INTERNAL AUDIT AND ANTI-FRAUD PROGRESS REPORT

London Borough of Southwark

For presentation to the Audit, Governance and Standards Committee

19 July 2021

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1. SUMMARY OF INTERNAL AUDIT WORK

Internal Audit

This report informs the Audit, Governance and Standards Committee of progress against completion of the 2019-20 internal audit plan (where deferred due to the Covid-19 pandemic) and the 2020-21 internal audit plan. It summarises the work we have undertaken, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards.

Internal audit methodology

We have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified. Our reporting methodology is based on four assurance levels in respect of our overall conclusions as to the design and operational effectiveness of controls within the system reviewed - substantial, moderate, limited or no assurance. The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system, we are required to make a judgement when making our overall assessment. The definitions for our assurance levels are set out in appendix 1 to this report.

Internal audit plan 2019-20

All reports relating to the 2019-20 plan have now been finalised.

Internal audit plan 2020-21

All work relating to the 2020-21 plan has been completed. We ae awaiting management responses to seven draft reports.

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

Internal audit plan 2021-22

The 2021-22 internal audit plan has commenced with the current status outlined within section 3 of this report.

In respect of the schools internal audit plan, we have agreed a work programme with the Director of Education what will meet the assurance needs of the Council, whilst recognising that schools have faced significant pressure during the year and have remained closed for significant periods of time. This work is currently in progress.

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 ahead of each Audit, Governance and Standards Committee. A full schedule of recommendations falling due in the period is issued to each Departmental Management Team.

The implementation rate for previous recommendations has marginally increased from 76% to 79%. We keep this under review, to ensure the Council is focusing on the higher priority recommendations.

There continues to be several audits for which the required updates and / or evidence is not being provided by the date of reporting. The implementation rate may be higher than 79%, however without management responses and supporting evidence we cannot confirm this.

Results of External Quality Assessment

An External Quality Assessment by the Institute of Internal Auditors was completed in March 2021. The report issued in June 2021 stated that BDO LLP's Public Sector Internal Audit Team 'generally conforms' with the International Professional Practices Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS). This is the highest of the three ratings categories.

The IIA did identify some areas of improvement and we have an action plan to address these. For example, they have suggested we state the assurance definitions for our annual report and we have included these as an Appendix to the annual report this year.

2. ANTI-FRAUD UPDATE

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

Summary of investigations 2020-21 to date

2021-22	Corporate Anti-Fraud		Housing Waiting List		Right to Buy		COVID-19 Referrals	
	Open	Closed	Open	Closed	Open	Closed	Open	Closed
C/f	**18**		**0**		**9**		**18**	
April 2021	**17**	*21*	**2**	*2*	**6**	*5*	**1**	*0*
May	**12**	*9*	**9**	*2*	**3**	*6*	**3**	*0*
June	**15**	*13*	**1**	*2*	**1**	*1*	**1**	*0*
Total	**62**	*43*	**12**	*6*	**19**	*12*	**23**	*0*

* The figures represent investigations from 1 April 2021 to 30 June 2021.

Active investigations

There are currently 23 active investigations.

- Children & Adult Services   9 cases
- Environment & Leisure   1 case
- Housing & modernisation   5 cases
- Finance & Governance   8 cases
- COVID-19
    - Business Grants-   19 cases
    - Community Grants-   9 cases.

In total three cases relate to former Council employees and two cases relate to a current Council employee. No further information in respect of these investigations can be given at this time.

Pro-active investigations

Access to interview rooms throughout the pandemic and lockdowns has been restricted. Rooms have not been available due to the Coroners Court and Elections in May 2021. Anti-Fraud Team working with SIT and Trading Standards have approached Facilities Management (FM) seeking access to appropriate Covid-19 and Police and Criminal Evidence Act compliant interview facilities. We are currently waiting for confirmation from Facilities Management. Interviews of witness will commence as soon as these rooms become available.

Update on fraud response policy

The Council's Fraud Response Plan sets out in detail the Council's approach to identifying and dealing with potential fraud, the responsibilities of staff and the public in reporting suspicions of fraud, the approach the Council is committed to in investigating allegations of fraud, and the possible sanctions open to the Council when fraud is proven to have taken place. A meeting will be scheduled in August the Strategic Director Finance & Governance to review the policy.

Grant update

Covid-19 cases including Business, Community and Discretionary grants are being reviewed by Exchequer Services to determine which payments can be recovered through business as usual. Cases where grants cannot be recovered will be picked up by the Anti-fraud team. The current value of these cases exceeds £274k. The average case value is £9k.

National Fraud Initiative (NFI)

The NFI match review continues we have processed 2455 matches which has so far identified in excess of £69k of recoverable funds. We have not received all our matches and we are pursuing The Cabinet Office, National Fraud Initiative to confirm when we are likely to receive the matches.

Staff Training

At the time of the report the Fraud and Verification Officer as well as the Fraud Trainee are approaching the end of their virtual training. They have received very positive feedback and good marks for the work so far. We do not expect any issues with both passing the courses.

Other business

As part of the proactive drive the AFIA is going to look at the Fraud awareness, corruption and bribery training as it has been some time since these subjects were reviewed for staff. These are being considered for inclusion in the Fraud Awareness week expected to take place in November 2021.

3. SUMMARY OF WORK IN PROGRESS

INTERNAL AUDIT PLAN 2019-20

The two audits in the table below have been finalised since the last meeting of the Audit, Governance and Standards Committee and the executive summaries are included in section 4.

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Tenancy Management Organisations – Fair Community Housing Services	Director of Communities	25	✔	✔	✔ Final report	Moderate	Limited
Tenancy Management Organisations – Falcon Point	Director of Communities		✔	✔	✔ Final report	Limited	Limited

INTERNAL AUDIT PLAN 2020-21

The table below includes the full plan for the year. Where the audits are shaded in grey these have been finalised since the last meeting of the Audit, Governance and Standards Committee and the executive summaries are included in section 4.

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
2020-21							
Troubled Families Grant	Director of Children's Services	24	Audits completed on a sample of 10% of claims to be submitted for April to December 2020 (all claims were submitted by that date).			No exceptions identified.	
Bankline	Strategic Director of Finance and Governance	15	✔	✔	✔ Final report	Moderate	Moderate
Community Infrastructure Levy	Director of Planning	15	✔	✔	✔ Final report	Substantial	Moderate

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Community Safety Partnerships	Director of Communities	15	✔	✔	✔ Final report	Substantial	Moderate
Corporate Credit Cards	Strategic Director of Finance and Governance	15	✔	✔	✔ Final report	Moderate	Limited
Customer Experience and Complaints	Director of Customer Services	15	✔	✔	✔ Final report	Substantial	Moderate
Customer Experience Data Collection and Analysis	Director of Customer Experience	20	✔	✔	✔ Final Report	NA Advisory	
Demolition Process	Director of Customer Services	12	✔	✔	✔ Final report	Limited	Moderate
Direct Payments	Director of Adult Social Care	15	✔	✔	✔ Final report	Moderate	Moderate
New Homes Programme	Director of New Homes Programme	15	✔	✔	✔ Final report	Moderate	Moderate
Litigation Protocols	Director of Law and Democracy	15	✔	✔	✔ Final report	Substantial	Moderate
School Admissions	Director of Education	12	✔	✔	✔ Final Report	Substantial	Substantial
Software Asset Management	Director of Modernise	20	✔	✔	✔ Final report	Moderate	Moderate
Substance Misuse Rehabilitation Service (SMRT)	Director of Adult Social Care	15	✔	✔	✔ Final report	Moderate	Moderate
Supported Accommodation – Family Hostels	Director of Resident Services	15	✔	✔	✔ Final report	Moderate	Limited

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Tree Management	Strategic Director of Environment and Leisure	20	✔	✔	✔ Final report	Moderate	Limited
Climate Change	Strategic Director of Environment and Leisure	15	✔	✔	✔ Final report	NA Advisory	
Housing Applications	Director of Customer Services	20	✔	✔	✔ Final report	Substantial	Moderate
Movement Policy and Plan	Director of Transport	15	✔	✔	✔ Final report	Moderate	Moderate
Supported Living	Director of Commissioning	15	✔	✔	✔ Final report	Moderate	Limited
Travel Assistance	Director of Education	15	✔	✔	✔ Final	Substantial	Moderate
Treasury Management	Director of Exchequer Services	12	✔		✔ Final report	Moderate	Substantial
SAP Scheme of Delegation and Authorisations	Director of Exchequer Services	15	✔	✔	✔ Draft report issued 11/05/2021		
Payroll and HR	Director of Exchequer Services	25	✔	✔	✔ Draft report issued 21/05/2021		
Accounts Payable	Director of Exchequer Services	15	✔	✔	✔ Draft report issued 15/06/2021		

