06	Major works	Director asset management	15	Q1	Review of controls from identification and approval of major works schemes, project management, and appointment of contractors and monitoring of delivery against expected timeframes, outputs and budget.
HM08	Statutory disrepairs	Director asset management / Director of law & democracy	15	Q3	Systems for dealing with statutory disrepairs where the council acts as landlord, and controls to ensure compliance with legislative and regulatory frameworks is met.
Communi	<u>ties</u>				
HM11	No recourse to public funds	Director of communities	15	Q1	Review of the controls over applications for council funds through NRPF, checks for eligibility, case management, and adequacy of data and records over numbers in the system, financial management and reporting.
HM12	Tenancy management organisations	Director of communities	20	Q2	A thematic review of the TMOs in light of the findings from the 2018-19 audits. To also include the controls around statutory compliance, including health and safety, fire risk assessment and asbestos. Two TMOs will be included for review.

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
Customer	Experience				
HM21	Blue badges and freedom passes	Director of customer experience	15	Q2	Operational review on the processes for the award of blue badges and freedom passes, including validation of applicant's eligibility.
HM23	Coroners	Director of customer experience	15	Q3	The arrangements the Council has in place to support the Coroner, covering roles and responsibilities, contracts with third parties efficiencies such as use of the council's website and call centre to deliver services, and the service's performance and financial management processes and controls.
HM26	Housing solutions - homelessness	Director of customer experience	15	Q1	Following the Homelessness Reduction Act, which came into force in April 2018 and the roll out of personal housing plans in 2017 between the council and individual, the audit will consider the controls around the application process, the robustness of the process, and conformation that the plans are acted upon and fulfilled.
Resident	<u>Services</u>				
HM41	Voids	Director of resident services	15	Q1	Controls over housing voids and timeliness of action to enable the reletting of the property, including remedial works and checks.
HM45	Supported accommodation hostels (family hostels)	Director of resident services	15	Q4	A review against operational procedures, how cases are managed, including new cases, a check of current governance arrangements, income collection, record keeping, security checks, inspections and repairs and maintenance regimes. It will include consideration of actions implemented following the independent service model review commissioned in 2017.
Total			140		

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
IT Audit I	Plan				
IT AUDITS	To be confirmed.	Director of modernise	70	ТВС	An IT internal audit strategy and plan for 2019-20 is to be developed over the next month. This is to involve relevant parties within the council and shared ICT service, to identify: - those areas which remain the responsibility of the council - areas where the council is reliant upon the shared ICT service - key risk areas and priorities for 2019-20 for assurance on the
Total			70		management of IT risks to the council.
	d Wellbeing Department		70		
r lace and	Wettbeing bepartment				
PW02	Major regeneration programmes & projects	Director of regeneration	20	Q1	Project management arrangements and programme governance with regards to this area of significant expenditure and priority for the council. A sample of programmes and projects will be selected for testing.
PW03	Planning applications and S106 agreements	Director of planning	15	Q2	Compliance with Planning Regulations, including a customer focus (how easy is the current application process to use), and monitoring of \$106 agreements for financial and non-financial commitments from developers.
PW05	Transport policy and planning	Director of planning	15	Q4	Review of the council's transport policy and the extent to which it is being delivered in line with supporting plans across the council.
PW06	Community safety partnerships	Director of public health	15	Q3	A review of how the council is working with the community to deal with knife crime.
Total			65		

Ref.	Area	Audit Sponsor	Days	Indicative Timing	Outline Scope of the Review
Thematic	: Audits / Council Wide Review	5			
TRO4	Health and safety	Corporate governance panel / Director of modernise / departmental leads	20	Q2	A review of the adequacy and effectiveness of the management of health and safety risks across the council. An annual review, the specific focus of the work will be agreed with management.
TR05	Management of fairer future policy with regards to contracts	Strategic director of finance and governance	25	Q3	A review of the management of contracts to ensure that they meet the requirements of the council's fairer future procurement policy. This will follow on from the audit of procurement undertaken in 2018-19.
TR13	Sickness absence management, monitoring and reporting	Director of modernise / Corporate governance panel	25	Q4	A review of compliance with the council's sickness absence management, monitoring and reporting requirements across the council. The audit will consider the extent to which there may be under reporting.
TR15	Records management	Head of financial & information governance / corporate governance panel	20	Q4	An area of management concern raised across departments. A review of understanding of and compliance with the council's retention and disposal policies.
TR16	Data and information management	Strategic director of finance and governance	25	Q2	A review of the adequacy of management information to support decision-making in high cost / high volume areas.
Total			115		

4. INTERNAL AUDIT PLAN 2019-20 SUMMARY

Department / Audit Activity	No. of days 2019-20
Chief executive's department	-
Children's and adults services	175
Environment and leisure	130
Finance and governance	80
Housing and modernisation	140
Place and wellbeing	50
Key financial systems	115
IT audits	70
Thematic reviews / council wide audits	115
Schools	125
Chief Audit Executive Role	15
Total Days	1030

5. INTERNAL AUDIT STRATEGIC PLAN 2019-22

Ref.	Audit	Audit Sponsor	2017- 18 (for ref.)	2018- 19 (for ref.)	2019- 20	2020- 21	2021- 22
CX01	Emergency planning and resilience	Head of chief executive's office	~	,		~	
CX02	Communications and media	Head of external affairs				~	
Children's	and Adults Department						
Adult Socia	al Care						
CAS01	Adult day care provision	Director adult social care		V			
CAS02	Client finances	Director adult social care				~	
CAS03	Appointeeships	Director adult social care			~		
CAS04	All age disability service	Director adult social care				~	
CAS05	Better Care Fund	Strategic director childrens & adults		~			
CAS06	Mental health services	Director adult social care			~		
CAS07	Older people's services	Director adult social care		V			~
CAS08	Safeguarding - adults	Director adult social care		~			
CAS09	Social care staff recruitment	Director adult social care	~				
CAS10	Substance Misuse	Director adult social care	~			~	
Children's	Social Care						
CAS20	Adoption service	Director children's social care				~	
CAS21	Payments to children and families	Director children's social care			~		
CAS22	Troubled families grant claims	Director children's social care	•	~	~	~	•
CAS23	Children's quality assurance unit	Director children's social care				~	
CAS24	Foster carers	Director children's social care			V		
CAS25	Placements - children in care service	Director children's social care		~			
CAS26	Safeguarding - children	Director children's social care			~		

Ref.	Audit	Audit Sponsor	2017- 18 (for ref.)	2018- 19 (for ref.)	2019- 20	2020- 21	2021- 22
CAS27	Legal fees	Director children's social care		~			
CAS28	Youth offending service	Director children's social care				V	
Commission	ning						
CAS31	Community equipment	Director commissioning			V		
CAS32	Supported Living	Director commissioning			V		
CAS33	Commissioning of services	Director of commissioning		~			~
Education							
CAS41	Adult learning services	Director of education		~			
CAS42	Home to school transport	Director of education					~
CAS43	Music service	Director of education		~			
CAS44	Pupil registry systems	Director of education				~	
CAS45	School admissions	Director of education				V	
CAS46	Special educational needs (SEN)	Director of education			✓ (cfwd 18-19		
SCHOOLS	Schools - cyclical programme*	Director of education	~	~	~	~	~

^{*} School audits are undertaken on an average 3-year rolling programme. In 2019-20, 25 schools are scheduled for an audit visit. Areas included in the schools audit are: governance, bank account and budgeting, payroll, procurement; and data security and safeguarding. We also review the control framework with regards to cash handling and non-local authority school funds. From 2019-20 we have agreed with the director of education to conduct a follow up audit where schools received a limited assurance opinion.

Departmen	nt Wide Audits						
CAS51	Budget Recovery Board	Strategic director of childrens and adults services			✓ (cfwd 18-19		
CAS52	Mosaic operational audit / payments	Strategic director (children's and adults' service	~	~	~	~	~
Environme	nt and Leisure Departme	ent					
<u>Highways</u>							
EL01	Highways maintenance	Director of environment	~			~	

Ref.	Audit	Audit Sponsor	2017- 18 (for ref.)	2018- 19 (for ref.)	2019- 20	2020- 21	2021- 22
EL02	Cleaner, greener, safer programme	Director of environment			V		
Leisure and	d Culture						
EL11	Cemeteries and crematoria	Director of leisure					~
EL12	Library service	Director of leisure				~	
EL13	Leisure services	Director of leisure	~			~	
EL14	South Dock marina	Director of leisure					~
EL15	Youth service	Director of leisure		V			
EL16	Parks	Director of leisure			~		
EL17	Play service	Director of leisure			V		
EL18	Tree management service	Director of leisure				~	
Regulatory	Services						
EL21	CCTV	Director of environment		V		~	
EL22	Enforcement	Director of environment			~		
EL23	Licencing	Director of environment		V			~
EL24	Parking management & estates parking permits	Director of environment		~			
EL25	Markets	Director of environment		V			
Service Dev	velopment_						
EL31	Corporate energy / greener borough	Director of environment	~			~	
Traded Ser	vices						
EL41	Materials	Director of environment	~		~		
EL42	Pest control	Director of environment			V		
EL43	Southwark building services	Director of environment		~		~	
EL44	Street lighting and signs	Director of environment					V

London Borough of Southwark - Internal Audit Plan 2019-20

Ref.	Audit	Audit Sponsor	2017- 18 (for ref.)	2018- 19 (for ref.)	2019- 20	2020- 21	2021- 22
Waste and	Cleansing			·			
EL51	Commercial waste	Director of environment	or of environment				
EL52	Fleet contract and strategy management	Director of environment			~		
EL53	Estates cleaning	Director of environment		V			
EL54	Grounds maintenance	Director of environment	~			~	
EL55	Waste contract / PFI	Director of environment		V			
EL56	Trading standards, food safety and health & safety	Director of environment				~	
Departmen	nt Wide Audits						
EL61	Volunteer management	Director of leisure / Director of environment			~		
EL62	Debt management	bt management All Directors			V		
Finance an	d Governance Departme	nt					
Legal Servi	ices						
FG01	Electoral register and elections	Director of law & democracy	~				
FG02	Case Management System (Visualfiles)	Director of law & democracy	~				
FG03	Barristers' framework	Director of law & democracy			V		
FG04	Member / officer protocol	Director of law & democracy				~	
FG05	Whistleblowing	Director of law & democracy			V		
FG06	Members allowances	Director of law & democracy		~			
Profession	al Services Team						
FG11	Housing Revenue Account	Acting Director of Finance			V		
FG12	Schools use of Bankline	Acting Director of Finance			~		
Financial a	nd Information Governa	nce					
FG21	Data protection / GDPR	Head of financial & information governance		V			
FG22	Pensions administration	Head of financial & information governance			V		

