INTERNAL AUDIT AND ANTI-FRAUD PROGRESS REPORT

London Borough of Southwark

For presentation to the Audit, Governance and Standards Committee

7 February 2022

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1. SUMMARY OF INTERNAL AUDIT WORK

Purpose of report

This report informs the Audit, Governance and Standards Committee of progress against completion of the 2020-21 and 2021-22 internal audit plans. It summarises the work we have undertaken, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards.

Internal audit methodology

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

Internal audit plans 2020-21 and 2021-22

All audit reports relating to the 2020-21 plan have now been finalised.

The current status of audits within the 2021-22 is outlined within section 3 of this report.

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

Internal audit programme for schools 2021-22

We have agreed a work programme with the Director of Education that 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. We completed the first set of individual school audits during the period April to July 2021. No further school audits have been carried out at the request of the Director of Education, due to the ongoing impact of the Covid-19 pandemic.

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 recommendation implementation rate has remained unchanged at 87% since our last progress report (reported in November 2021). and timely updates and provision of evidence by the required deadlines has continued. There remain some audits where the required updates and / or evidence has not been provided, therefore, the actual implementation rate may be higher than 87%.

Other internal audit work

We have completed a reasonable assurance engagement in connection with the EU project URBACT Thriving Streets by performing First Level Control (FLC) claims verification for the period 1 April 2021 to 7 August 2022. Our report was an independent assurance conclusion as to whether the subject matter is in agreement with the grant offer letter in all material respects with eligibility criteria for the costs taken into consideration. A separate letter of engagement has been agreed with the Council for this work. Phases 1 and 2 covering expenditure from 1 April 2021 to 30 September 2021 was audited in November 2021. Phase 3 expenditure for the period 1 April 2022 to 7 August 2022 will be audited in August 2022.

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 2021-22 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	**15**	*15*	**2**	*2*	**3**	*5*	**1**	*0*
May	**12**	*9*	**8**	*5*	**3**	*3*	**3**	*0*
June	**15**	*9*	**2**	*3*	**1**	*1*	**1**	*0*
July	**6**	*12*	**7**	*8*	**2**	*2*	**0**	*0*
August	**7**	*6*	**4**	*4*	**3**	*3*	**1**	*8*
September	**12***	*9**	**5**	*4*	**6**	*1*	**8**	*0*
October	**6**	*8**	**4**	*3*	**5**	*5*	**8**	*0*
November	**5**	*10**	**3**	*4*	**4**	*9*	**0**	*1*
December	**11**	*7**	**3**	*3*	**6**	*6*	**0**	*0*
Total	**107**	*85*	**38**	*36*	**42**	*35*	**40**	*9*

The figures represent investigations from 1 April 2021 to 31 October 2021.

- *Please note these figures have been changed from previous reporting following a review of all cases and an error occurred in the date field which resulted in older cases being attributed to the current year. There was no impact to the actual number of investigations reported in the current year.*

Reactive Anti-Fraud investigations

There are currently 17 active Corporate Anti-fraud Team investigations. These can briefly be summarised as follows:

investigations.

- Children & Adult Services   5 cases
- Environment & Leisure   1 case
- Housing & Modernisation   4 cases
- Finance & Governance   6 cases
- CEO   1 case
- COVID-19
  - Business Grants-   28 cases
  - Community Grants-   2 cases (linked to 9 different applications)

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

Following a direction from BEIS concerning recovery of grant payments we determined with Exchequer Services which cases should be referred to BEIS, which released resources so the Anti-Fraud Team could focus on actual fraud cases.

Following the efforts to engage with 24 grant recipients to discuss the repayment of the grants. We received seven responses who are now making efforts to repay the grants either fully or partially. Nine recipients provided no response, and six recipients are disputing the need to pay. Any recipients who have not replied or indicated they are disputing the repayment will be referred to BEIS for recovery of the funds.

Response to Internal Audit Reports

The Corporate Anti-Fraud Team have responded to the two internal audits ADD02 and TR17.