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Bupa Overpayments	Strategic Directors of Finance and Governance, and Childrens' and Adults	15	✔	✔	✔ Draft Report issued 26/04/2021 and updated 25/06/2021	NA Advisory	
Accounts Receivable and Debt Management	Directors of Exchequer, Environment and Leisure	15	✔	✔	✔ Draft Report issued 06/07/21		
Anti-facilitation of Tax Evasion	Strategic Director of Finance and Governance	15	✔	✔	✔ Draft Report issued 07/07/21		
South Dock Marina	Director of Leisure	12	✔	✔	✔ Draft Report issued 07/07/21		

INTERNAL AUDIT PLAN 2021-22

The table below includes those audits where planning work or fieldwork has commenced:

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
2021-22							
Supporting Families Grant	Director of Children and Families	24	Council guidance compared to new MHCLG reviewed and audits completed on a sample of 10% of claims on a quarterly basis.			Some proposed amendments to the guidance were made. No exceptions were noted on the sample of claims reviewed	
Adoption Services	Director of Children and Families	15	✔	✔	Reporting / QA		
All Age Disabilities Service	Director of Adult Social Care	25	✔	✔	Reporting / QA		
Commercial Property Portfolio	Director of Planning and Growth	15	✔	✔			
Contracts Register	Director of Law and Democracy	25	✔	✔			
Customer Access Strategy	Director of Customer Experience / Director of Exchequer Services	15	✔	✔			
Covid-19 Expenditure	Strategic Director of Finance and Governance	15	✔	✔			
Fairer Future Procurement Framework	Director of Law & Governance	25	✔	✔			
Financial planning and budget monitoring	Strategic Director of Finance and Governance	25	✔	✔			
Fraud protocols	Strategic Director of Finance and Governance	20	✔	✔			

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
NNDR	Director of Exchequer Services	15	✔	✔			
Schools Budget and Financial Strategy - Cobourg Primary School	Director of Education	10	✔	✔			
Schools Budget and Financial Strategy - Comber Grove Primary School	Director of Education	10	✔	✔			
Schools Budget and Financial Strategy - Dog Kennel Hill Primary School	Director of Education	10	✔	✔			
Schools Budget and Financial Strategy - Rotherhithe Primary School	Director of Education	10	✔	✔			
Schools Budget and Financial Strategy - St Francesca Cabrini Primary School	Director of Education	10	✔	✔			
Schools Budget and Financial Strategy - St Joseph's Catholic Infants School	Director of Education	10	✔	✔			
Suspense Account Management	Director of Exchequer Services	15	✔	✔			
TMOs - Cyclical Compliance Audits – Cooper Close	Director of Communities	10	✔	✔			
TMOs - Cyclical Compliance Audits – JMB Leathermarket	Director of Communities	15	✔	✔			
Older People's Services	Director of Adult Social Care	15	✔ Draft				

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Pensions Administration	Strategic Director of Finance and Governance / Pensions Manager	15	✔ Draft				
Health and Safety	Director of Asset Management	20	✔ Draft				

4. EXECUTIVE SUMMARIES OF REPORTS FINALISED SINCE THE LAST MEETING

HM12 **Tenancy Management Organisation – Fair Community Housing Services** June 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	2
			Medium	6
	Moderate	Limited	Low	-

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 process, including the controls around statutory compliance.

Background:

The Council has 17 Tenant Management Organisations (TMOs), with a management agreement in place with each one, which are monitored on behalf of the Council by the Tenants Management Initiatives Team (TMI). The agreements outline the services that each party is responsible for in the management of housing stock. There is no fixed size for a TMO and the current TMOs are managing between 25 and 1,500 properties.

The Council funds the TMO run services and provides local offices. TMOs employ their own staff to provide the housing management services for residents. TMOs are distinct legal bodies, with the protection of limited liability for members. An elected Management Committee, comprising local tenants and leaseholders, runs the TMO and represents the residents and sets the priorities. Any savings a TMO makes can be spent by the TMO in line with the wishes of the local community.

Good Practice:

- All petty cash transactions had a relevant slip with receipts attached
- Cheque books were stored securely
- Management Committee minutes were sufficiently recorded and the minutes signed
- Rent arrears were being monitored and appropriate recovery action taken
- Repairs were dealt with in a timely manner and allocated with priority codes
- Properties were being let to appropriate individuals, Council criteria met and identity documentation was validated
- An HR policy was in place and in line with Council requirements
- Actions listed in the fire risk assessments performed by the Council were being completed in a timely manner.

Key Findings:

- A completed and signed Management Agreement between the TMO and the Council was not held by the TMO

• The annual budget was not finalised and signed off by the Council and appropriate committee members in advance of the financial year start • Budget monitoring was not being carried out on a monthly basis and was not discussed at Management Committee meetings • Seven out of ten purchases tested did not have a purchase order and one was approved by an unauthorised Officer, two invoices were paid late, one petty cash slip was claimed and approved for payment by the same person, and not all direct debits have mandates signed by two signatories • There was no formal process to ensure that all policies and procedures are reviewed periodically. Equal Opportunities policy and finance procedures were not reviewed regularly, the financial procedures had not been reviewed since September 2006. • Business interests were not declared by all committee members • New rent accounts were being created and approved by the same person and overpayments were not refunded on a timely basis. **Conclusion:** Overall, the control framework was adequately designed to manage the risks identified. However, there were key controls in some areas that need to be introduced, including up to date financial procedures, having a Management Committee agreement in place with the Council, and routine budget monitoring. Therefore, we concluded moderate assurance over the design of the controls in place. We identified several areas where controls were not being applied, particularly in respect of procurement and conflicts of interests, therefore we have concluded limited assurance over the effectiveness of the controls in place.	

Looking forward: supporting the Council's journey from moderate / limited to substantial assurance	
Design	• A process to monitor and review policies should be implemented • Policies and procedures should be approved by relevant committee and Council members • Equal Opportunities policy should be approved by the committee • Annual budget should be finalised and signed off by the Council • The Management Contract should be tailored and re-signed by both parties • Duties associated with setting up new rental accounts should be segregated.
Effectiveness	• All purchases should have a purchase order raised prior to placing the order • Purchase orders should only be authorised by those with authority as per the limits on the finance procedures • When goods are received, invoices must be signed by the person who has checked the goods. This should not be the person that places or authorises the order • Payments for purchases should be made within 28 days • Petty cash slips should be numbered and all claims made by the person that incurs the expense • Petty cash slips should not be claimed and authorised by the same person • All direct debit mandates should have two authorised signatories • Direct debits that don't have a mandate, should be requested from the provider, signed by two authorised signatories and retained • All members of the Management Committee should declare any business interests.

HM12	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Tenancy Management Organisation – Falcon Point **June 2021**	Design	Operational effectiveness	High	4
			Medium	1
	Limited	Limited	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 process, including the controls around statutory compliance.

Background:

The Council has 17 Tenant Management Organisations (TMOs), with a management agreement in place with each one, which are monitored on behalf of the Council by the Tenants Management Initiatives Team (TMI). The agreements outline the services that each party is responsible for in the management of housing stock. There is no fixed size for a TMO and the current TMOs are managing between 25 and 1,500 properties.

The Council funds the TMO run services and provides local offices. TMOs employ their own staff to provide the housing management services for residents. TMOs are distinct legal bodies, with the protection of limited liability for members. An elected Management Committee, comprising local tenants and leaseholders, runs the TMO and represents the residents and sets the priorities. Any savings a TMO makes can be spent by the TMO in line with the wishes of the local community.

Good Practice:

- Detailed budget monitoring reports were produced monthly
- Cheque books were stored securely
- Rent arrears were being monitored and appropriate actions taken to recover them
- Repairs were dealt with in a timely manner and allocated with priorities
- Properties were being let to appropriate individuals, Council criteria met and identity documentation validated.

Key Findings:

- Actions to limit the effects of fire risks are not being implemented. There have been 38 risks identified but no actions to address these.

  In respect of this high priority issue we can report that during 2020 items on the APEX report have been regularly reviewed and action taken. A further inspection was carried out in October 2020 by the Council's fire risk inspector and all the matters on the February 2020 APEX report have been resolved and / or removed from the report, either by the Council or the TMO. We have been informed that six new items appeared on the APEX report since the August 2020 inspection, two of which are very low priority and the others were completed by November 2020.