Ref.	Audit	Audit Sponsor	2017- 18 (for ref.)	2018- 19 (for ref.)	2019- 20	2020- 21	2021- 22
Exchequer	Services						
FG31	Home ownership - mortgages	Director exchequer services			~		
FG32	Home ownership - charges to leaseholders	Director exchequer services		~			
FG33	Home ownership - garages	Director exchequer services			~		
FG34	Enforcement agents, rent arrears and write offs	Director exchequer services		~			
FG35	Client services	Director exchequer services			~		
Key Financ	cial Systems						
KFC01	Council tax	Director exchequer services	~		~		~
KFC02	NNDR/ business rates pooling	Director exchequer services	~	~	~	~	~
KFC03	Housing rents	Director exchequer services	~	~	~	~	~
KFC04	Accounts receivable /debt management	Director exchequer services			~		
KFC05	Payroll and HR	Director exchequer services / Director of Modernise	~	•	~	~	•
KFC06	General Ledger	Director exchequer services		~			~
KFC07	Accounts Payable	Director exchequer services	~	~	~	~	~
KFC08	Treasury Management	Acting director of finance	~			~	
KFC09	Housing Benefits	Director exchequer services	~	~	~	~	~
KFC10	Suspense accounts management	Director exchequer services	~		•		~
Housing ar	nd Modernisation Departr	ment					
Asset Mana	agement						
HM01	Apex asset management system	Director asset management	~				~
HM02	Engineering services	Director asset management	(as part of HM01)				
HM03	Gas servicing	Director asset management	(as part of				

Ref.	Audit	Audit Sponsor	2017- 18 (for ref.) HM01)	2018- 19 (for ref.)	2019- 20	2020- 21	2021- 22
HM04	Housing adaptations	Director asset	пиот)				
11/104	riousing adaptations	management	~				
HM05	Housing investment and decision making	Director asset management	~				
HM06	Major works	Director asset management			~		
HM07	Repairs and maintenance	Director asset management		~			
HM08	Statutory disrepairs	Director asset management / Director of Law & Democracy			V		
Communiti	<u>es</u>						
HM11	No recourse to public funds	Director of communities	~		~		
HM12	Tenancy management organisations (TMOs)	Director of communities		~	~	~	~
Customer I	xperience						
HM21	Blue badges and freedom passes	Director of customer experience			V		
HM22	Contact centre	Director of customer experience		~			
HM23	Coroners	Director of customer experience			¥		
HM24	Customer experience and resolution / complaints	Director of customer experience				~	
HM25	Housing solutions - applications and allocations	Director of customer experience		~			V
HM26	Housing solutions - homelessness	Director of customer experience			✓ (cfwd 18-19		
HM27	Housing solutions - other services	Director of customer experience				~	
HM28	MySouthwark home owners agency	Director of customer experience	•				
HM29	Channel shift	Director of customer experience		~			
HM30	Registrars	Director of customer experience					~
HM31	Sales and acquisitions, including right to buy	Director of customer experience		V			
HM32	Integration of customer based systems	Director of customer experience	~				

Ref.	Audit	Audit Sponsor	2017- 18 (for ref.)	2018- 19 (for ref.)	2019- 20	2020- 21	2021- 22		
Resident Services									
HM41	Voids	Director of resident services			~				
HM42	Multi-agency working / data sharing	Director of resident services	•						
HM43	Housing tenancies	Director of resident services	~						
HM44	Sheltered housing	Director of resident services		V					
HM45	Supported accommodation hostels (family hostels)	Director of resident services			✓ (cfwd 18-19				
HM46	Temporary accommodation	Director of resident services		~					
Modernise									
HM51	Corporate facilities management	Director of modernise	~				~		
HM52	Health and safety	Director of modernise	~	~					
HM53	Modernisation programme	Director of modernise		V					
Human Re	sources								
HM61	Staff recruitment and vetting	Director of modernise	~						
HM62	Apprenticeships levy	Director of modernise		~					
Information Technology Audits									
IT	IT Audit Plan*	Director of modernise			~				
* An IT internal audit strategy and plan for 2019-20 is to be developed over the next month. This is to involve relevant parties within the council and shared ICT service, to identify:									
- areas wh	- those areas which remain the responsibility of the council - areas where the council is reliant upon the shared ICT service - key risk areas and priorities for 2019-20 for assurance on the management of IT risks to the council								

- key risk areas and priorities for 2019-20 for assurance on the management of IT risks to the council

Recent IT audits undertaken / agreed are included below:

IT01	Network security	Director of modernise	~		
IT02	IT disaster recovery and business	Director of modernise	~		

Ref.	Audit	Audit Sponsor	2017- 18 (for ref.)	2018- 19 (for ref.)	2019- 20	2020- 21	2021- 22
	continuity planning		. 5,	,			
IT03	IT shared service arrangements	Director of modernise		V	~		
IT04	Change control	Director of modernise		~			
Place and \	Wellbeing Department						
PW01	Major regeneration programmes & projects	Director of regeneration	V		•		V
PW02	Commercial property portfolio	Director of regeneration				~	
PW03	Planning applications and s106 agreements	Director of planning			¥		
PW04	Building control	Director of planning		•			~
PW05	Transport policy and planning	Director of planning			~		
PW06	Land charges	Director of planning	✓				~
PW07	Community projects	Director of communities	~		V		
PW08	Community engagement	Director of communities		V			
PW09	Health in all policies	Director of public health & wellbeing		V			
PW10	Public health priority area	Director of public health & wellbeing			¥		
PW11	Social regeneration framework	Director of public health & wellbeing				~	
Thematic A	Audits / Council Wide Re	views					
TR01	Access to services	Corporate governance panel	V				
TR02	Commercialisation	Corporate governance panel				~	
TR03	Business continuity planning	Corporate governance panel / Head of Chief executive's office		~			
TR04	Health and safety	Corporate governance panel / Director of modernise / departmental leads			~	•	~
TR05	Management of fairer future procurement policy / contracts	Corporate governance panel	~		~	~	
TR06	Sustainable Transformation Plans	Corporate governance panel				~	

London Borough of Southwark - Internal Audit Plan 2019-20

Ref.	Audit	Audit Sponsor	2017- 18 (for ref.)	2018- 19 (for ref.)	2019- 20	2020- 21	2021- 22
TR07	Financial planning and budget monitoring	Director of finance	~			~	
TR08	Governance and risk management	Head of financial & information governance	~			~	
TR09	Hospitality and gifts register, register of interests and bribery and corruption	Corporate governance panel					~
TR10	Use of consultants / payments to individuals outside of PAYE / IR35	Corporate governance panel	~			•	
TR11	Partnership arrangements	Corporate Leadership Team / corporate governance panel		~		~	
TR12	Sickness absence management, monitoring and reporting	Director of modernise / corporate governance panel			✓ (cfwd 18-19		
TR13	Compliance with HR policies and procedures	Director of modernise / corporate governance panel				~	
TR14	Records management	Head of financial & information governance / corporate governance panel			~		
TR15	Data and information management	Strategic director of finance and governance			V		
TR16	Council Plan 2018-19 to 2021-22 (governance over delivery and performance management)	Corporate Leadership Team / corporate governance panel				~	

APPENDIX I

Internal Audit Charter - Role and Scope of Internal Audit

Purpose of this charter

This charter is a requirement of Public Sector Internal Audit Standards (PSIAS).

The charter formally defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within the London Borough of Southwark ("the Council") and defines the scope of internal audit activities.

Final approval resides with the Board, in practice the charter shall be reviewed and approved annually by management and by the Audit, Governance and Standards Committee on behalf of the Council.

Internal audit's mission

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Standards of internal audit practice

To fulfil its mission, internal audit will perform its work in accordance with PSIAS, which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

Internal audit definition and role

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the Audit, Governance and Standards Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

Internal audit's scope

The scope of internal audit activities includes all activities conducted by the Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management, with the aim of improving governance, risk management and control and contributing to the overall opinion. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

Effective internal audit

Our internal audit function is effective when:

- It achieves the purpose and responsibility included in the internal audit charter
- It conforms with the Standards
- Its individual members conform with the Code of Ethics and the Standards
- It considers trends and emerging issues that could impact the organisation.

The internal audit activity adds value to the Council (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

Independence and internal audit's position within Southwark Council

To provide for internal audit's independence, its personnel and external partners report to the Chief Audit Executive, who reports functionally to the Audit, Governance and Standards Committee. The Chief Audit Executive has free and full access to the Chair of the Audit, Governance and Standards Committee. The Chief Audit Executive reports administratively to the Strategic Director of Finance and Governance who provides day-to-day oversight.

The appointment or removal of the Chief Audit Executive will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit, Governance and Standards Committee.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not ordinarily authorised to perform any operational duties for the Council.

In the event that internal audit undertakes non-audit activities, safeguards will be agreed to ensure that independence or objectivity of the internal audit activity are not impaired. This might include a separate partner review of the work or a different team undertaking the work. Approval of the arrangements for such engagements will be sought from the Audit, Governance and Standards Committee prior to commencement.

In the event that internal audit provides assurance services where it had previously performed consulting services, an assessment will be undertaken to confirm that the nature of the consulting activity did not impair objectivity and safeguards will be put in place to manage individual objectivity when assigning resources to the engagement. Such safeguards will be communicated to the Audit, Governance and Standards Committee.

Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to the Audit, Governance and Standards Committee to discuss the implications.

Internal audit's role in fraud, bribery and corruption

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspect a fraud, this will be referred to appropriate management in the first instance and then the Audit, Governance and Standards Committee.

Access to records and confidentiality

There are no limitations to internal audit's right of access to the Council's officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, including the Data Protection Act 2018 and General Data Protection Regulations.

Coordination and reliance with other assurance providers

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance and internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

Internal audit's commitments to Southwark Council

Internal audit commits to the following:

- working with management to improve risk management, controls and governance within the organisation
- performing work in accordance with PSIAS
- · complying with the ethical requirements of PSIAS
- dealing in a professional manner with [Organisation Type] staff, recognising their other commitments and pressures
- raising issues as they are identified, so there are no surprises and providing practical recommendations
- liaising with external audit and other regulators to maximise the assurance provided to the Council
- Reporting honestly on performance against targets to the Audit, Governance and Standards Committee.

Internal audit performance measures and indicators

The tables on the right contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The Audit, Governance and Standards Committee should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

Quality assurance and improvement programme

As required by PSIAS an external assessment of the service will be performed at least every five years. BDO also has an internal quality assurance review process in place, which takes place annually. This is performed by a separate team independent to the internal audit team.

The results of internal and external assessments will be communicated to the Audit, Governance and Standards Committee as part of the internal audit annual report, along with corrective action plans.

Table One: Performance measures for internal audit

Measure / Indicator

Audit Coverage

Annual Audit Plan delivered in line with timetable

Actual days are in accordance with Annual Audit Plan

Relationships and customer satisfaction

Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.

Annual survey to Audit, Governance and Standards Committee to achieve score of at least 70% External audit can rely on the work undertaken by internal audit (where planned)

Staffing and Training

At least 60% input from qualified staff

Audit Reporting

Issuance of draft report within 3 weeks of fieldwork `closing' meeting

Finalise internal audit report 1 week after management responses to report are received.

90% recommendations to be accepted by management

Information is presented in the format requested by the customer.

Audit Quality

High quality documents produced by the auditor that are clear and concise and contain all the information requested.

Positive result from any external review

Management and staff commitments to Internal Audit

The management and staff of Southwark Council commit to the following:

- providing unrestricted access to all of the Council's records, property, and personnel relevant to the performance of engagements
- responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- · implementing agreed recommendations within the agreed timeframe
- · being open to internal audit about risks and issues within the organisation
- not requesting any service from internal audit that would impair its independence or objectivity
- providing honest and constructive feedback on the performance of internal audit

Management and staff performance measures and indicators

The following three indicators are considered good practice performance measures but we go beyond this and report on a suite of measures as included in each Audit, Governance and Standards Committee progress report.