ADD02 Anti Facilitation of Tax Evasion - The pilot of the awareness training to counter the facilitation of tax evasion was sent to fraud investigators and the Head of Financial Processing for review. The feedback has so far been positive. The roll-out of the awareness training will be forwarded to the 272 officers identified in the audit ADD02, w/c 31 January 2022. This has been delayed due to staff absences as a result of Covid infections.

TR17 Fraud Protocols – Progress is being made on the recommendations of the audit. There has been delays due to staff absences following Covid infection. A new draft Strategy document is being developed and it is hoped it will be submitted for consideration to the Strategic Director Finance and Governance by mid-February 2022. Monthly reviews include a narrative comment on current investigation activity.

Training

The Corporate Anti-Fraud Team is working with Southwark learning to develop a new suite of eLearning in our efforts to raise awareness across the council to combat fraud, bribery, corruption and tax evasion.

Review of training material has confirmed that there has been no update to the Anti-Fraud, Bribery and corruption corporate training since 2012. A business case will be submitted to the Strategic Director Finance and Governance for the purchase of corporate refresher training for these topics. Whistleblowing should also be considered as part of the training review.

Document Scanners

The Council uses document scanners to verify identity documents including passports, ID cards and driving licences. The current equipment, located at various sites across the borough, due to age and changes in Southwark IT systems have reached the end of their operational effectiveness. The Corporate Anti-Fraud Team is engaging with key services who currently use the scanners as well as other services who we believe will benefit from future access to review the use of scanner technology. The availability of this technology which has seen significant changes in recent years will create a journey through ID verification that is effective and efficient for both staff and residents and continue to act as a deterrent for fraudulent applications.

Key stakeholders and Services have provided an indication of the number of users and volume of checks that may be required. The Corporate Anti-Fraud Team has identified 3 service providers who will be approached to provide a revised service to meet organisational requirements and new working practices i.e., use of Apps to provide residents and applicants with a more efficient journey when making applications or needing to provide Identity verification and corroboration.

Fraud and Verification

The Corporate Anti-Fraud Team conducts reviews of housing waiting list and Homelessness applications which have an identified cause for concern. A test of the veracity of the application enables housing management to make an informed decision on the applicant's eligibility to remain on the housing register.

Between 1 April and 31 December 2021, we have received 45 referrals, 15 have been removed or rejected, 13 have been recommended to be maintained the remaining are waiting for further information from the applicant.

Right to Buy

The Council has introduced forms to check the veracity of the sources of funds used for the purchase of properties under the right to buy scheme. Referrals are raised when the cash element of the purchase exceeds HMRC guidelines. For the referrals we review the source of cash funding and make a recommendation to the RTB team. Between 1st April and 31st December 2021 there have been 48 referrals. 1 has withdrawn, 5 have been denied, 26 have been approved and 16 applications require supporting evidence from the applicants for the source of the funds before we can make a recommendation.

National Fraud Initiative

We continue to investigate matches identified by The Cabinet Office National Fraud Initiative risk assessment focussing on reports that have been identified as high-risk reports. There has been no significant change to NFI figures since the last report.

Fraud Response Plan

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. We hope to launch the new Fraud Response Plan March 2022.

Other matters

The Fraud and Verification Team are providing presentations to Housing Solutions, Resident Services to outline the roll of the team and how we provide support in reviewing and assessing applications and measures the member of the housing teams can apply as part of their due diligence.

We are supporting the Housing Applications Team annual review, providing statistics on the work that has been completed by the Corporate Anti-Fraud Team in relation to housing register and homelessness applications. This information includes the number of referrals received, recommendations made, and work completed to proactively review applications over the past three years.

3. SUMMARY OF WORK IN PROGRESS

INTERNAL AUDIT PLAN 2020-21

The table below includes those audits currently in draft or finalised since the last meeting of the Audit, Governance and Standards Committee. For those shaded in grey, the executive summaries are included in section 4.