- Management Committee terms of reference are not current, approved or reviewed on a regular basis and the Equal Opportunity Policy is not

current • There is no formal lettings policy and one property was let after the deadline of 28 days, without explanation • Bank reconciliations are evidenced quarterly rather than monthly- • Purchases, cheque payments and petty cash function are not operating according to finance procedures' guidelines (eg petty cash was held above the stated limits and a payment was authorised above the delegated level); direct debits do not have mandates. **Conclusion:** Based upon our assessment of the controls in place across the wider range of risks covered by this audit, we have concluded an opinion of limited assurance for both the design of the controls and the operational effectiveness of the controls in place. There are some areas of high risk (fire risk assessments, management committee agreement, controls over purchasing and bank reconciliations) that need to be addressed by the TMO along with improving routine application of controls in other areas (lettings).	
Looking forward: supporting the Council's journey from limited to substantial assurance	
Design	• A process to monitor and review policies • Equal Opportunities policy approval by the committee • Management Committee terms of reference review and approval • Assessment of risks highlighted in the APEX reports on a regular basis and actions to remedy the listed risks • Development of measures to collect all service charge income effectively. The issues above would be largely addressed if the TMO was to move to the new Modular Management Agreement with the Council, which would provide a more fit for purpose framework within which to operate.
Effectiveness	• All purchases should have a purchase order raised prior to placing the order • When goods should be are received, invoices should be signed by the person who has checked the goods • Payments for purchases should be made within 28 days • All purchases should be made and authorised according to spending limits set in finance procedures • Petty cash slips and reimbursements should not be claimed and authorised by the same person • Direct debits that do not have a mandate, should be requested from the provider, signed by two authorised signatories and retained • All members of the Management Committee should declare any business interests • Bank reconciliations should be carried out monthly.

EL63 **Climate Change** June 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	4
	N/A – Advisory Review		Low	-

Purpose of audit	An advisory review of the Council's planned governance arrangements over the implementation of the Council's climate emergency strategy, adequacy of stakeholder engagement and the achievability of the plans in place to deliver the strategy.

Background:

The Council is ambitious in its approach to becoming carbon neutral and has set a target to achieve this by 2030. The UK Government's current target is to achieve carbon neutral status by 2050. The London Mayor's Environment Strategy for London creates principles of what is deliverable across London. London boroughs with the support of London Councils have self-organised into groups to deliver on priority programmes and projects overseen by boroughs and the Transport and Environment Committee (TEC). Chief Executives of the London Boroughs (CELC) are working together with the London Environment Directors Network (LEDNet) to harness their collective knowledge and resources, harmonise their approach and work at a similar pace as much as possible, if not as a whole then as regions. A Climate Change subgroup of LEDNet is leading this challenge and feeding back the outputs to CELC. The subgroup is chaired by the Strategic Director of Environment and Leisure from Southwark Council. There are five stated areas targeted to become carbon neutral: construction and building, energy (reduce overall energy and move to renewables), consumptions (reduction in consumption of energy), bio diversity (green spaces and diversities, and travel & transport (reduce car usage). The Council has appointed a Climate Change Director from December 2019, whose primary initial role is to prepare and implement the Climate Emergency Strategy. This strategy is currently at draft stage and is to be approved formally by Cabinet and Council by December 2020.

Key Findings

Below, we reflect on the activities undertaken to date by the Council, and set out the additional arrangements that the Council can put in place to ensure that it has a strong and effective structure and framework that supports the achievement of its climate emergency strategy. There are opportunities to improve the control environment within the monitoring, risk management, updating policies and procedures and its approval of the Strategy.

- A number of draft climate emergency strategies were written during 2020, which have been hindered in terms of engagement with the members of the public due to the Covid-19 pandemic. To ensure that the Council gets the engagement right it is important not to rush but take a measured pace in collating the information and engage with the community groups that are less represented. Traditional face to face meetings are no longer feasible, therefore other types for engagement will be required.

- The proposed governance structure is the Climate Partnership Steering Group, Members Working Group and Young People Steering Group. The Climate Partnership Steering Group has commenced during this year and has become more successful over the year with at least 30 attending out of

a total membership of 66 members. This provides a solid base upon which to grow the group and ensure that all members feel actively involved in the basis of the strategy and their role in delivering it in practice. Improvements are required in respect of ensuring the timely implementation and follow up of actions agreed in the meeting and ensuring that those attending are recorded.

- The development of communications plans will support the successful implementation of the Strategy by letting people know in the Council, borough, businesses and other groups what is happening regarding climate change in Southwark, and crucially what they can do to get involved with the agenda.

- There are synergies between initiatives in the Transport and the Movement Plan but these have not been harnessed so far although they have the same lead cabinet member. The Movement team has developed an Equity Framework Plan that would be useful for climate steering groups as it provides direction on where resources would make the biggest impact in Southwark regarding climate change.

- A risk register would be useful to be developed alongside the Equity Framework Plan for climate change, to ensure that risks to the successful implementation of the strategy are identified and assessed, and appropriate mitigations agreed and their effectiveness monitored.

Conclusion:

The Council is at a relatively early stage in developing its response to meeting climate change targets and progress has been constrained over the last year by the impact of Covid-19. However, a good framework is being put in place that is gradually gaining traction. We have identified some areas where further improvements can be made, such as risk management, greater community engagement and clearer follow up of actions.

HM25 **Housing Applications and Allocations** May 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	2
	Substantial	Moderate	Low	-

Purpose of audit	To provide assurance over the allocation of housing, including the application of the Council's Housing Allocation Scheme and waiting list management.	Added value	We compared the Council against other London boroughs on the number of households on waiting list as at 1 April 2018 and 2019(Appendix 1). The list excludes the households looking for transfers. The results show that in 2018 and 2019, Southwark Council had 6,778 and 6,772 households on the waiting list respectively. This shows a marginal decrease from 2018 to 2019. In comparison to the other similar boroughs, Southwark Council had less than the average number of households on the waiting list. London Borough of Lambeth had the highest numbers on waitlist in both the years, at 23,364 in 2018 and 25,198 in 2019. The results support our conclusion that the controls around waiting list management are working well. However, the Council could explore the practices around waiting list management followed by London Borough of Brent, who have similar population numbers but only 3,319 on their list in 2019.

Background:

Housing applications and allocations at the Council are governed by the Housing Allocations Scheme which was published in November 2013. 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 receive or provide support/care, homeless person placed in Southwark in temporary accommodation by another local authority or other specific reason they need to live in Southwark,

To join the housing register, applicants need to submit a housing application form which is accessible through MySouthwark. If households submit a successful application, they are entered onto the Council's waiting list and allocated a band, between 1 and 4. Band 1 applications have the highest priority and are generally awarded to those applicants who have to move due to major works or overcrowding or are discharged from the armed forces. The Council operates a bidding method to award housing. Within each band, applicants are prioritised, first, by reference to a priority star system followed by the date of registration (date when a fully completed application is received). This priority listing is automatically generated. If a household rejects three properties they have bid on, they will have a reduced priority and move to Band 4 for 12 months.

As at March 2021, there were a total of 14,790 households on the register, with the majority of them being allocated Band 3 (7,503) and Band 4 (5,257). The Council has seen a falling number of properties available to let for a number of reasons, including the Right to Buy scheme. During the financial year 2019-20, the Council allocated over 1,000 homes whereas for the financial year 2020-21 (1 April to 31 August), the Council allocated only 161 properties due to the Covid-19 pandemic. This has improved since then and the Council have allocated 657 homes in the period September 2020 to March 2021,

bringing the total to 818 for the financial year 2020-21. Direct offers are also made in exceptional circumstances meaning the household does not go through the bidding process.

Good Practice:

- Policies and procedures around housing allocation, direct offers, priority stars and reduced priority are in place
- We reviewed a sample of 20 households that were awarded housing from 1 April to 30 November 2020 and confirmed the following in all cases:
  - Housing was awarded to a household that satisfied the 'local connection' criteria.
  - The allocated banding was appropriate and in line with the Housing Allocations Scheme. The evidence available for the award of the banding was appropriate.
  - The properties were offered to the bidders in priority order per the system generated results. In cases where the properties were not offered to the first bidder, we could confirm with reference to evidence that the decision was valid.
  - The reason recorded on the system for the direct offer was in line with the Direct Offers Procedure. Sufficient documentation was retained to justify the award.
  - All of the sampled cases of reduced priority banding were appropriate and were awarded in line with the Reduced Priority Procedure.
  - Sufficient identity documents such as bank statements, residence permit, passport, wage slips, child benefit letter, phone bill etc. were retained as evidence electronically.
- Fraud awareness training is provided to all new joiners as part of their induction. There are refresher courses that are offered periodically to factor in any changes. The last refresher training was provided in 2019, prior to the national lockdown as a result of the Covid-19 pandemic. The course covered the training on accessing and understanding the credit reference data.
- There is a procedure note in place recording the tips for dealing with sublet properties for the officers undertaking tenancy life cycle checks. This helps the members of the Special Investigation Team to deal with fraud that may be taking place during the tenancy lifecycle.

Key Findings:

- We could not confirm whether the identity document scanners placed at Taplow and Queen's Road offices were functional as the officers did not use these on a regular basis. We queried the reasons for this and what alternative arrangements are in place to ensure the legitimacy of the identity documents, however the reasons could not be explained.
- We identified in one case out of a sample of 20 that the documentation retained on the Electronic Data Management System (EDMS) supporting the awarded priority star was not sufficient. The applicant was allocated a working star and only the payslip was available as the supporting document. Other required documents such as the contract of employment, letter from employer, P60 and bank statements were not available.