Table Two: Performance measures for management and staff

Measure / Indicator

Response to terms of reference and reports

Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt

Implementation of recommendations

Audit sponsor to implement all audit recommendations within the agreed timeframe

Co-operation with internal audit

Internal audit to confirm to each meeting of the Audit, Governance and Standards Committee whether appropriate co-operation has been provided by management and staff

BDO contacts

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Item No. 10.	Classification: Open	Date: 11 February 2019	Meeting Name: Audit, governance and standards committee		
Report title	:	Grant Thornton Exterr March 2019	nal audit plan for the year ending 31		
Ward(s) or	groups affected:	All			
From:		Strategic Director of Finance and Governance			

RECOMMENDATION

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

BACKGROUND INFORMATION

2. The purpose of the report is to provide an overview of the planned scope and timing of the statutory audits of Southwark Council and the Southwark Council Pension Fund for those charged with governance. The full report is given in Appendix A.

Policy implications

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

Community impact statement

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

Resource implications

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

Consultation

6. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

7. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	Grant Thornton External audit plan for the year ending 31 March 2019

AUDIT TRAIL

Lead Officer	Duncan Whitfield, S	Duncan Whitfield, Strategic Director of Finance and Governance						
Report Author	Virginia Wynn-Jone	es, Principal Constitution	al Officer					
Version	Final							
Dated	1 February 2019							
Key Decision?	No							
CONSULTATIO	CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET							
	ME	MBER						
Officer Title		Comments sought	Comments included					
Strategic Director of	of Finance and	No	N/A					
Governance								
Director of Law and	Director of Law and Democracy No N/A							
Cabinet Member	Cabinet Member No No							
Date final report s	ent to Constitution	al Team	1 February 2019					



External Audit Plan

Year ending 31 March 2019

Southwark Council Pension Fund 11th February 2019



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5.	Significant risks identified	7		
6.	Other matters	10		
7.	Materiality	11		
8.	Value for Money arrangements	12		
9.	Audit logistics & fees	13		
10.	. Early Close	14		
11.	. Independence & non-audit services	15		
Ар	pendix			
A. Audit Approach				

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority and Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

Our Team



Paul Dossett, Engagement Lead

Paul will be the main point of contact for the Chief Executive, the Section 151 Officer and Members. Paul will share his wealth of knowledge and experience across the sector providing challenge, sharing good practice, providing pragmatic solutions and acting as a sounding board with Members and the Audit, Governance and Standards Committee. Paul will ensure our audit is tailored specifically to you and is delivered efficiently. Paul will review all reports and the team's work.



Matt Dean, Audit Manager

Matt will work with the senior members of the finance team ensuring early delivery of testing and agreement of accounting issues on a timely basis. Matt will attend Audit, Governance and Standards Committees, undertake reviews of the team's work and draft reports ensuring they remain clear, concise and understandable to all. Matt will work with Internal Audit to secure efficiencies and avoid any duplication, providing assurance for your Annual Governance Statement.



Liulu Chen, Audit In-Charge

Liulu will lead the onsite team and will be the day to day contact for the audit. Liulu will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management. Liulu will undertake the more technical aspects of the audit, coach the junior members of the team and review the team's work.

Purpose

This document provides an overview of the planned scope and timing of the statutory audits of Southwark Council ('the Council') and the Southwark Council Pension Fund ('the Fund') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council and the Pension Fund. We draw your attention to both of these documents on the PSAA website.

Scope of our audits

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Council and Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee and Audit Committee Advisory); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit, Governance and Standards Committee of your responsibilities.

Our audit approach is based on a thorough understanding of the Council and Fund's business and is risk based.

Headlines

Significant risks	Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:	
	Southwark Council	
	Fraud in revenue recognition – this risk has been rebutted for the Council as documented on Page 8	
	Management override of controls	
	Valuation of property, plant and equipment	
	Valuation of the Pension Fund net liability	
	Southwark Council Pension Fund	
	Fraud in revenue recognition – This risk has been rebutted for the Council as documented on page 8	
	Management override of controls	
	Valuation of Level 3 Investments	
	We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.	
Materiality - Council	We have determined planning materiality to be £25m (PY £25m) for the Council, which equates to 2% of your prior year gross expenditure (rounded down) for the prior year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £1.25m (PY £1.25m).	
Materiality – Pension Fund	We have determined materiality at the planning stage of our audit to be £15m (PY £14.950m) for the Pension Fund, which equates to 1% of your net assets (rounded down) for the prior year.	
	We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £750k (PY £747k).	
Value for Money arrangements (Council	Our risk assessment regarding the Council's arrangements to secure value for money have identified the following VFM significant risks:	
Only)	The Council's Financial Sustainability, including the Council's arrangements for addressing the risks arising from Brexit	
Audit logistics	Our interim visit will take place in February/March and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report.	
	Our fee for the audit will be no less than £182,718 (PY: £237,296) for the Council and £16,170 (PY: £21,000) for the Fund, subject to management meeting our requirements set out on page 15.	
Independence	We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.	

Key matters impacting our audit of the Council

External Factors

The wider economy and political uncertainty

Further reductions in funding are expected over the next two years, with particular strain on Adult and Children's Social Care.

The Council has opted to voluntarily participate in the London Business Rates Retention Pilot Pool for 2018-19; this will see Revenue Support Grant and Top-up Grant replaced by a greater retained share of business rates income. Increasing demographic and inflationary pressures will further be met by an annual RPI increase in fees and charges and a 2.99% increase in core council tax.

Changes to the 2018/19 CIPFA Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

The Council will need to determine the impact of these new standards on this year's Accounts, and ensure these impacts are clearly disclosed.

The impact of Brexit

The UK is expected to leave the European Union on 29 March 2019 (Brexit). The arrangements for the UK following our withdrawal are not yet clear. There is a risk that many aspects of life will be affected by Brexit and the uncertainty it is causing. There may be implications for financial planning for the Council resulting from this uncertainty including an impact on the value of the Council's assets and investments post 31 March 2019.

Internal Factor

Capital Developments

The Council is continuing to support and undertake ambitious capital schemes within the Borough to help deliver a range of its corporate priorities. During the course of the year the Council has purchased Courage Yard, along with other properties, from which it is hoping to obtain rentals and growth to support the Council's financial position.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of the Council and will review related disclosures in the financial statements.
- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.
- We will review the Authority's consideration of the risks of Brexit on the delivery of services and asset values as part of our Value for Money audit procedures.
- We will review the capital transactions undertaken by the Council during the course of the year as part of our work on the Council's Property, Plant and Equipment balances at year end.
- We will also consider the transactions as part of our wider Value for Money work to determine the impact this is having in supporting the Council's overall Financial Position.

Key matters impacting our audit of the Pension Fund

External Factors

SI 493/2018 - LGPS (Amendment) Regulations 2018

Introduces a new provision for employers to receive credit for any surplus assets in a fund upon ceasing to be a Scheme employer. This could potentially lead to material impacts on funding arrangements and the need for updated of Funding Strategy Statements.

Guaranteed Minimum Pension (GMP)

- Pension funds are continuing to work through the GMP reconciliation process.
- In January 2018 the government extended its "interim solution" for indexation and equalisation for public service pension schemes until April 2021. Currently the view is that the October 2018 High Court ruling in respect of GMP equalisation is therefore not likely to have an impact upon the LGPS.

Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of IFRS 9 Financial Instruments. In practice, IFRS 9 is anticipated to have limited impact for pension funds as most assets and liabilities held are already classed as fair value through profit and loss. As such, we do not anticipate a material impact of this change on the Fund.

The Pensions Regulator (tPR)

tPRs Corporate Plan for 2018-2021 includes three new Key Performance Indicators (KPIs) directly related to public service pension schemes and TPR has chosen the LGPS as a cohort for proactive engagement throughout 2018 and 2019.

The potential impact of Brexit

As mentioned on the previous page, the UK is due to leave the European Union on the 29th of March 2019, and there is significant uncertainty of the impact of this on a number of assets of everyday life. Brexit may well have an impact on the valuation of the Pension Fund Assets at the 31st of March 2019, depending on whether any deal is agreed and what that deal will look like. This may also have other impacts for the Pension Fund, including the Actuarial Assumptions considered as part of the IAS19 and IAS26 Exercises.

Our response

- We will continue to monitor the position in respect of GMP equalisation and reconciliation. For pension funds the immediate impact is expected to be largely administrative rather than financial.
- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.
- We will keep under review any interaction the Fund has with tPR and tailor our audit approach where necessary.
- We will consider the potential impact of Brexit on the valuation of the Fund's Assets, and obtain sufficient assurance over the valuations included within the Accounts at year end to ensure any impact from Brexit is correctly reflected.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk	
Management over-ride of	Council and			
controls	Pension Fund		over iournals	
			 analyse the journals listing and determine the criteria for selecting high risk unusual journals 	
			 test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration 	
			 gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence 	
			 evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	
The revenue cycle includes fraudulent transactions (rebutted)	Council and Pension Fund	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition or revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to frau relating to revenue recognition.		
		Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council and the Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:		
		there is little incentive to manipulate revenue recognition		
		opportunities to manipulate revenue recognition are very limited		
		the culture and ethical frameworks of local authorities, including Southwark Council and the Southwark Council Pension Fund, mean that all forms of fraud are seen as unacceptable		
		Therefore we do not consider this to be a significant risk for Southwark Council and the Southwark Council Pension Fund.		

Significant risks identified - continued

Risk	Risk Relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Property, Plant and Equipment	Council	The Council revalues its land and buildings on an rolling five-year basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.	We will: evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. This will include ensuring the impact of Brexit is considered as part of this assessment.
		As mentioned earlier in the Plan, the potential impact of Brexit may also have an impact on the valuations included within the Accounts, and the Council will need to work closely with their experts to ensure any impact is reflected within the Accounts. We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.	 evaluate the competence, capabilities and objectivity of the valuation experts Write to the valuer to confirm the basis on which the valuation was carried out challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding test revaluations made during the year to see if they had been input correctly into the Council's asset register evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.
Valuation of the Pension Fund net liability	Council	The Council's Pension Fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£640 million in the Council's Statement of Financial Position) and the sensitivity of the estimate to changes in key assumptions. Again Brexit could have an impact on the values included within the Accounts at year end so this will need to be factored into the considerations as well. We therefore identified valuation of the Council's Pension Fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	 we will: update our understanding of the processes and controls put in place by management to ensure that the Council's Pension Fund net liability is not materially misstated and evaluate the design of the associated controls; evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; assess the competence, capabilities and objectivity of the actuary who carried out the Council's Pension Fund valuation; assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; test the consistency of the Pension Fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. We will ensure Brexit has been considered when arriving at the values included within the Accounts.

Significant risks identified - continued

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 3 Investments	Pension Fund The Fund revensure that the fair value By their nature inputs. These estimate by respectively of the size of the sensitivity of Under ISA 3 routine trans investments	Reason for risk identification The Fund revalues its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date. By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£266 million) and the	We will: gain an understanding of the Pension Fund's process for valuing Level 3 investments and evaluate the design of the associated controls; review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments;
		sensitivity of this estimate to changes in key assumptions Under ISA 315 significant risks often relate to significant non- routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of	 undertake consideration of the competence, expertise and objectivity of any management experts used; review the qualifications of the expert used to value Level 3 investments at year end and gain an understanding of how the valuation of these investments has been reached; and
		judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers and custodians as valuation experts to estimate the fair value as at 31 March 2019.	 test the valuations by obtaining and reviewing audited accounts at the latest date for individual investments and agreeing these to the fund manager reports at that date then rationalising those values to the values at 31 March 2019 with reference to known movements in the intervening period.
		We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement.	

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

Other matters

Other work

The Pension Fund is administered by the Council, and the Pension Fund's financial statements form part of the Council's financial statements.

Therefore, in addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities in respect of the Council and the Pension Fund, as follows:

- We read the Council's Narrative Report and Annual Governance Statement and the Pension Fund Annual Report to check that they are consistent with the financial statements of the Council and the Pension Fund on which we give an opinion, and consistent with our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in the Council's Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on the Council's consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the Pension Fund Annual Report with the audited Pension Fund accounts.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about the Council or Pension Fund's 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to the Council or Pension Fund under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- · We certify completion of our audit of the Council.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Council or the Pension Fund's 's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the

aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. **Description** Planned audit response Matter Calculation and determination For the Council, we have determined financial statement materiality based on a

We have determined planning materiality (financial statement materiality determined at the planning stage of the audit) based on professional judgment in the context of our knowledge of the Council and the Pension Fund, including consideration of factors such as stakeholder expectations, financial stability and reporting requirements for the financial statements.

We determine planning materiality in order to:

- estimate the tolerable level of misstatement in the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- calculate sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements

- proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £25m (PY £25m) for the Council, which equates to 2% of your gross expenditure for the prior year (rounded down to give.
- For the Fund, we have determined financial statement materiality based on a proportion of the Fund's net assets. In the prior year we used the same benchmark. Our materiality at the planning stage is £15m (PY £14.950m) which equates to 1% of your actual prior year net assets for the year ended 31 March 2018.
- Other factors materialities.
 - An item does not necessarily have to be large to be considered to have a material effect on the financial statements. We design our procedures to detect errors in specific accounts at a lower level of precision which we deem to be relevant to stakeholders.
- · For the Council and Pension Fund we have not determined any specific lower
- Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process.
- We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of materiality
- Matters we will report to the Audit, Governance and Standards Committee Whilst our audit procedures are designed to identify misstatements which are

material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts, other than those which are 'clearly trivial', to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

- In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1.25m (PY £1.25m).
- · In the context of the Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £750k (PY £747k).
- If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit. Governance and Standards Committee to assist it in fulfilling its governance responsibilities.

Value for Money arrangements

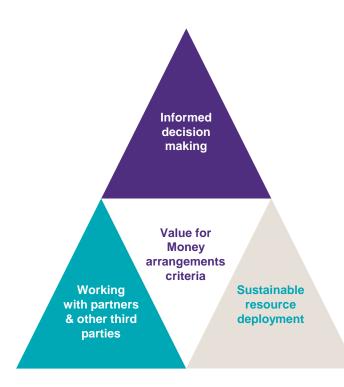
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, excluding Pension Funds, auditors are required to give a conclusion on whether the Council has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money.



Ongoing Financial Sustainability

Risk

The Council is continuing to face pressure on its Social Care Budgets, and other factors such as the demand for temporary accommodation and the impact of nil resource to public funds are putting the Council's finances under considerable strain. Therefore the Council needs to manage its resources carefully to ensure a sustainable future for the Borough ahead of the 2020 Funding Settlement. Brexit will also potentially add another unknown to these challenges and the Council will need to monitor developments close as the end of March approaches.

Planned Response

To gain assurance over this risk we are planning to undertake work in the following areas:

- review the 2018-19 Outturn, including details of performance against both the Revenue and Capital Budgets:
- review progress against the 2019-20 financial plan up to the completion of our audit; and
- obtain an update on the Council's Medium Term Financial Strategy, including progress on identifying the savings required in coming years including discussions with Management on progress to date.

We will also consider the financial impact of any financial issues arising from Brexit. These may include changes in property values, adverse changes to investment and borrowing rates, changes to business rate income, and the impact on the Authority's workforce.

Audit logistics, team & fees



Audit fees

The planned audit fees are £182,718 (PY: £237,296) for the financial statements audit of the Council, and £16,170 (PY: £21,000) for the financial statements audit of the Pension Fund, completed under the Code, which are inline with the scale fees published by PSAA. In setting your fee, we have assumed that the scope of the audits, and the Council and the Pension Fund and its activities, do not significantly change.

Where we are required to respond to requests received from other auditors of other bodies for assurance in respect of information held by the Pension Fund and provided to the actuary to support their individual IAS 19 calculations these will be billed in addition to the audit fee on a case by case basis.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Any proposed fee variations will need to be approved by PSAA.

Early close

Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- · bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- · seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 15. Where the elapsed time to complete an audit exceeds that agreed due to a client not meetings its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

Our aim this year is to build on the strong arrangements that were developed last year, and enabled us to work with you to deliver by the 31st of July deadline. This was made possible by taking a collaborative approach, involving clear communication to ensure any challenges were tackled in a timely manner. In terms of areas where potential improvements can be made this year:

- ensuring the working papers for Property, Plant and Equipment support the balances included within the Accounts, and can be easily followed by the Audit Team to reduce the level of queries in this area.
- We will look to engage with colleagues in this area ahead of year end to identify ways in which we can ensure the information provided at year end is in line with our expectations.

In return, we will continue to ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council and the Pension Fund. The following other services were identified:

Service	£	Threats	Safeguards
Audit related			
Certification of Housing Capital Receipts Grant	5,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,000 in comparison to the total fee for the audit of £182,718 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers Pension Return	6,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £6,000 in comparison to the total fee for the audit of £182,718 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

(continued overleaf)

Independence & non-audit services (continued)

Service	£	Threats	Safeguards
Non-audit related			
CFO Insights subscription	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £182,718 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Financial Resilience Review	24,358	Self-Review	This work is being delivered by a separate team within Grant Thornton, and will be used to support our overall Value for Money Conclusion work, which has been mentioned previously within the Plan. As a result, satisfied that this doesn't pose a threat to our independence.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit. None of the services provided are subject to contingent fees.

Appendix

A. Audit Approach – an Update

Appendix A - Audit approach

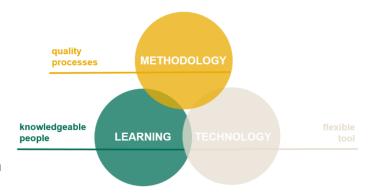
Use of audit, data interrogation and analytics software

LEAP



Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- A cloud-based industry-leading audit tool developed in partnership with Microsoft



IDEA



- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

Appian



Business process management

- · Clear timeline for account review:
 - disclosure dealing
 - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on

Inflo



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST & SHARE

- · Communicate & transfer documents securely
- · Extract data directly from client systems
- · Work flow assignment & progress monitoring



ASSESS & SCOPE

- · Compare balances & visualise trends
- Understand trends and perform more granular risk assessment



VERIFY & REVIEW

- · Automate sampling requests
- · Download automated work papers



INTERROGATE & EVALUATE

- · Analyse 100% of transactions quickly & easily
- . Identify high risk transactions for investigation & testing
- · Provide client reports & relevant benchmarking KPIs



FOCUS & ASSURE

- · Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- . Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons



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Item No. 11.	Classification: Open	Date: 11 February 2019	Meeting Name: Audit, governance and standards committee	
Report title:		Grant Thornton 2017-18 External Audit Certification Letter		
Ward(s) or groups affected:		All		
From:		Strategic Director of Finance and Governance		

RECOMMENDATION

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

BACKGROUND INFORMATION

2. The purpose of the report is to certify the Housing Benefit Subsidy Claim submitted by Southwark Council. The full report is given in Appendix A.

Policy implications

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

Community impact statement

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

Resource implications

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

Consultation

6. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

7. None required.

BACKGROUND DOCUMENTS

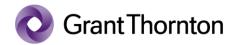
Background Papers	Held At	Contact	
None			

APPENDICES

No.	Title
Appendix A	Grant Thornton External audit plan for the year ending 31 March 2019

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance				
Report Author	Virginia Wynn-Jone	es, Principal Constitution	al Officer		
Version	Final	•			
Dated	1 February 2019				
Key Decision?	No				
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET					
	ME	MBER			
Officer Title Comments sought Comments included					
Strategic Director of	Strategic Director of Finance and No N/A				
Governance					
Director of Law and Democracy No N/A					
Cabinet Member No No					
Date final report sent to Constitutional Team 1 February 2019					



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Duncan Whitfield Strategic Director of Finance and Governance Southwark Council 160 Tooley Street London SE1 2QH

1 February 2019

Dear Duncan

Certification work for Southwark Council for the year ended 31 March 2018

We are required to certify the Housing Benefit Subsidy Claim submitted by Southwark Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) took on the transitional responsibilities for HBCOUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit Subsidy Claim for the financial year 2017/18 relating to the subsidy claimed of £169 million. Further details are set out in Appendix A.

We identified several issues from our certification work which we wish to highlight for your attention. Additional testing was completed in four areas, two of which were identified from our initial testing during the year and two of which were carried forward from previous years. The extrapolated financial impact on the claim from the errors found, which we have reported to the DWP, was £24k.

As a result of the errors identified, the claim was qualified, and we reported our findings to the DWP. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

The indicative fee for 2017/18 for the Council was based on the final 2015/16 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by PSAA for the Council for 2017/18 was £17.717. This is set out in more detail in Appendix B.

the Council for 2017/18 was £17,717. This is set out in more detail in Appendix B.	

Grant Thornton UK LLP

Yours sincerely

Appendix A - Details of claims and returns certified for 2017/18

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing Benefits Subsidy Claim	£168,950,254	No	N/A	Yes	Qualification letter reported errors found in several areas, more details on which can be seen below.

Findings from Certification of Housing Benefits Subsidy Claim

Claimant Income

We identified several errors where assessors had incorrectly calculated the claimants' earnings from the evidence provided in respect of claims for both Non-HRA and HRA Rent Rebates. In respect of Non-HRA Rent Rebates, we identified three cases where benefit had been overpaid, leading to an extrapolated error of £6.7k. A further five errors identified in this area either had no impact on the benefit paid, or identified that benefit had been underpaid, neither of which is classified as an error for subsidy purposes.

In respect of HRA Rent Rebates, whilst no issues were identified from our initial testing, as errors were found in the prior year this was brought forward to our work in 2017-18. This additional work identified one claim where benefit had been overpaid, leading to an extrapolated error of £200. A further five errors identified in this area either had no impact on the benefit paid, or identified that benefit had been underpaid, neither of which is classified as an error for subsidy purposes.

Allowance of Child Care Costs

We identified during our initial testing one case where the Council had incorrectly included Child Care Costs in the calculation of benefit when these were no longer applicable, leading to an overpayment of benefit. The impact of this overpayment was an extrapolated error of £15.9k. A further three errors were identified from the additional testing performed in respect of this area, however these either had no impact on the benefit paid, or identified that benefit had been underpaid, neither of which is classified as an error for subsidy purposes.