Conclusion:

We have concluded a substantial opinion on the control design and moderate opinion for the operational effectiveness. The control framework is well designed to address the risks to the Council considered in our audit. The policies and procedures around housing allocation, direct offers, priority stars and reduced priority are in place. Based on our sample testing, we identified that housing is being awarded to a household that satisfies the 'local

connection' criteria, the banding and the decision of which household to award the property to is in line with the Housing Allocations Scheme, direct offers have been made with sufficient authorisation or supporting documentation and the awarded priority has been reduced correctly. Staff complete the on-line fraud awareness training which is mandatory as part of their induction and the Investigations Manager confirmed that the guidance issued by the Fraud Advisory Panel is useful in tackling fraud in the social housing sector. We identified issues in the operational effectiveness of the controls in place, including the identity document scanners not being used to scrutinise the legitimacy of the identity documents and the supporting documentation evidencing the award of a priority star not being retained electronically.

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

Effectiveness	• Ensure that the identity document scanners are functional or alternative arrangements are put in place to verify the legitimacy of the identity documents. • Ensure that all the documents supporting the allocation of a priority star are retained electronically and spot checks are carried out periodically to ensure compliance.

PW05 **Movement Policy and Plan** July 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	6
	Moderate	Moderate	Low	-

Purpose of audit	To review the Council's movement (transport) policy and plan to consider the extent to which it is being delivered in line with supporting plans across the Council in the first year of the plan.

Background:

In March 2018, the Mayor of London published the Transport Strategy (MTS) which has a greater focus on health, wellbeing and the importance of place. It identified that encouraging walking and cycling is important to achieving reduction in car usage and the resultant negative health impacts. Section 145 of the Greater London Authority Act 1999 (GLAA 1999) requires each council in London to prepare a Local Implementation Plan (LIP) to detail how the authority will assist in delivering the MTS. Transport for London subsequently produced guidance in May 2018 for boroughs in preparing their LIP. In response the Council prepared a new Movement Plan (Transport Plan) which is supported by a more technical document, the Southwark transport local implementation plan, which bridges the Movement Plan and the requirements of the borough's LIP. These have been developed with officers throughout the Council. There has been collaboration with the community where the Council has listened to concerns, challenges and opportunities raised by them. This has been supported by research, evidence and experience when developing the Movement Plan.

The Council and Cabinet adopted the transport policy and plan in line with the MTS plan in April 2019. There is a whole Council approach to the implementation and delivery of the policy and plan, alongside working with partners including Transport for London. The Council and partners will develop the tools and the appropriate assessments to ensure that the plans agreed are implemented.

Good Practice:

- There was wide stakeholder involvement on the Movement Policy and Plan from external stakeholders (including Transport for London, London Boroughs, Police and Emergency services) and departments within the Council. Additionally, information was disseminated to Historic England and The Environment Agency.
- An Equity Framework was developed during 2020 from the Movement Plan and supports a community centred process and focuses on the mobility needs of all. It includes specific metrics to help evaluate mobility from an equity centred approach. The Equity Framework provides the data set to match resources to the area and people that require it the most.
- The Equity Framework is used as the basis for requesting funding from other bodies (eg TfL).

- The Project Board and the Highways Programme Board minutes show that they are well attended by the right people to make the appropriate decisions.

Key Findings:

- The Annual Monitoring Report issued in January 2020 does not provide adequate information on the progress of the Movement Policy and Plan. Another report would have been prepared from October 2020 for reporting January 2021 but this will not be issued as some of the planned works on a number of Movement Plan projects have been ceased due to funding priority changes by TfL during the period of Covid-19.

- The Council has invested resources and time in the transformation through the Movement Policy and Plan but they have not risk assessed the implementation of it and it has not been added to the Corporate Risk Register

- The Equity Framework provides information to match resources to the people and areas that need it most in Southwark but has not been formally approved although it is being used by Highways.

- The engagement plan results for the population of Southwark for the Movement Plan do not provide a fully representative view of the various ethnic groups and there has been a challenge engaging across the community.

- Relevant planning policies that impact on transport and mobility have not been updated since 2017 and aligned to the Movement Policies and Plan approved in 2019, and now to be progressed through the New Southwark Plan,

- There are no terms of reference written and approved to document the responsibility and authority of the Southwark Streets Project Board and the officers attending the meeting.

Conclusion:

While the Council has good plans in place, with strong stakeholder involvement, there are opportunities to improve the monitoring, risk management, supporting plans and procedures and community input into decisions. Delays caused by Covid-19 have contributed to some of these issues. Overall, we conclude Moderate assurance on the design and effectiveness of controls.

CAS15	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Supported Living July 2021	Design	Operational effectiveness	High	1
			Medium	3
	Moderate	Limited	Low	-

Purpose of audit	To review the adequacy of the design and operational effectiveness of the controls in relation to supported living contracts; Disclosure and Barring Service (DBS) checks and training for staff; risk assessments; and budget management.

Background:

Supported living is a service commissioned by the Children & adults team in the Council to enable young people and adults to live as independently as possible, in a supportive environment, according to their support needs. This includes on-site support, regular visits, aids and adaptations. The Council is supporting over 800 adults to live independently across three client groups with an annual budget of approximately £17m. The service is delivered by 15 external providers at multiple locations, some out of borough.   One supported living contract is paid on an annual pre-agreed amount. All the other contracts are cost/volume and paid for through Mosaic on a placement basis.

Council monitoring officers from the quality & performance team undertake cyclical visits to providers and produce monitoring reports. Providers produce and send performance reports to the Council as specified by each contract where key performance indicators are in place. The Council is in the process of re-establishing a risk-based approach to all visits and monitoring. The new risk-based approach to all visits was finalised and implemented in September 2019. Since the covid19 pandemic, March 2020, contract monitoring visits ceased to allow the sector (providers and commissioners together) to focus on responding to the restrictions and infection control measures required to keep people safe. From the summer of 2020, virtual contract monitoring visits took the place of in-person visits, which resumed in mid-May 2021. We shall review the approach during our next review of this area. The vast majority of Southwark-based schemes had a status visit completed and are scheduled for ongoing monitoring activities, based on risk as determined at the time of the status visit. These are scheduled as either annually, six monthly or quarterly and could change at any time based on changes of individual provider performance and identified risks.

Good Practice:

- The monitoring forms used when visiting the providers clearly detailed which provider was visited and which CMO completed the form

- A well designed control framework is in place that ensures that monitoring visit forms capture a risk rating and an appropriate visit plan frequency

- Spending is monitored monthly by budget holders with finance and updates are sent to relevant senior management detailing spending.

Key Findings:

- From a sample of six contracts tested, we found that in five cases the provider visits are not adequately providing assurance that staff supporting

clients in supported living have been DBS checked.

- We found that from a sample of five monitoring forms, on three out of five cases staff were not interviewed to gain a better understanding of the provider's services and there was no specific confirmation that residents' needs were being met.
- We found that from a sample of seven providers where a visit had taken place, the subsequent review had not been completed in a timely manner to ensure previous issues are addressed and safeguarding issues are resolved
- We selected a sample of five monitoring forms and found that on one occasion, confirmation that the provider's risk assessments had been reviewed was absent and for one provider it appeared that no monitoring visit had been arranged.

Conclusion:

The control framework is generally strong, although there is an absence of a single standardised monitoring form to ensure that all relevant areas are being considered when undertaking review visits. Our review identified areas where the controls in place were not being followed and operating effectively. We found that the requirement to ensure that appropriate DBS checks have been undertaken by the service providers on relevant staff is not adequately monitored. In addition, the frequency of ongoing monitoring of service providers is not being met and the required risk assessment had not always been sought. We have therefore concluded a moderate opinion for both the control design and operational effectiveness.

We acknowledge that the implementation of the Covid lockdown has adversely impacted the department's ability to implement the previous visiting plan and give due consideration to potential improvements. The team has started implementing visits remotely in order to ensure they can continue to monitor providers.

Looking forward: supporting the Council's journey from moderate / limited to substantial assurance	
Design	• One standard form should be used for the purpose of undertaking required reviews, including DBS check confirmation.
Effectiveness	• Staff undertaking the contract monitoring reviews should be reminded of their responsibility for checking that the Provider has robust procedures for obtaining DBS checks when required. They should check a sample of the provider's staff to provide assurance that these procedures are effective and record this as completed on the forms. • A full review of DBS records should be completed to confirm that appropriate DBS requirements are being met, or put new checks in place. • A review of all the providers should be undertaken to ensure that an appropriate monitoring visit has been carried out in accordance with the visiting schedule requirements. • The Contract Monitoring Officers should be reminded of the checks required when completing a risk assessment review.

CAS48 **Travel Assistance** July 2021		LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
		Design	Operational effectiveness	High	-
				Medium	1
		Substantial	Moderate	Low	1

Purpose of audit	To review the adequacy and operational effectiveness of the controls in place for the award and subsequent monitoring and review of travel assistance funding provided and costs incurred by the Council.

Background:

Reporting to the Department of Education, local authorities have statutory responsibility under a DfE directive relating to the Education Act 1996 for transport for 16-19 year olds who have started a course before their 19th birthday, as well as children of statutory school age (five to 15). The sixth form age duty applies to young people of sixth form age and young people with an Education, Health and Care Plan (EHCP) up to the age of 25 where they are continuing on a course started before their 19th birthday. Local authorities are required to publish an annual transport policy statement by 31 May each year to outline the arrangements for the provision of transport to facilitate the attendance of all persons of sixth form age receiving education or training. In order to comply with their home to school transport duties, local authorities must: promote the use of sustainable travel and transport, and make transport arrangements for all eligible children.

The Council's Travel Assistance Policy was updated in May 2020. Where a student is of statutory school age, the eligibility for travel assistance needs are determined and, must be provided free of charge. For eligible students aged 16-18, travel assistance must be provided but with the option to charge for services dependent on the circumstances and criteria being met. Travel assistance offered by the Council includes: bus pass travel card, direct payment to cover taxi costs, mileage payment for parent/carer who has their own car (any group age eligible), where the student must travel in a vehicle, the Council can provide a place in a contracted bus or taxi service and independent travel training.

The Council has 650 young people that it provides travel assistance to, who either have special educational needs and an EHC, or parents/carers who have relevant health conditions. Exceptional Circumstances Discretionary Assistance can be provided by the Council where eligibility is not met, but there are exceptional circumstances as outlined in section 2 of the Travel Assistance Policy. Travel assistance decisions can be appealed if applicants are not happy with the decision made, which involves a two stage process.

Good Practice:

- The Council's Travel Assistance Policy is published on its website and includes information on the application process, appeals process, who can apply for a travel assistance and by when a decision will be made
- The contents of the Council's Travel Assistance Policy is in line with the statutory guidance on Post-16 transport and travel support to education and training published by the Department for Education

- We reviewed the supporting documentation for a sample of 15 pupils receiving travel assistance and ten pupils receiving travel assistance under exceptional circumstances since May 2020. The aim of the review was to assess whether an appropriate type of travel assistance was provided to the applicants and was in line with the Council's policy. We identified in all the cases that an application, EHCP and a decision letter were available. All applications were appropriately signed as processed and approved, demonstrating adequate segregation of duties.

- We reviewed a sample of five pupils who were in Year 9 in the last academic year to assess whether their travel assistance programme was reviewed in the academic year 2020/21. The aim of the review was to assess whether there have been any changes to the pupil's circumstances and whether they remain eligible for the assistance. In all of the five cases, it was determined that the pupil remained eligible for the travel assistance support.

Key Findings:

- A record of the spot checks undertaken for the direct payments under £40 is not maintained. Therefore, there is a lack of evidence that these are carried out and that the Council has not faced any financial loss due to payments being made to ineligible pupils.

- In 14 out of a total of 48 appeals made since May 2020, a decision was not made within a timely manner, delayed by 1 to 13 working days. The Travel Assistance Manager advised that the delays were due to service pressures as a result of the Covid-19 pandemic.

Conclusion:

We have concluded a substantial opinion on the control design and moderate opinion for the operational effectiveness. The control framework is well designed to address the risks to the Council considered in our audit. The Council has published an annual transport policy statement to outline the arrangements for provision of transport. The version of the Council's Travel Assistance Policy dates back to May 2020 covering a period of 12 months. We compared the Council's policy with the statutory guidance on Post-16 transport and travel support to education and training published by the Department for Education and noted that the contents of the policy are in line with statutory guidance. The guidance requires local authorities to publish a travel assistance statement by the end of May, which the Council had fulfilled by publishing it in May 2020.

We identified issues in the operational effectiveness of the controls in place, including a record of spot checks undertaken for direct payments under £40 not being maintained and a decision on appeals not being made within a timely manner, in line with the Council's Travel Assistance Policy.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Effectiveness	• Ensure that the supporting documentation such as the expense receipts for direct payments under £40 are obtained and verified as part of the annual spot checks. A formal record of these checks should be maintained.
	• Ensure a decision on stage 1 appeal is made within 20 working days in line with the Council's Travel Assistance Policy. Spot checks should be conducted periodically (we recommend annually) on a sample of cases to ensure compliance.
	• Ensure that the staff involved in the assessment and approval of appeals are reminded of the Council's timeframes.

KFC 08 **Treasury Management** JULY 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	2
	Moderate	Substantial	Low	-

Purpose of audit	To provide assurance over the adequacy and effectiveness of the internal control environment for investment and borrowing transactions.

Background:

Treasury management underpins the effective maintenance of working capital, ensuring an organisation has funds available to meet its obligations whilst ensuring surplus cash is managed within the Council's appetite for risk and return. Legislation requires councils to have regard for proper practices in relation to treasury management. The Treasury Management Performance 2019/20 Annual Report was presented to the Council Assembly on 15 July 2020. The report provided management confirmation that all treasury management activities were undertaken in compliance with the approved treasury management strategy. The balance remaining on all external loans at 31 March 2020 was £810m (£677m as at 31 March 2019), with £81m of new long-term borrowing drawn during the financial year 2019/20. The Council has significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Council cash that is not immediately required for current expenditure is invested in money market instruments in accordance with the Ministry of Housing, Communities and Local Government Guidance on Local Authority Investments and the investment strategy as approved by the Council Assembly for each financial year. As at 25 November 2020 (as per the 2020/21 mid-year report), the investment balance stood at £180m (an increase from £133m at 31 March 2020). The overall rate of return on investments during 2020-21 was 0.70% (compared to 0.73% in 2019-20).

Good Practice:

- The Council's Treasury Management Strategy for 2020-21 was approved during the Council Assembly meeting held on 28 February 2020 and clearly outlines the Council's borrowing and investment strategy, activity and position.

- The Treasury Management Strategy for the 2021-22 financial year was approved during the Council Assembly meeting held on 24 February 2021. The strategy covered the same level of detail in addition to discussing the impact of Covid-19.

- We confirmed that the Council has a Financial Regulations document which was last updated in 28 February 2020. Our review of the Financial Regulations found it to clearly outline the role of the Strategic Director of Finance & Governance in terms of monitoring and reporting treasury management activities to the Council Assembly through production of a mid-year and full year report.

- The Council's Financial Regulations also covered key treasury management activities - Investments and Borrowing, monthly bank reconciliations and the management of trust funds and imprest accounts.

- The Council's Scheme of Management also clearly sets out the role and approval limits of the Strategic Director of Finance & Governance in relation to debt restructuring, investment and borrowing.
- The Council produces a cash flow forecast on a monthly basis which sets out all incoming and outgoing amounts. We reviewed the cash flow forecasts completed for January 2021, February 2021 and March 2021 and confirmed this to set out amounts received from Money Market Funds (MMF), Mayors Fund, Public Works Loan Board (PWLB) and Short Term Borrowing, in addition to outgoings in relation to interest on borrowing and the principal on borrowing.
- The Council has one bank account with NatWest for which reconciliations are performed on a daily basis. We were provided with the bank reconciliations for a random sample of three dates (18 Dec 2020, 19 Feb 2021 and 21 Jan 2021) and confirmed that in each case, there was a clear indication of who performed the reconciliation and who reviewed the reconciliation, and on what date.
- The Council has two Fund Managers who produce valuation reports on a monthly basis in relation to the Council's investments held, which are split between Aberdeen and Alliance investments. The valuation reports for December 2020, January 2021 and February 2021 detailed the value, interest accrued, SAP, Moody's and Fitch ratings for all investments held.
- The Council has five dealers and three approvers who are responsible for the daily cash management. An established process for reviewing daily balances and account balance position at the start of the day, processing balances in/out and establishing the end of day accounts balance position was found to be in place. The release of funds from Bankline for trading monies in the Money Market Funds was found to be appropriately approved and supported by adequate evidence. .
- The Council's full year report for 2019/20 was presented to the Council Assembly on 15 July 2020. The report included the required elements per the Council's Treasury Management Strategy, in addition to the Council's Prudential Indicators being complied with for 2019/20, including the Council's balance remaining on external loans, borrowing requirements, minimum revenue position, investment activity and the impact of Covid-19
- The Council's mid-year report for 2020/21 was presented to the Council Assembly on 25 November 2020, and was also found to be compliant with reporting requirements.
- The mid-year report discussed the impact of Covid-19 in greater detail, stating that the economic situation coupled together with financial market conditions provided challenges for the Council's Treasury Management function since the publication of the 2019/20 full year report. Despite this, our review of the latest MHCLG return for April 2021 noted no issues in terms of the Council's financial position as a result of Covid-19.