State Retirement Pension

In previous years we have identified issues in the calculation of State Retirement Pension included on Rent Allowance benefit claims. Whilst no issues were identified from our initial testing in 2017-18, our additional testing identified three cases where benefit had been overpaid, leading to an extrapolated error of £1.6k. A further four errors identified in this area either had no impact on the benefit paid, or identified that benefit had been underpaid, neither of which is classified as an error for subsidy purposes.

Recommended actions for officers

We recommend that the Council, as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing. Under the HBCOUNT methodology, all of these areas will require additional testing in 2018-19 to determine whether the actions undertaken by officers have been successful in resolving the issues identified.

Appendix B: Fees for 2017/18 Certification Work

Claim or return	2015/16 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing Benefits Subsidy Claim (BEN01)	£17,717	£17,717	£17,717	N/A	N/A
Total	£17,717	£17,717	£17,717	N/A	

Item No. 12.	Classification: Open	Date 11 February 2019	Meeting Name: Audit, Governance and Standards Committee	
Report title:		Annual report on corporate risk and insurance		
Ward(s) or groups affected:		All		
From:		Strategic Director of Finance and Governance		

RECOMMENDATION

- 1. That the audit, governance and standards committee note the annual report on corporate risk and insurance.
- 2. That the audit, governance and standards committee reviews the current corporate risk register and provides comments to officers for their consideration.

BACKGROUND INFORMATION

- 3. This report provides an annual report on the council's key risk register. The key corporate risks were last reported to the committee in February 2018 with the 2018 risks, and this report provides an annual update.
- 4. By way of introduction to the new audit, governance and standards committee, this report also summarises the corporate risk management and insurance arrangements.
- 5. In addition also reported are details of the council risk profile and risk categories.

KEY ISSUES FOR CONSIDERATION

Overview

- 6. The main purposes of the council's risk management process are to:
 - Enable risks to be effectively managed to ensure that the council meets its corporate and business objectives; and
 - Alert the council to new/increasing risks that may impact on the council's ability to serve its community
- 7. The council's risk profile is made up of key departmental risks and cross-departmental risks that the council faces in achieving its corporate aims and objectives, and is derived from an identification, assessment and mitigation of risk at departmental level based on the council's tolerance to these risks.

Risk Categories

8. The council uses the following risk categories to capture risk:

Economic (e.g. credit crunch impacting on service)

delivery)

• Financial (e.g. budgetary constraints)

Reputational (e.g. failures of service delivery which hit the press)

Staffing & Culture (e.g. recruitment & retention)
Operational (e.g. services not being delivered)

• Legal & Regulatory (e.g. not complying with a statutory duty)

9. The 2018 split of number of risks by risk category is displayed in the table below. The percentage of financial, legal & regulatory and operational risks remains at a consistent level compared with the percentages last reported.

Risk Category	Percentage (%)
Economic	7
Financial	21
Reputational	8
Staffing & Culture	8
Operational	35
Legal & Regulatory	21

Corporate Risk Register

- 10. Each department has a departmental risk register. These are updated via the network of departmental risk champions who work with the departmental senior management teams to regularly update each risk register. Each risk register records the risk, assessment score, ownership and key controls and action plans to manage each risk.
- 11. Each risk contains a mitigation strategy that outlines both the current controls in place to manage the risk but also identifies where required any further controls needed to reduce the risk.
- 12. It is these individual risk registers stored on the council's risk management software system that are used to build the corporate risk register.
- 13. The departmental risk champions supported by the corporate risk and insurance manager collectively validate the individual departmental risk registers and carry out a review and aggregation exercise to identify the key risks facing the council as a whole. This base exercise was most recently repeated in November 2018 and the corporate risk register updated as appropriate.

14. The table below provides a breakdown of the number of risks (by their risk score range) across all council departments.

Risk Assessment	Score Range	Number of Risks		
NISK ASSESSITIETIL	Score Kange	Jan 2018	Jan 2019	
Red	76 - 100	19	16	
Amber	37 - 75	111	52	
Yellow	22 - 36	37	56	
Green	1 - 21	17	44	

15. The total number of risks in the database is currently 168 which is a decrease in the number of risks reported in 2018, which were 184.

Key corporate risks

- 16. As explained above, following a review and validation of the combined departmental risk registers and an aggregation exercise, the top risks across the council have been identified and also updated to include areas identified previously by this committee for consideration. These top risks are attached in appendix 1.
- 17. The top risks are generally those that have been assessed as amber or red and which appear in more than one departmental risk register, and are therefore relevant to more than one department. These top risks are those risks which often require most proactive management to ensure that all appropriate mitigation actions have been considered and are being implemented as far as possible.
- 18. In advance of reporting to the audit, governance and standards committee, these have been reported to the corporate governance panel.

Insurance Overview

- 19. The council purchases a number of different insurance policies to help protect the council against the potential financial loss resulting from a catastrophic insurable event. The council self-insures an element of this, and self insurance levels vary depending on the types of insurances.
- 20. Although it is not legally required to hold insurances other than fidelity guarantee insurance (the details of this insurance are explained in the appendix 2), in line with prudent financial management and in line with other local authorities, the council does purchase various liability insurances and property (asset) related insurances.
- 21. Under the council's financial standing orders, all insurance decisions are the responsibility of the Strategic Director of Finance and Governance. However, the council has limited control over its insurance framework as the public sector insurance market is prescriptive. Levels of cover, scope of cover and excess levels are dictated by what is available in a limited market.

Insurance Cover

- 22. The council's insurances fall into two main categories; property policies and liability policies:
 - Property policies provide cover for the loss or damage to council assets
 - Liability policies protect the council against financial exposure resulting from individuals or organisations making a claim for loss or injury as a result of council activities
- 23. During the 2018 calendar year, there were 600 new public liability insurance claims made against the council, these were split as follows:

Damage to third party property	370
Personal Injury	215
Employee	15

24. 159 claims were made against property policies in 2018 and these all related to the motor fleet under the motor insurance cover.

Policy Implications

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

Community Impact Statement

26. This report is not considered to have direct impact on local people and communities; however the management of risk is key to the successful achievement of the council's objectives.

Resource Implications

27. This report is not considered to have direct impact on resource implications, although the management of risk is a part of the effective management of resources.

Consultation

28. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

29. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title	
1	The Key Corporate Risks as at January 2019	
2	Insurances – summary as at January 2019	

AUDIT TRAIL

Lead Officer	Duncan Whitfield, S	Strategic Director of Fina	nce and Governance	
Report Author	Laura Sandy, Corporate Risk and Insurance Manager			
Version	Final	Final		
Dated	29 January 2019			
Key Decision?	No			
CONSULTATIO	N WITH OTHER OF	FICERS / DIRECTORA	TES / CABINET	
	ME	MBER		
Officer Title	Comments Sought Comments included			
Director of Law and	d Democracy No No			
Strategic Director of	f Finance	N/A	N/A	
and Governance	nd Governance			
List other officers h	s here N/A N/A			
Cabinet Member	Cabinet Member No No No			
Date final report s	Date final report sent to Constitutional/Community 29 January 2019			
Council/Scrutiny	Council/Scrutiny Team			

APPENDIX 1 – The Key Corporate Risks as at January 2019

CR1. Economic / Financial

The continued uncertainty regarding local government funding beyond 2018-19 presents the s.151 officer with a challenge in terms of being able to recommend balanced budget proposals which reflect the council's priorities and ambitions

CR2. Financial

The cessation of or significant reduction in a council support service including key infrastructure now and in the future causes disruption to a range of front line and back office service delivery across the council arising especially as a consequence of budget reductions

CR3. Operational

The increasing need for and cost of demand led services such as social care, social housing, No Recourse to Public Funds and temporary accommodation results in significant overspends against budget.

CR4. Financial

Delays in paying claimants Universal Credit during the transition to it results in housing rent and other personal debt, and increased demand for other council services and consequential unfunded pressures.

CR5. Operational

Core business systems may become unavailable for prolonged and unpredictable periods of time across the whole council, impairing service delivery performance and impacting on resident satisfaction, the reputation of the council and staff motivation.

CR6. Operational

Unforeseen events and/or adverse public reaction to council programmes results in the failure of (or the serious delay to) key regeneration or direct delivery projects causing damage to the council's ability to meet the borough's long term housing and investment needs and resulting in short term financing or funding implications for the council.

CR7. Economic

The housing market in London adversely impacts on the council's financial arrangements and its ability to manage temporary accommodation, homelessness and housing investment.

CR8. Operational

An emergency occurs which affects critical services and the council's ability to deliver business as usual.

CR9. Operational

Legislative changes and issues arising from Brexit affecting the council's and its partners' ability to meet the demand for services and/or take advantage of opportunities and/or deal with increased threats due to lack of capacity leading to reduced performance and increasing costs

CR10. Staffing & Culture

The data held and managed by council departments and its partners is neither appropriately shared nor used in an optimal way, hindering possible improvements and efficiencies in service delivery and resulting in potential risks to service users or employees.

CR11. Staffing & Culture

Process, control, or management failure particularly during periods of significant change and ongoing funding reductions leads to a fraudulent activity resulting in financial consequences for the council.

CR12. Staffing & Culture

Failure to ensure management action is taken, so that appropriate capacity and skills to deliver change are maintained through periods of reorganising and downsizing, which results in knowledge gaps, poor handover of contract

management responsibilities or other consequences.

CR13. Legal & Regulatory

Failure on the part of the council or its partners to properly adhere to data processing legislation / regulation, which results in breaches when data is shared inappropriately leading to risk to individuals, ICO intervention and consequential financial penalties and reputational damage.

CR14. Financial

Failure to invest appropriately in the maintenance or management of the council's assets or a sudden and unforeseen event which may give rise to unacceptable future liabilities

CR15. Legal & Regulatory

Due to the rapid evolution of cyber security threats, the council and its partners may not be able to prevent an attack on infrastructure in an effective or timely manner, resulting in a breach of security.

CR16. Staffing & Culture

Failure to provide adequate provision of protection of staff, elected members, residents and all relevant stakeholders leading to their safety being compromised.

CR17. Financial / Reputational

Service failure of a key provider or partner resulting in the council being held to account for the service delivery failure and having to step in to supply the service at additional cost and with resulting potential reputational damage.

CR18. Financial / Reputational

Difficulties in delivering an ambitious council plan and service commitments in the current climate, resulting in adverse reputational impact.