Key Findings:

- The Treasury Management manual was last updated in 2017/18 and also references the 2017/18 Treasury Management Strategy. Additionally, we noted that under the key contacts section, it had not been updated to include a key contact for Aberdeen Investments or the processes to follow when processing a MMF deal with Aberdeen Investments. Finally, we also noted that the list of Treasury dealers and approvers to not be in line with current staff.
- Our review of the JCAD system noted there to be one risk related to treasury management in addition to five supporting control measures. Our audit work was able to confirm the controls were in place, for example the Treasury Management strategy being approved on an annual basis, the production of a mid and full year report, production of a cash flow forecast and the production of valuation reports. However, we noted that the

	risks have not been reviewed since March 2019.
	Conclusion: Overall, from our audit work performed, it can be concluded that the Council has met its statutory requirements through the production of a Treasury Management Strategy which is approved on an annual basis. Additionally, this is also supported by the production of a full and midyear report which confirmed compliance with the Council's Treasury Management Strategy as well as the Prudential Indicators. Our audit work also confirmed controls to be operating effectively with regards to monitoring the Council's cash flow, bank reconciliations and valuation reports. Our sample testing also confirmed processes to be operating effectively and in line with the Council's Scheme of Management in terms of daily processes and dealings, Money Market Fund (MMF) transactions and Bankline approval. However, our review did highlight two issues in relation to the review of Treasury Management risks on JCAD in addition to updating the existing Treasury Management Manual dated 2017/18.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	• The Council should update its Treasury Management Manual to ensure it reflects key contacts at various financial institutions (for example, Aberdeen and Alliance Investments), in addition to reflecting changes to staff and key systems (such as trade portals used for each institution). • The Council should ensure that risk FMS0055 relating to the collapse of a financial institution and its effects on the Council is reviewed every three months as stated in JCAD.
Effectiveness	• The Council should introduce an annual review process for the Treasury Management Manual such that it captures changes to key contacts, staff and systems. • The Council should ensure that risk FMS0055 on JCAD has been assigned to the appropriate staff within Finance/Treasury Management to ensure that it encompasses all controls and is reviewed on a three monthly basis.

5. SUMMARY OF RECOMMENDATIONS STATUS

Of the 341 high and medium recommendations relating to 2017-18 to 2020-21, that have fallen due as at the end of June 2021, we have confirmed with reference to evidence that 270 have been fully implemented or superseded, representing 79%. The chart shows the relative percentages for each of the four years.

The implementation rate for previous recommendations has marginally increased from 76% to 79% since the last report to the Committee. There are some longstanding recommendations from previous years that remain to be implemented.

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

There were several audits for which the required update was not provided by the date of reporting, which are indicated on the summary. The implementation rate may be higher than 79%, however without management responses and supporting evidence, we cannot confirm this.

Please note that the table does not include audits where:
- *All recommendations have been implemented*
- *Recommendations that will be followed up as part of another audit during the year (for example key financial systems)*
- *Recommendations are not yet due for implementation.*

Cumulative implementation rate % by year
Status of recommendations falling due as at 30 June 2021
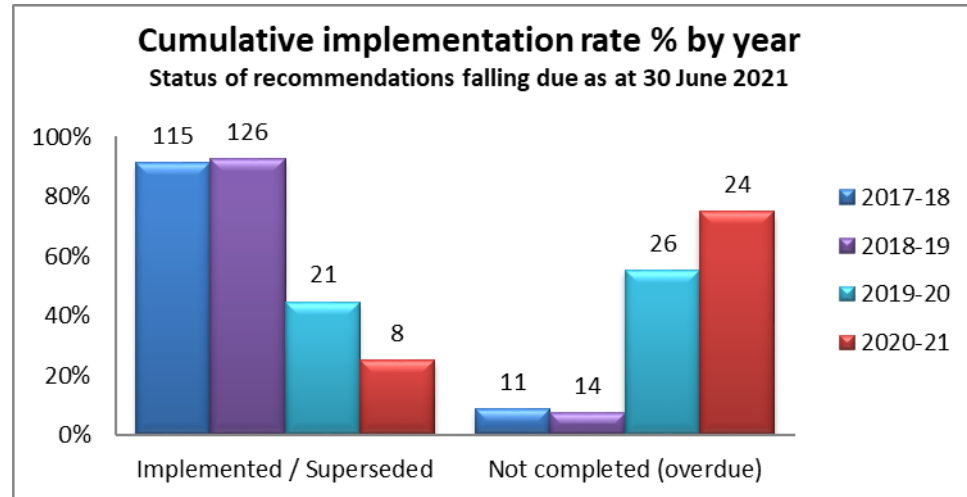
RECOMMENDATION IMPLEMENTATION RATES BY AUDIT

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date or evidence		% verified complete	Management Implementation dates
		H	M	H	M	H	M		
Chief Executive's Department									
2017-18 Land Charges	5	-	2	1	2	-	-	40%	~~April 2019~~ ~~December 2019~~ Awaiting update
2018-19 Business Continuity Planning	7	-	2	-	3	-	2	40%	~~July 2019~~ ~~October 2019~~ ~~January 2021~~ Awaiting update
2019-20 S106 Agreements	3	-	-	-	-	-	3	0%	~~January 2021~~ December 2021
2020-21 Building Control	3	-	-	-	-	-	3	0%	~~June 2021~~ Awaiting update
2020-21 Community Infrastructure Levy	1	-	-	-	-	-	1	0%	~~December 2020~~ Awaiting evidence
Children's and Adults Department									
2018-19 Commissioning	3	-	1	-	2	-	-	33%	~~November 2019~~ ~~February 2020~~ Awaiting update
2019-20 Mental Health Services	3	-	-	-	-	2	1	0%	~~September 2020~~ Evidence pending
2019-20 Mosaic (Learning Disabilities)	2	-	1	-	-	1	-	50%	~~September 2020~~ Awaiting update
2019-20 Appointeeships	3	-	-	-	3	-	-	0%	~~September 2020~~ Awaiting evidence

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date or evidence		% verified complete	Management Implementation dates
		H	M	H	M	H	M		
2020-21 Foster Carer Payments	4	-	-	-	-	-	4	0%	~~December 2020~~ Awaiting update
2020-21 Payments to Children and Families	3	-	-	-	-	1	2	0%	~~January 2021~~ Awaiting update
2020-21 Substance Misuse	5	-	-	-	-	1	4	Not due	October 2021
2020-21 Travel Assistance	1	-	-	-	-	-	1	Not due	September 2021
Environment and Leisure Department									
2019-20 Materials	3	-	1	-	2	-	-	33%	~~June 2020~~ ~~April 2021~~ June 2021
2019-20 Volunteer Management	5	-	-	-	2	-	3	0%	~~June 2020~~ ~~January 2021~~ July 2021
2020-21 Enforcement	3	-	-	-	2	-	1	0%	~~August 2020~~ ~~January 2021~~ July 2021
2020-21 Parks	2	-	-	-	2	-	-	0%	~~April 2021~~ Awaiting evidence
Finance and Governance Department									
2019-20 Direct Debit Payments	2	-	-	-	-	1	1	0%	~~April 2020~~ June 2021
2019-20 Home Ownership - Garages	3	1	-	-	1	-	1	33%	~~April 2020~~ ~~January 2021~~ November 2021

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date or evidence		% verified complete	Management Implementation dates
		H	M	H	M	H	M		
2020-21 Records Management	1	-	-	1	-	-	-	0%	~~March 2021~~ July 2021
2020-21 Corporate Credit Cards	4	-	-	-	-	-	4	0%	~~March 2021~~ Awaiting update
2020-21 Bankline	3	-	-	-	-	-	3	0%	~~April 2021~~ Awaiting update
Housing and Modernisation Department									
2017-18 IT – Disaster Recovery	5	1	2	2	-	-	-	60%	~~April 2019~~ ~~June 2019~~ ~~October 2019~~ ~~May 2020~~ July 2021
2017-18 IT – Network Security	8	1	3	1	3	-	-	50%	~~December 2017~~ ~~October 2018~~ ~~June 2019~~ ~~September 2020~~ ~~April 2021~~ September 2021
2018-19 Temporary Accommodation	8	2	5	-	1	-	-	88%	~~April 2019~~ ~~June 2019~~ ~~November 2020~~ ~~February 2021~~ September 2021
2019-20 Blue Badges	2	-	1	-	1	-	-	50%	~~April 2020~~ September 2021
2019-20 Homelessness	5	1	3	1	-	-	-	80%	~~May 2020~~ Awaiting evidence