APPENDIX 2 - Types of Insurance Held by the Council

Insurance Type	Description of Cover	Examples	Insurer	Extent of Cover	Annual Review/ Renewa
Public Liability	As a result of negligence of the council in carrying out its duties, 3rd parties suffer injury or loss.	1. Slip, trip or fall resulting in personal injury 2. Tenant property damage as a result of council negligence in repairing the property 3. Historic child abuse claim	RMP QBE	All Council	1st October
Employers Liability	As a result of negligence of the council, employees (including volunteers, members etc) have suffered injury.	1. Employee falls down stairs and believes the council was negligent (e.g. unsafe working place). 2. Teaching assistant / care working assaulted by 3rd party and believes the council should have provided better protection.	RMP QBE	All Council	1st October
Officials Indemnity	As a result of negligence of a council employee carrying out a statutory duty, a 3rd party suffers a financial loss.	1. Land search is carried out by the council and incorrect information is given to a 3rd party who suffers loss as result.	RMP QBE	All Council	1st October
Professiona I Indemnity	As a result of the negligence of a council employee carrying out a non-statutory duty, a 3rd party suffers a financial loss.	1. A non-statutory professional service provided by the council e.g. legal advice given is incorrect and 3rd party suffers loss as a result.	RMP QBE	All Council	1st October
Libel And Slander	As a result of writing or doing something that is slanderous to a 3rd party the council is sued for financial loss.	1. Writing something dishonest regarding an individual.	RMP QBE	All Council	1st October

Property (General)	Property damage to school or council office	1. Major fire / flood at council property or school contained in the property schedule.	Zurich	All Council	1st October
Property (Housing)	Property damage to housing stock	1. Major fire or flood at a council owned housing block in the housing schedule of properties.	Zurich	Housing Departmen t	1st October
All Risks	Cover for various works of art and jewels.	1. Theft of mayor's regalia or work of art.	Zurich	All Council	1st October
Money	Money in storage or in transit.	1. Hold up of cash in transit	Zurich	All Council	1st October
Computers	Property damage to removable computer equipment, including servers, laptops etc	1. Fire at general property with damage to computer equipment.	Zurich	All Council	1st October
Crime (Fidelity Guarantee)	An employee defrauds the council of money or assets	1. Officer of the council in collusion with 3rd party circumvents the council's controls to take money or assets.	Zurich	All Council	1st October
Personal Accident and Travel	Non-accidental injury to employee during the course of their employment. Cover also in force when an insured person is travelling on official duties	Member of public attacks and injures an employee of the council while doing their job Cover also provided for medical expenses	RSA	All Council	1st October

Out of School Activity & Pupil Personal Accident Insurance	Travel insurance cover for all insured persons (pupils, teaching and support staff, adult volunteers, helpers and assistants, and other authorised children) of participating schools whilst on organised trips outside the designated school boundaries. Also includes cover for accidents within the school boundaries.	1. School trips cancelled for insurable reason, i.e. sickness / ill health. 2. Injury of pupil while on school trip. 3. Injury whilst within the school boundaries	Chubb	Schools who have bought into the policy.	1st October
Medical Malpractice	Specialist cover for teachers and school helpers who may be required to provide medical procedures to pupils in their care	1. Teaching assistant treats a child with complex medical condition and child suffers injury.	CNA	Schools who have bought into the policy.	1st October
Motor	3rd party motor insurance and accidental damage above excess for council motor vehicles.	1. Council employee while driving injures / kills third party driver, or causes serious damage to vehicle / property.	Zurich	All Council	1st October
Terrorism Cover	Insurance of property against physical loss or physical damage occurring during the period of insurance caused by an Act of Terrorism and/or Sabotage	Act of Terrorism and Act of Sabotage definitions are available	Lloyd's Underwriter s	160 Tooley Street & Queens Road Complex	1st October

Item No. 13.	Classification: Open	Date: 11 February 2019	Meeting Name: Audit Governance and Standards Committee
Report title	:	Formation of sub-committee to decide on an allegat against the Code of Conduct for Members	
Ward(s) or groups affected:		All	
From:		Director of Law and Democracy	

RECOMMENDATION

- 1. That the committee note the issues outlined in this report.
- 2. That the committee appoint three members to form a sub-committee to decide on the allegation against the Code of Conduct for Members.
- 3. That committee appoint a chair of the sub-committee.

BACKGROUND INFORMATION

- 4. The Localism Act 2011 ("the Act") provides the framework for dealing with allegations concerning the conduct of members.
- 5. The Act requires local authorities to have arrangements to investigate allegations and make decisions on them. The arrangements have been in place since 1 July 2012.

KEY ISSUES FOR CONSIDERATION

- 6. Following a complaint to the Monitoring Officer an investigating officer was appointed in accordance with the Arrangements.
- 7. The investigating officer has reported and concludes there is evidence of a breach of the Code of Conduct for Members.
- 8. The Monitoring Officer has reviewed the investigating officer's report and is satisfied that the investigating officer's report is sufficient.
- 9. The Monitoring Officer, who considers local resolution not possible, must send the matter for hearing before the conduct sub-committee of the audit, governance and standards committee ("the conduct sub-committee").
- 10. A copy of the Arrangements for Dealing with Standards Allegations under the Localism Act 2011 is attached as Appendix A.

Community impact statement

11. Clear arrangements concerning the accountability of members are very important for promoting high standards of conduct. In addition it is important in aiding the decision-making process and helping to boost public confidence in the council. These arrangements

ensure that members of the public are aware of the process in place to ensure that high standards of conduct are maintained within the council.

APPENDICES

No.	Title
А	Arrangements for Dealing with Standards Allegations under the Localism Act 2011

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Code of Conduct for Members	Legal Services,	Norman Coombe
	Southwark Council,	020 7525 7678
	160 Tooley Street,	Allan Wells
	London SE1 2QH	020 7525 2130

AUDIT TRAIL

Lead Officer	Doreen Forrester-Brown, Director of Law and Democracy		
Report Author	Norman Coombe, I	Head of Corporate Team	ı, Legal Services
Version	Final		
Dated	31 January 2019		
Key Decision?	No		
CONSULTATION	WITH OTHER OFF	ICERS / DIRECTORAT	ES / CABINET
MEMBER			
Officer Title	Comments sought Comments included		
Director of Law and	Director of Law and Democracy N/A N/A		
Strategic Director	r of Finance No No		
and Governance			
Cabinet Member No No			
Date final report s	Date final report sent to Constitutional Team 31 January 2019		



ARRANGEMENTS FOR DEALING WITH STANDARDS ALLEGATIONS UNDER THE LOCALISM ACT 2011

General rules

- These arrangements set out how this authority will deal with a complaint that an elected or co-opted member of this authority has failed to comply with the authority's Code of Conduct.
- 2. Under section 26 of the Localism Act 2011, the authority must have in place arrangements under which allegations that a member or co-opted member of the authority, or of a committee or sub-committee of the authority, has failed to comply with the authority's Code of Conduct can be investigated and decisions made on such allegations.

Code of Conduct

3. The authority has adopted a Code of Conduct for elected and co-opted members.

Role of the Monitoring Officer

4. The Monitoring Officer is the officer of the authority who has statutory responsibility for maintaining the register of members' interests and who is responsible for administering the system in respect of complaints of member misconduct.

Procedure for the Initial assessment

- 5. Complaints should be in writing and addressed to the Monitoring Officer. However, an oral complaint will be accepted where the complainant is unable to write due to a physical or mental disability or there is a language barrier. Where an oral complaint is received it will be transcribed and read back to the complainant and sent to them for their approval. Anonymous complaints will only be referred for assessment if they include documentary evidence or photographic evidence indicating an exceptionally serious or significant matter.
- 6. All complaints received will be logged and acknowledged, normally within 5 working days. The subject member will usually be informed that a complaint has been received against him/her unless this will not be in the public interest or it would prejudice the future investigation of the complaint.
- 7. The Monitoring Officer will review every complaint and, after consultation with the independent person and, where appropriate, the whips of the members groups, decide on what action to take.

8. Where the Monitoring Officer requires additional information in order to come to a decision they may ask the person making the allegations for further information and may request information from the member who is the subject of the allegation and any other persons the Monitoring Officer considers appropriate.

After the initial assessment

- 9. The Monitoring Officer may decide that no further action with regard to the allegation is appropriate. The Monitoring Officer will in this case send out a decision notice to the person making the allegation. The decision notice should summarise the allegation, give the decision of the Monitoring Officer and the reasons for their decision. The Monitoring Officer should aim to send out their decision notice within 10 working days of the allegation being received.
- 10. If the Monitoring Officer decides that a complaint warrants formal investigation the Monitoring Officer will appoint an investigating officer. The Monitoring Officer will in this case send out a decision notice to the person making the allegations, the member who is the subject of the allegation and any other persons the Monitoring Officer considers appropriate. The decision notice should summarise the allegation, give the decision of the Monitoring Officer and the reasons for their decision. The Monitoring Officer should aim to send out their decision notice within 10 working days of the allegation being received.
- 11. If the complaint identifies criminal conduct or breach of other regulations by any person, the Monitoring Officer has the power to call in the police or other regulatory agencies.
- 12. In appropriate cases the Monitoring Officer may seek to resolve the complaint informally, without the need for formal investigation. Such informal resolution may involve the member accepting their conduct was unacceptable and offering an apology, or other remedial action by the authority. The Monitoring Officer will in this case send out a decision notice to the person making the allegation(s), the member who is the subject of the allegation and any other persons the Monitoring Officer considers appropriate. The decision notice should summarise the allegation, give the decision of the Monitoring Officer and the reasons for their decision. The Monitoring Officer should aim to send out their decision notice within 10 working days of the allegation being received.
- 13. If the Monitoring Officer embarks on the course of informal resolution at this stage, it should be emphasised to the parties concerned that no finding has been made on whether the subject member has failed to comply with the Code of Conduct.
- 14. Other examples of alternatives to investigations are:
 - Arranging for the subject member to attend a training course.
 - Arranging for the subject member and complainant to engage in a process of conciliation.
 - Instituting changes to the procedures of the authority if they have given rise to the complaint.

How formal investigations will be conducted

- 15. The Monitoring Officer may appoint an investigating officer who could be:-
 - A senior officer of the authority
 - An officer from another local authority with a reciprocal agreement with Southwark Council to undertake each other's conduct investigations.
 - Any other senior person, who is not an elected or former member of this authority, with the relevant experience to conduct an investigation.
- 16. The Monitoring Officer shall inform the following persons below that the matter has been referred for investigation:
 - The member who is the subject of the allegation.
 - Any person who made the allegation that gave rise to the referral
 - Where appropriate, any other authority concerned.
- 17. The investigating officer can make enquires of any person and ask any person to give such information including documentary evidence or explanation as he or she thinks necessary.
- 18. The investigating officer can ask any other authority concerned to provide such advice and assistance as may reasonably be needed to assist in the investigation.
- 19. The investigating officer may ask any of the authorities concerned to afford reasonable access to such documents in the possession of that authority as appear to the investigation officer to be necessary for the purpose of conducting the investigation.
- 20. The investigating officer will give the subject member an opportunity to comment on the allegation.
- 21. The investigating officer will prepare a report, including their findings, within 3 months of the complaint being initially assessed.

The report

- 22. The report should show appropriate input from relevant persons and clearly state whether the investigating officer considers that there has been a breach of the code and which obligations of the Code of Conduct have been breached.
- 23. The investigating officer will send, in confidence, a draft copy of the report to the member who was the subject of the allegation and to the person who made the allegation to give them both the opportunity to identify any matters within the report they disagree with or which they consider require more consideration.
- 24. The investigating officer will receive any comments and having taken them into account produce the final report. The investigating officer will send their final report to the Monitoring Officer.

Where the investigating officer concludes there is no evidence of a failure to comply with the Code of Conduct

- 25. The Monitoring Officer will review the investigating officer's report and if they are satisfied that the investigating officer's report is sufficient the Monitoring Officer will notify the person making the allegation, the member who is the subject of the allegation and any other persons the Monitoring Officer considers appropriate that they are satisfied that no further action is required.
- 26. If the Monitoring Officer is not satisfied that the investigation has been conducted properly, they may ask the investigating officer to reconsider their report.