Audit Area	Total High & Medium recommendations due for implementation	Implemented		In progress at the follow up date		Awaiting update, revised date or evidence		% verified complete	Management Implementation dates
		H	M	H	M	H	M		
2020-21 Supported Accommodation	3	1	1	-	-	1	-	66%	~~March 2021~~ Awaiting update
2020-21 Software Asset Management	4	-	-	-	-	-	4	Not due	March 2022
2020-21 Housing Applications and Allocations	2	-	-	-	-	-	2	Not due	September 2021
Council Wide Reviews									
2018-19 IR35	3	-	-	-	1	-	2	33%	~~January 2021~~ Awaiting update

RECOMMENDATIONS NOT YET IMPLEMENTED

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

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
Environment and Leisure		
2019/20 Volunteer Management		
1) Undertake a review of the current Volunteering Strategy 2013-18 to bring this in line with the Council's current strategic objectives and outcomes (corporate strategy). This could be a separate strategy or included in an existing strategy. 2) Assign ownership to the Council's overall volunteer programme. 3) Introduce a single but flexible Council wide volunteer policy that supports the strategy or a coordinated approach to volunteer management across the services for sharing of good practice. 4) Produce a volunteer handbook or its incorporation in existing service handbooks. **Medium**	Community Engagement Manager ~~End of June 2020~~ ~~January 2021~~ July 2021	We were advised by the Community Engagement Manager that: The current strategy is under review and new strategy is scheduled for approval at July 2021 Cabinet meeting The Council Volunteer policy has been approved by Cabinet in January 2021 with comprehensive guidance for managers and handbook for volunteers and a suite of templates for services to use. The first of the new mangers network sessions will take place on 10 May for sharing best practice. At the beginning of April the Council received the local kite mark for volunteering, indicating that its policies meet the standards set out by local CVS. The volunteer charter will be signed by the Council in June during volunteer week. We are currently working on the model for regular monitoring and reporting on volunteers and placing the documentation on the source for universal access. Evidence pending
Keep risk assessments relating to Test Purchases up to date and communicate them to the Trading Standards Enforcement team. **Medium**	Principal Trading Standards Enforcement Officer ~~End of June 2020~~ July 2021	We were advised by the Principal Trading Standards Enforcement Officer that: The risk assessment was reviewed and updated in March 2020. This was just prior to the pandemic and no underage sales operations using Council volunteers have taken place since. RA is due to be reviewed and will be in place before any operations are undertaken. Due to Covid19 no plans are in place to introduce test purchasing at present. Evidence pending

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
1) Trading Standards (a) issue guidance on the retention of receipts and officer visit logs (b) introduce a requirement for volunteers to sign as received for gift vouchers & provision of meal receipts, (c) introduce an organised filing system for operational expenses and (d) undertake periodic (quarterly) reconciliation and review of gift voucher stock and test purchase operational expenses. 2) Include volunteer expense reimbursement rules in the Council wide volunteer policy. 3) Approve the Regulatory Services credit card and adopt the same payment mechanism for payments by Culture & Events volunteers 4) The Library & Heritage Service's expense claim procedure is finalised and documented for organisational reference and claims are paid as soon as possible. **Medium**	Head of Culture and Head of Regulatory Services ~~End of June 2020~~ TBC	We were provided with the following update: Trading Standards comment Work instruction – "age restricted product test purchasing" Work instruction – "corporate credit card test purchasing financial controls" There is no gift voucher stock is routinely maintained due to their finite validity. The Unit Manager for EH&TS holds the corporate credit card and work instruction – "corporate credit card test purchasing financial controls" Evidence pending
2020/21 Enforcement		
Quarterly and end of year reconciliations should be completed to confirm the amount of expected income from FPNs and the amount actually paid and received. Reports should be generated from the APP database and SAP and reconciled to ensure that all expected income has been received. Where there are any variances these should be investigated and the outcomes detailed. This should be completed by an appropriate team leader or manager and signed off by the head of regulatory services. These should be held centrally in a digital format so they can be referred to. **Medium**	Team Leader/Unit Manager ~~1 August 2020 or once normal services resume, and aligned with reporting on write offs as per recommendation two.~~ ~~January 2021~~ July 2021	We were advised by the Team Leader that: Environmental Enforcement Teams have been supporting Covid19 patrols and efforts. The team returned to regular duties at fully capacity on the 7th June 2021. A meeting is arranged for the 24th June 2021 to go through 2020/21 stats. These will then be undertaken on a quarterly basis.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
Finance and Governance Department		
2019/20 – Home Ownership - Garages		
a) Application forms should be retained and uploaded to information@work to support the entry in the waiting list. Incomplete information if any should be queried with the applicant before adding the application to the garages waiting list. b) Waiting lists should be moved onto iWorld to centralise the waiting list procedure. This would minimise the risk of the waiting list being manipulated and would increase the transparency in the awarding of garages. Changes made would be reflected in an audit trail and will be identified if unauthorised. This will also ensure that priority of application as recorded in the Garage Lettings and Voids procedure **Medium**	Operations Manager ~~November 2019~~ ~~August 2020~~ November 2021	We were advised by the Operations Manager that: Currently this is not implemented as they are waiting on availability of the Housing i-world team – delays due to both Covid and to the implementation of Housing-on-Line. An I-world upgrade is due this summer – implementation of centralised waiting list should be complete by November 2021, subject to availability of i-world team.
2019/20 – Direct Debits		
a) A new business case in a standard template should be completed by the departmental lead for all direct debit payments. These should be approved by the departmental finance manager along with the strategic director of finance and governance. b) A periodic review should be undertaken to establish that the direct debit payments still remain valid and the most beneficial payment option. We recommend a half-yearly review for annual payments exceeding £1 million, with payments under that limit to be reviewed on an annual basis. This review should be recorded. c) The direct debit payment protocol should be updated to include the requirement of periodic review of these payments, and communicated to the directors' forum, along with the findings and recommendations arising from this audit.	Divisional Accountant, Corporate Services and Finance & Governance ~~31 March 2020~~ 30 June 2021	We were advised by the F&G Divisional Accountant that: (a) and (b) Direct debits business cases standardised templates were issued February 2020. The direct debit refresh of 2020-21 is incorporated in the 2021-22 refresh. The 21/22 refresh requests review of case, dept. lead and coding. The full approvals will be received by 30th June 2021. c) SDOF Email to Director Forum and update of Protocol on 31st Jan 2020 d) Direct debit payments form Scottish Power and British Gas recovered e) The direct debit protocol advises that departments (responsible officer) should advise of any changes. Direct debit refresh 2021-22 has picked up any amendments to records. Evidence pending

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
d) The corporate banking and control team should initiate recovery action with the bank to ensure that the unauthorised payments in reference to Scottish Power and British Gas have all been recovered per the terms of the Direct Debit Guarantee scheme. e) Departments should ensure that any changes are communicated to the corporate banking and control team for maintenance of accurate records. The review recommended in b) above would help identify cases where this had not happened. This will enable the corporate banking and control team to ensure that correct records are maintained at all times including the officer responsible for the payment and whether the direct debit payment still remains valid. **High**		
a) Department leads should ensure that accurate cost/profit centre and cost element are recorded on the business case per the template. Where this is missing corporate banking should refer the business case back to the departmental lead before arranging authorisation of the case and direct debit mandate b) Cost codes other than that listed on the approved business case should not be debited. Department leads should ensure that changes to the cost code are approved, recorded and appropriately communicated to the Corporate banking. **Medium**	Divisional Accountant, Corporate Services and Finance & Governance ~~31 March 2020~~ 30 June 2021	We were advised by the F&G Divisional Accountant that: a) Direct debit refresh 21/22 has picked up any amendments to records. There have been no new direct debits implemented. since march 20 b) Direct debit refresh 21/22 has picked up any amendments to records. There have been no new direct debits implemented. since march 20