Where the investigating officer concludes there is evidence of a failure to comply with the Code of Conduct

27. The Monitoring Officer will review the investigating officer's report and if they are satisfied that the investigating officer's report is sufficient the Monitoring Officer will either send the matter for hearing before the conduct subcommittee of the audit, governance and standards committee ("the conduct sub-committee") or, after consulting with the independent person, seek local resolution.

Local Resolution

- 28. The Monitoring Officer may consider that the matter can reasonably be resolved without the need for a hearing. In such a case they will consult with the independent person and also consult with the person making the allegation and seek to agree a fair resolution.
- 29. Such resolution may involve the member accepting their conduct was unacceptable and offering an apology, and/or other remedial actions by the authority.
- 30. Other examples of other remedial actions are:
 - Arranging for the subject member to attend a training course.
 - Arranging for the subject member and complainant to engage in a process of conciliation.
 - Instituting changes to the procedures of the authority if they have given rise to the complaint.
- 31. If the member complies with the suggested resolution, the Monitoring Officer will report the matter to the conduct sub-committee for information, but will take no further action.

Hearing

32. If the Monitoring Officer considers local resolution is not appropriate, or the member concerned is not prepared to undertake any proposed remedial action, the Monitoring Officer will report the investigating officer's report to the conduct sub-committee which will conduct a hearing before deciding whether the member has failed to comply with the Code of Conduct and if so, whether to take any action in respect of the member.

- 33. The Monitoring Officer will send a copy of the final report to the member who is the subject of the allegation, the person who made the allegation and any other persons the Monitoring Officer considers appropriate.
- 34. The hearing would normally be heard within three months of the date on which the investigating officer's report is completed but not less than 14 days after the Monitoring Officer sends the report to the subject member.

Pre-hearing process

- 35. The Monitoring Officer will conduct a pre-hearing process, requiring the member who is the subject of the allegation(s) to give his/her response to the investigating officer's report, in order to identify what is likely to be agreed and what is likely to be in contention at the hearing; as well as what evidence is agreed and which witnesses are needed to give evidence.
- 36. The subject member may choose to present evidence and make representations either orally, or in writing and either personally or by counsel or solicitor or, with the consent of the conduct sub-committee, by any other representative.
- 37. In the event of any dispute, the chair of the conduct sub-committee will consider relevant representations and may issue directions as to the manner in which the hearing will be conducted.
- 38. The Monitoring Officer will produce a pre-hearing summary and will send a copy of this to the member who is the subject of the allegation, the investigating officer and any other persons the Monitoring Officer considers appropriate.

The conduct sub-committee

- 39. The conduct sub-committee, will decide, on a balance of probabilities, whether the allegation(s) is or are upheld. It will do so by considering the investigating officer's report and any representations by investigating officer or their representative and the written or oral representations made by the subject member, any evidence given and any other relevant issues.
- 40. The conduct sub-committee meeting will be open to the public and the press. However, the public and press may be excluded for those parts of the meeting where confidential or exempt information under Schedule 12A of the Local Government Act 1972 as amended is disclosed.

Procedure at the Hearing

- 41. The initial order of business at the meeting will be as follows:
 - establishing whether the conduct sub-committee is guorate;
 - introductions:
 - the chair will explain how the hearing will be conducted;
 - If a member, having given notice of attendance, fails to attend the hearing, the conduct sub-committee may make a determination in their absence if satisfied

- that there is insufficient reason for such failure or adjourn to another date where there is sufficient reason to warrant an adjournment
- consideration of any procedural issues and, in particular, any representations
 from the Monitoring Officer and/or the subject member as to reasons why the
 conduct sub-committee should exclude the press and public for any part of the
 meeting and determination as to whether to exclude the press and public.

Presentation by the investigating officer

- 42. The investigating officer will present the evidence which is relevant to the matter and may call any witnesses, including the complainant to substantiate any matter(s) contained in the report.
- 43. The subject member or his/her representative may ask questions of the investigating officer and of any witnesses.
- 44. The conduct sub-committee may ask questions of the investigating officer and of any witnesses.

Presentation by the subject member

- 45. The subject member or his/her representative will then have the opportunity to make representations and to present the evidence which is relevant to the matter. The subject member or his/her representative may call any other witnesses to give evidence.
- 46. The investigating officer may ask questions of the subject member and of any witnesses.
- 47. The conduct sub-committee may ask questions of the subject member or any witness.

Views of Independent Person

- 48. The conduct sub-committee will ask for the views of the Independent Person.
- 49. The investigating officer may ask questions of the Independent Person.
- 50. The subject member or his/her representative may ask questions of the Independent Person.

Closing Statements

- 51. The investigating officer will be given the opportunity to sum up.
- 52. The subject member or his/her representative will be given the opportunity to sum up.

Consideration by the hearing committee/sub-committee

53. The conduct sub-committee may adjourn to consider in private all the evidence and its decision. The conduct sub-committee's legal adviser (who will be a different officer from the investigating officer) and committee clerk will retire with them to provide legal advice or advice regarding the evidence/submissions.

54. At any stage in the consideration of the matter the hearing sub-committee may return to ask further questions of the investigating officer or subject member or to seek further information.

Decision by the hearing committee/sub-committee

55. The chair of the conduct sub-committee will state the decision of the conduct sub-committee as to whether the subject member has failed to comply with the Code of Conduct.

Where the hearing sub-committee finds the subject member to be in breach

- 56. The investigating officer will be given the opportunity to comment on the most appropriate sanction.
- 57. The subject member or his/her representative will be given the opportunity to comment on the most appropriate sanction and put forward any mitigating circumstances.
- 58. The conduct sub-committee will ask for the views of the Independent Person on the most appropriate sanction.
- 59. The conduct sub-committee may adjourn to consider in private the appropriate sanction. The chair of the conduct sub-committee will state the decision of the conduct sub-committee as to any sanction.
- 60. Where the conduct sub-committee finds the subject member to be in breach of the Code of Conduct, the possible sanctions or a combination of sanctions available to it are as follows:
 - a) censure or reprimand the member;
 - b) recommend that council assembly censure or reprimand the member;
 - c) recommend to the member's group leader that he/she be removed from any or all committees;
 - d) recommend to the Leader of the council that the member be removed from the cabinet, or removed from particular portfolio responsibilities;
 - e) instruct the Monitoring Officer to arrange training for the member;
 - f) removal from all outside appointments to which he/she has been appointed or nominated by the authority
 - g) withdraw facilities provided to the member by the council, such as a computer, website and/or email and internet access; or
 - h) exclude the member from the council's offices or other premises, with the exception of meeting rooms as necessary for attending council, committee and sub-committee meetings.

Notification of findings

- 61. The Monitoring Officer, in consultation with chair of the conduct subcommittee shall prepare a formal decision notice and send a copy to the following persons below that the matter has been referred for investigation:
 - The member who is the subject of the allegation
 - Any person who made the allegation that gave rise to the hearing
 - Where appropriate, any other authority concerned.
- 62. The Monitoring Officer, in consultation with chair of the conduct subcommittee will draw up a summary of the full written decision.
- 63. Where the conduct sub-committee determines that there has not been a breach of the Code of Conduct, the summary will state that the conduct sub-committee found that the subject member had not failed to comply with the Code of Conduct and will give its reasons for reaching that finding; and, providing the subject member agrees, will arrange for a summary of the full written decision to be published on the council's website and in at least one local newspaper.
- Where the conduct sub-committee determines that there has been a failure to comply with the Code of Conduct but no action is required, the summary will:
 - (i) state that the conduct sub- committee found that the subject member had failed to comply with the Code of Conduct but that no action needs to be taken in respect of that failure;
 - (ii) specify the details of the failure; and
 - (iii) give reasons for the decision reached.
- Where the committee determines that there has been a failure to comply with the Code of Conduct and that a sanction should be imposed, the summary will:
 - (i) state that the panel found that the member had failed to comply with the Code of Conduct;
 - (ii) specify the details of the failure;
 - (iii) give reasons for the decision reached, and
 - (iv) specify the sanction imposed.
- 66. Where the conduct sub-committee determines that there has been a failure to comply with the Code of Conduct the Monitoring Officer will arrange for a summary of the full written decision to be published on the council's website and in at least one local newspaper.

Multiple and vexatious complaints

Multiple complaints

- Where a number of complaints from different complainants about the same matter are received the conduct sub-committee may consider the complaints at the same meeting.
- 68. If this is the case, the investigating officer should be asked to present one report and recommendation that draws together all the relevant information highlighting any differences or contradictions. It should be noted however,

that the conduct sub-committee must reach a separate decision for each complaint and follow the notification procedure on each one.

Vexatious complaints

- 69. The authority must consider every complaint that they receive in relation to the Code of Conduct on its own merits. However, if the complaint is vexatious it will not be considered.
- 70. Vexatious and persistent complaints may be identified through the following patterns of behaviour:
 - repeated complaints making the same or broadly similar, complaints against the same member/s about the same alleged incident.
 - use or aggressive or repetitive language of an obsessive nature.
 - repeated complaints that disclose no potential breach of the Code.
 - where there seems to be an ulterior motive for the complaint/s.
 - where a complainant refuses to let the matter rest once the complaint process has been exhausted (including the review stage)

Confidentiality

- 77. Where a complainant wishes their identity to be withheld, the conduct sub committee can decide to do so. In reaching that decision it will need to have regard to the following:
 - whether there is a risk of physical harm to the complainant if their identity is disclosed
 - where the complainant works closely with the subject member and is afraid of the consequences to their employment
 - where the complainant suffers a serious health condition and there is a medical risk associated with the disclosure of their identity. In such cases the committee may wish to obtain medical evidence in respect of this.

Complaints about members of more than one authority

- 78. If a complaint is made about a dual-hatted member the Monitoring Officer should check whether a similar allegation has been made to the other authority on which the member serves and a decision on which authority should deal with the particular matter must be taken by the conduct subcommittee following discussions.
- 79. The provisions of the council's Code of Conduct apply and members will need to declare any interests in respect of the complaint at any meeting. When members' availability is sought they will be provided with the name of the complainant and subject member and other relevant information to

determine whether there are any interests. A reserve system will be used as backup.

Item No. 14.	Classification: Open	Date: 11 February 2019	Meeting Name: Audit, Governance and Standards Committee
Report title):	Annual report on the work and performance of th audit, governance and standards committee in 2018 19	
Ward(s) or	groups affected:	ups affected: All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

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

BACKGROUND INFORMATION

- 3. The purpose of this report is to review this committee's work and performance in 2018-19.
- 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 2018-19 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 2017-18. Members had questions for both officers and the engagement manager for the auditors, BDO.
- 11. This meeting's agenda includes a report on the internal audit plan for 2018-19, and a progress report on the work of internal audit and anti-fraud.