Chief Executives Department

2019/2020 – S106 Agreements

1) The Exacom project is completed as soon as possible and monitoring functionalities are fully utilised and reports developed to support monitoring.	1) Planning Projects Manager ~~December 2020~~ December 2021	We were advised by the Enforcement and Monitoring Team Manager that: 1) Infrastructure Funding Statement (IFS): Preparations of the 2020/21 report is being prepared. The report will be released before the December 2021 deadline.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
2) The Southwark bespoke 'S106/CIL Officer Exacom Manual' is finalised and implemented as soon as possible. **Medium**	2) Planning Projects Manager ~~January 2021~~ June 2021	Public Facing Module (PFM): Data relating to 2019-20 is captured and up to date. Currently preparing for completion of data 2020-21. The team is working with Central Finance to capture historic data for the period 2015/16 to 2018/19. Anticipated timescale for completion of earlier years into pfm November 2021. 2) S106/CIL manual ongoing. Part of the discovery process being undertaken June 2021.
1) The Uniform and Exacom connector and system bug issues are resolved as soon as possible. 2) The Planning Division monitor and report on planning application validation and determination targets to ensure they are met as far as possible. 3) Please refer to finding three recommendations below that refers to key standard data to be recorded to enable monitoring of non-financial obligations and metrics. 4) Planning case officers and the S106 and CIL Team ensure that fully signed S106 agreements are uploaded and filed centrally on the 'DMS' document management system on signing of agreements. 5) S106 agreement financial obligation demand notices are issued as soon as they are due. **Medium**	1) Planning Executive Ongoing 2) Development Officer Ongoing 3) Ongoing 4) Planning Projects Manager ~~July 2020~~ 5) Planning Projects Manager ~~June 2020~~	We were advised by the Enforcement and Monitoring Team Manager that: 1) There are no new issues to report re: Uniform and Exacom connectors. 2) This is to be reported by a member of staff 3) Ongoing – Non-financial obligations monitored through Variation of discharge of legal agreements (VLA) – Discovery exercise being undertaken how to deal with VLAs more effectively and if VLAs can be charged as a result of policy changes. Communicating with other Council departments in order to monitor VLAs more effectively. June 2021 4) **Implemented** - The system is now functioning and S106 agreements are uploaded. This is an ongoing work stream. 5) **Implemented** - System implemented so that demand notices are now issued when due. This is an ongoing work stream. Monitored though submission of Commencement Notices and VLAs. Evidence pending
1) The Planning Division agree on key information on financial and non- financial performance to be reported to senior management and Cabinet on a periodic basis to ensure there is oversight at executive level throughout the financial year. 2) A mechanism for monitoring key milestones for S106 non-financial obligations is explored and implemented by the Planning Division. 3) The Planning Enforcement Efficient Handling of Cases 'S106 Funds - Efficient Collection and Spending	Planning Projects Manager ~~December 2020~~ June 2021	We were advised by the Enforcement and Monitoring Team Manager that: 1) Ongoing – Reported annually through IFS and through public access to the PFM. PFM to be made available in 2021 reporting from 2016 to present. Anticipated timescale for uploading earlier years November 2021. 2) Ongoing – To arrange reporting system in Idox Uniform reporting on VLAs and through capturing the data in Exacom. Discovery exercise June 2021 3) Ongoing – Enforcement to be managed case by case. Efficient spending controlled through release reports agreed by Planning Committee as well

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
performance indicators are finalised and implemented as soon as possible. **Medium**		through monitoring the IFS and PFM
2020/21 Community Infrastructure Levy (CIL)		
1a. Management should conduct quarterly formal reviews on randomly selected developments where exemptions or relief are applied, to ensure the calculation of chargeable liabilities, reliefs identified and chargeable areas are calculated accurately and appropriate evidence is retained on any amendments made. 1b Where manual interventions are required to override the calculations, these should be appropriately documented in the Exacom system.	Planning Projects Manager ~~December 2020~~ Ongoing	We were advised by the Enforcement and Monitoring Team Manager that: The recommendations are ongoing – Undertaken through CIL Review Under Reg.113 of the CIL regulations. Case officer presentation to manager before agreeing reliefs for quality control. Functionality in Exacom being used more fully to record actions on CIL cases, to provide a comprehensive audit trail. **Evidence pending**
Housing and Modernisation Department		
2017-18 IT 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**	Enterprise Architect – IT Shared Services. ~~October 2017~~ ~~May 2019~~ ~~September 2020~~ September 2021	We were advised by the Enterprise Architect that the Trend Micro One Virtual patching is in place, however the 2003 decommissioning is still ongoing and is dependent on the on the completion of the DC migration – update September 2021.
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 • 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	Enterprise Architect – IT Shared Services. ~~October 2017~~ ~~May 2019~~ ~~September 2020~~ September 2021	We were advised by the Enterprise Architect that the restructure is nearly finished and we are in transition at the moment and the migration process is ongoing – checkpoint September 2021.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
and external firewall rules should be performed and, where necessary, insecure or redundant rules should be removed. **Medium**		
2018-19 Temporary Accommodation		
a) Management should ensure that a formal decision on the exemption from using the Contract Standing Orders is approved and recorded as well as the reasons for the exemption. b) They should also record any discussions, decisions and reasons for the frameworks to be used instead and any other ways they ensure value for money in the procurement of properties. Their meetings with the Legal team and Corporate Procurement should provide direction and advice on what is the best course of action around this issue. **Medium**	Business and Procurement Manager ~~March 2019~~ ~~July 2019~~ ~~October 2019~~ ~~June 2020~~ ~~April 2021~~ September 2021	We were advised by the Head of Housing Solutions that: They are currently in the process of examining the ability to go through the legal team to take on this work. This will be ongoing depending upon the workload of the service. Update to be provided in Autumn 2021.
2017-18 IT Disaster Recovery		
A risk assessment of the Council's ICT service must be performed in order to identify: The threats to the continuity of the Council's ICT services The mitigating actions that have been put in place and the residual risk to the Council. A business impact assessment should be performed in order to determine the impact on the Council of the loss of its ICT services, including the financial, reputational, and regulatory impacts. The shared ICT service should review and revise its recovery arrangements based on the business impact and risk assessments **High**	Emergency Planning & Resilience Manager ~~September 2018~~ ~~June 2020~~ July 2021	We were advised by the Emergency Planning % Reliance Manager that the BC package is now on line. Work in progress to introduce it to BC departmental leads. Still on schedule for July 2021

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
2019-20 Blue Badges and Freedom Passes		
a) Where officers review documentation received by post, the case summary should confirm that this is the case where documentation is not scanned onto the system. b) Officers should be reminded to ensure all email correspondence and receipts are attached to iCasework. The process maps should be updated to remind officers to do this. c) As iCasework are not currently prepared to take action to resolve the system errors, a clear decision should be included within the case summary confirming whether an application has been approved or rejected. The Council should consider escalating its concerns about the functionality of iCasework through its contract performance management arrangements. d) On a quarterly basis, a sample of applications should be checked by the accessible transport manager to ensure that the correct procedures are being followed. **Medium**	Accessible Transport Officer ~~March 2020~~ September 2021	a) Completed b) Completed c) We were advised by the SBS Business Service Manager that a clear decision is being included in case summaries d) Completed
Children and Adult's Services Department		
2019-20 Mental Health		
1) Officers should ensure that an annual financial assessment is recorded on Mosaic for clients paying for care and that reasons are given when clients do not pay – spot checks should be made to verify this. 2) Reporting should be completed on a monthly basis highlighting those service users who have been provided with financial assessment documentation but who have not returned this and they should be requested to provide this. 3) If necessary a further home visit should be completed to follow up on this to identify if there are	1) Service Manager Once normal working practice is resumed 2) Service Manager Once normal working practice is resumed 3) N/A	We were advised by the Team Manager that: The Cast team provide service users with details of a financial assessment and assist them to complete it if necessary. However the financial assessment is sent by the client to charging. Charging then process it. We would not know whether the client has sent it or not. It should potentially be the charging team's role and not operational teams to run the monthly reports on whether charging have received financial assessments for cases with ongoing packages of care and to follow up as necessary.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
any reasons why the service user has not returned the required documentation. **High**		Charging could run the report and let the operational teams know if they wanted us to follow something up for them. Evidence pending.
1) Clear responsibilities in relation to monitoring should be provided to staff by the Team Manager with associated training to ensure they are aware of their requirements and how to complete their role effectively. 2) Monitoring should be completed in accordance with team procedures, and documented within Mosaic. 3) Spot checks should be completed by management to confirm that monitoring is being carried out as required. **High**	Service Manager Once normal working practice is resumed	We were advised by the Team Manager that: This should be the responsibility of charging rather than the operational team to be responsible for monitoring financial assessments. We aim to ensure that all clients are given the financial assessment and assist them to complete if they want us to. Evidence pending and where the responsibility sits to be confirmed.
On a monthly basis, the Performance and Monitoring Lead sends a data quality report which includes clients within the service that have 'no workflow'. The Team Manager and Data Quality Lead should then ensure this information is reviewed to identify any clients who do not have a review scheduled and ensure this is updated as soon as possible. **Medium**	Team Manager and Data Quality Lead Once normal working practice resumes	We were advised by the Team Manager that: The data quality reports are received monthly and the data quality lead actions what needs to be rectified. Evidence pending.
1) Internal performance targets should be set to confirm how long the placements team has to action any information received from the social worker to amend a personal budget, following a notification of a change in package. 2) Quarterly spot checks should be completed by team management of cases which have been referred to the placements team to ensure that personal budgets have been amended in a timely manner in accordance with the above performance target. **Medium**	Team Manager Once normal working practice is resumed	We were advised by the Team Manager that: This should not be the responsibly of the operational team. The performance target would need to be set by placements team manager and then monitored by them. Evidence pending and where the responsibility sits to be confirmed.

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

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