External audit

- 12. The committee received regular progress reports from the external auditor (Grant Thornton) throughout the year; there is an update report on this meeting's agenda. It also considered Grant Thornton's audit plans for 2017-18 for both the council and the Southwark pension fund, and the audit findings reports and annual audit letter for 2017-18. Their summary of findings from the certification of claims and returns for 2017-18 is on this meeting's agenda.
- 13. The committee considered the external auditor's annual fee letters for 2018-19 for both the council and the Southwark pension fund in July 2018. 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. Their 2018-19 review is on this meeting's agenda, as are the audit plans for the council and the pension fund.

14. Progress on the implementation of recommendations made by external audit was included in a report to the committee in November 2018.

Accounts

15. The committee considered a draft of the 2017-18 statement of accounts at its June 2018 meeting and formally approved them in its July 2018 meeting.

Governance and standards activity

- 16. As with the statement of accounts, the committee reviewed the annual governance statement for 2017-18 at its June 2018 meeting and approved it at the meeting in July 2018.
- 17. The committee continued its approach to the consideration of governance matters for 2018-19. Rather than selecting a single governance theme for the whole year, it would identify a number of areas for consideration at future meetings.
- 18. The theme selected for June 2018 was the council's procurement policy compliance and implementation. Following on from this, the committee continued their discussion in September 2018. At the meeting in November 2018, the committee discussed the new ICT contract. The lead director of the joint ICT support contract attended to present to the committee. The committee will receive a further update on the ICT contract at their February 2019 meeting. The chair of audit, governance and standards committee has been invited to attend the joint ICT committee meeting on 5 March 2019.
- 19. In February 2019 the committee received an annual report on the work of the corporate risk and insurance for 2018-19.
- 20. The committee's annual report on whistle blowing outcomes was considered by the committee at its November 2018 meeting.
- 21. The committee's work programme for 2019-20 is on this agenda for members' consideration.
- 22. A report on the council's use of RIPA (Regulatory Investigatory Powers Act) and the OSC (Office of Surveillance Commissioners) inspection of Southwark was received in November 2018.
- 23. The establishment of the two standards sub-committees (civic awards and misconduct) were approved by the committee in July 2018. The committee agreed 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.
- 24. The appointment of the co-opted members of the civic awards sub-committee is listed for decision at this meeting.

Treasury management

25. Members received a report on the revised treasury management policy statement, and considered the council's 2018-19 treasury management strategy statement in November 2018.

Effectiveness of the audit and governance committee

- 26. 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.
- 27. To complement this, it is proposed that (as in previous years) this committee assesses itself using a checklist produced by CIPFA. A draft completed checklist has therefore been prepared using this which is attached at Appendix 1. The checklist has had an additional section added to it which is not part of the information provided by CIPFA, but has been included by officers to reflect the standards role of the committee since May 2016.
- 28. The draft checklist confirms that there are no significant areas of concern in relation to the committee's effectiveness. However, it highlights that training is an area that members may wish to continue to keep under review.
- 29. Members are asked to consider and agree the assessment at Appendix 1, subject to any amendments they would wish to make. Members will be aware that the findings of the review, the opinion of the head of anti-fraud and internal audit and any recommendations from this report will be considered alongside the annual governance statement.

Training

- 30. 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.
- 31. The self-assessment checklist at Appendix 1 identifies that training will be provided as required and officers will continue to arrange training as opportunities arise.
- 32. In November 2018, a committee member attended a Development Day for Local Authority Audit Committees

Development opportunities

- 33. The year saw the following principal achievements:
 - 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, for example, through the committee's thematic reviews of a number of governance matters, such as the schools building programme, public health impact assessments and pensions

- 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.
- 34. 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

- 35. 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.
- 36. 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.
- 37. The committee has kept its work programme under review in 2018-19 and made changes when appropriate.
- 38. 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.
- 39. The work programme for the committee for 2018-19 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

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

Community impact statement

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

Resource implications

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

Conclusion

43. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (F&G16/010)

- 44. 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.
- 45. It is noted that the committee has a themed approach and has invited not only strategic directors but operational directors. This enables a more detailed overview of the issues being addressed.
- 46. 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). Looking forward, there will be changes of interest to the committee, not least a new internal audit contractor, shortening timescales for the closing of accounts, and developments in how finance support is provided across the council.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
	Finance and	Jo Anson
Guidance for Local Authorities and	Governance, Second	020 7525 4308
Police 2013 edition	Floor, Tooley Street	

APPENDICES

No.	Title
Appendix 1	Self-assessment of good practice

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance				
Report Author	Virginia Wynn-Jone	es, Principal Constitution	al Officer		
Version	Final				
Dated	1 February 2019				
Key Decision?	No				
CONSULTATION	WITH OTHER OFF	ICERS / DIRECTORATI	ES / CABINET		
	MEN	IBER			
Officer Title	Officer Title Comments sought Comments included				
Director of Law and	Democracy	No	No		
Strategic Director	of Finance Yes Yes				
and Governance					
Cabinet Member No No					
Date final report s	ent to Constitution	al Team	1 February 2019		

APPENDIX 1

Self-assessment of Good Practice

Question			No	Partly	Comments/action
Audit	committee purpose and governance				
1	Does the authority have a dedicated audit committee?	~			
2	Does the audit committee report directly to full council?	✓			
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	√			
4	Is the role and purpose of the audit committee understood and accepted across the authority?	√			
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	√			
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	√			
Funct	ions of the committee				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?				
	- good governance	√			
	- assurance framework	√			
	- internal audit	√			
	- external audit	√			
	- financial reporting	√			
	- risk management	√			
	- value for money or best value	√			
	- counter-fraud and corruption.	√			
8	Is an annual evaluation undertaken to assess whether	✓			

Ques	tion	Yes	No	Partly	Comments/action
	the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?				
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?				
	- considering matters at the request of other committees or statutory officers	√			Included within committee's terms of reference.
	- ethical values	√			Receives annual report on whistleblowing.
	- treasury management	√			Included within committee's terms of reference.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?				N.A.
11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its purpose?	√			
Meml	bership and support				
12	Has an effective audit committee structure and composition of the committee been selected? This should include: - separation from the executive - an appropriate mix of knowledge and skills among the membership - a size of committee that is	✓			No more than one member of the cabinet or deputy may be a member of the committee, and no cabinet member may chair the committee. The leader of the council may not be a member of the committee.
	not unwieldy - where independent members are used, that they have been appointed using an appropriate process.				Members have brought a range of skills and knowledge to bear on the committee's consideration of matters before it. Size of

Ques	tion	Yes	No	Partly	Comments/action
					committee strikes balance between being unwieldy and ensuring appropriate mix of knowledge and skills.
13	Does the chair have appropriate knowledge and skills?	✓			
14	Are arrangements in place to support the committee with briefings and training	✓			As noted in the body of the report, introductory training was made available to new members following the changes to membership in May 2016 and ongoing training and briefings are provided as opportunities/needs arise.
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			√	Members are asked to provide information on joining the committee and induction and other training/briefings have been provided as opportunities/needs have arisen.
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	✓			
17	Is adequate secretariat and administrative support to the committee provided?	✓			
Effect	tiveness of the committee				
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	√			
19	Has the committee evaluated whether and how it is adding value to the organisation?	√			

Ques	tion	Yes	No	Partly	Comments/action
20	Does the committee have an action plan to improve any areas of weakness?		110	_ c.a.y_	The committee identifies areas for development each year as part of its
					annual review of its performance.

Standards

This section is not part of the checklist provided by CIPFA, but has been included by officers in order to assess the standards role of the committee which was constituted into the audit and governance committee in May 2016.

Gove	rnance and standards	Yes	No	Partly	
21	Has the committee advised council on the monitoring, adoption or revision of the member code of conduct, member and officer protocol and communications protocol as required?	√			
22	Has the committee monitored and advised on training for all members, including co-opted and parent governor representatives?	√			Introductory training was made available to new members following the changes to membership and ongoing training and briefings are provided as opportunities/needs arise.
23	Has the committee dealt with any standards complaints referred to it (as required)?			√	One complaint has been referred to the committee; this is in progress as of February 2019.
24	Has the committee received reports on unlawful expenditure (as required)?		√		No reports on unlawful expenditure required consideration by the committee in 2018-19.
25	Has the committee established sub-committees for misconduct and the consideration of civic awards?	√			
26	Has the committee considered withholding allowances from individual members (elected and co-opted for non-attendance at meetings, elected members only for failure to attend training)? (as required)		✓		The committee has not been required to do so in 2018-19.

Item No. 15.	Classification: Open	Date: 11 February 2019	Meeting Name: Audit, governance and standards committee		
Report title):	Draft work programme for 2019-20			
Ward(s) or groups affected:		All			
From:		Strategic Director of Finance and Governance			

RECOMMENDATIONS

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

BACKGROUND INFORMATION

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

KEY ISSUES FOR CONSIDERATION

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

management and the council's standards framework. They are attached at Appendix 1 as they may further help the committee to determine items to be included in its work programme.

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

Policy implications

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

Community impact statement

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

Resource implications

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

Consultation

17. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

18. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

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

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance				
Report Author	Virginia Wynn-Jone	es, Principal Constitution	al Officer		
Version	Final				
Dated	1 February 2019				
Key Decision?	No				
CONSULTATION	WITH OTHER OFF	ICERS / DIRECTORATI	ES / CABINET		
	MEM	IBER			
Office	Officer Title Comments sought Comments included				
Director of Law and	d Democracy	No	No		
Strategic Director	of Finance No No				
and Governance	and Governance				
Cabinet Member	Cabinet Member No No				
Date final report s	ent to Constitution	al Team	1 February 2019		

APPENDIX 1

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

ROLE AND FUNCTIONS

Introduction

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

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

Audit activity

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

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

Accounts

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

Treasury management

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

Governance activity

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

Standards activity

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

Annual report

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

MATTERS RESERVED FOR DECISION

Matters reserved for decision by the main committee

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

Matters reserved for decision by the conduct sub-committee

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

Matters reserved for decision by the civic awards sub-committee

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

APPENDIX 2

Draft Work Programme for 2019-20

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

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

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

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

Item			Meetin	g date	Commentary		
	June 2019	July 2019	September 2019	November 2019	Feb 2020	June 2020	
Review of member and officer protocol and communications protocol				√			Annual review of protocols, with recommendations for changes as needed – Head of Corporate Team
Establishment of sub- committees for 2018-19		√					Report to establish sub-committees in line with committee's role and functions – Principal Constitutional Officer
Appointment of non-voting members of the civic awards sub-committee for 2018-19					√		Report to appoint the non-voting co-opted members of the civic awards sub-committee for 2018-19 – Principal Constitutional Officer
Member induction and training				✓			Report on member induction and training
Areas of governance for review during year		(√)	(✓)	(<)	(√)		For consideration
Corporate governance framework	(√)	(√)	(*)	(1)	(√)	(′)	Standing item – to include e.g. council policies within remit of audit, governance and standards committee; other areas as identified: pensions governance; code of governance
Budget challenge and governance	(√)	(√)	(✓)	(√)	(√)	(√)	Standing item – to monitor budget challenges as required, including processes and governance, throughout the year
Accounts				•		•	
Statement of accounts	√	√					2017-18 statement of accounts for consideration and approval – Strategic Director of Finance and Governance
Treasury Managem	nent					•	
Review of the policy and strategy				√			Review of treasury management policy and strategy – Strategic Director of Finance and Governance

MUNICIPAL YEAR 2018-19

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

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

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		List Updated: February 2	2019