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
2020-21							
South Dock Marina	Director of Leisure	12	✔	✔	✔ Final Report	Moderate	Moderate

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.			For the period to 31 December 2021 no exceptions were identified for the sample of claims reviewed.	
EU project URBACT Thriving Streets by performing First Level Control (FLC)	Director of Regeneration and Growth					For the period 1 April 2021 to 30 September 2021 no exceptions were identified.	
Covid-19 Expenditure	Strategic Director of Finance and Governance	15	✔	✔	✔ Final	Substantial	Substantial

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Fraud Protocols	Strategic Director of Finance and Governance	20	✔	✔	✔ Final	Moderate	Limited
Youth Offending Service	Director of Children and Families	15	✔	✔	✔ Final	Moderate	Moderate
Departmental response to schools in financial difficulties	Director of Education	15	✔	✔	✔ Final	Moderate	Moderate
Health and Safety	Director of Asset Management	20	✔	✔	✔ Final	Moderate	Moderate
IT – Hornbill Service Desk	Head of ICT	15	✔	✔	✔ Final	Moderate	Moderate
Data Protection	Director of Law and Governance	15	✔	✔	✔ Final	Moderate	Moderate
TMOs - Cyclical Compliance Audits – JMB Leathermarket	Director of Communities	15	✔	✔	✔ Final	Moderate	Moderate
TMOs - Cyclical Compliance Audits – Cooper Close	Director of Communities	10	✔	✔	✔ Final	Moderate	Moderate
Adoption Services	Director of Children and Families	15	✔	✔	✔ Final	Moderate	Limited
All Age Disabilities Service	Director of Adult Social Care	25	✔	✔	✔ Draft issued 12/08/2021 Initial management response received 17/09/2021 and		

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
					further management response and evidence received 25/01/2022. Updated draft report to be issued.		
Objection Review	Strategic Director of Finance and Governance	10	✔	✔	✔ Draft issued 06/10/2021 Management action plan being finalised.		
NNDR	Director of Exchequer Services	15	✔	✔	✔ Updated draft issued 27/01/2021		
Contracts Register	Director of Law and Democracy	25	✔	✔	✔ Draft report issued 22/11/2021, initial management response received 26/01/2022 and to be agreed with chief officers		
Contract Mobilisation	Director of Commissioning	20	✔	✔	✔ Draft report issued 20/01/2022		
Fairer Future Procurement Framework	Director of Law & Governance	25	✔	✔	✔ Draft report issued 01/02/2022		
Continuing Healthcare	Director of Adult Social Care	15	✔	✔	✔ Draft report in collation		

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Council Tax	Director of Exchequer Services	15	✔	✔	✔ Draft report in collation		
Customer Access Strategy	Director of Customer Experience / Director of Exchequer Services	15	✔	✔	✔ Draft report in collation		
Electoral Register and Elections	Director of Law and Governance	15	✔	✔	✔ Draft report in collation		
Financial planning and budget monitoring	Strategic Director of Finance and Governance	25	✔	✔	✔ Draft report in collation		
Housing Benefits	Director of Exchequer Services	15	✔	✔	✔ Draft report in collation		
IT Disaster Recovery	Director of Customer Experience	20	✔	✔	✔ Draft report in collation		
Major Works	Director of Asset Management	15	✔	✔	✔ Draft report in collation		
Suspense Account Management	Director of Exchequer Services	15	✔	✔	✔ Draft report in collation		
Emergency Planning	Head of Chief Executive's Office	15	✔	✔			

Audit	Director / Audit Sponsor	Days	ToR issued	Fieldwork	QA / Reporting	Design	Operational Effectiveness
Housing Tenancy Management (Successions)	Director of Resident Services	15	✔	✔			
Leisure Services	Director of Environment	15	✔	✔			
Licensing	Director of Environment	15	✔	✔			
Member / Officer Protocol	Director of Law & Governance	15	✔	✔			
Mosaic / Bupa Overpayments Follow Up	Children and Adults Board	10	✔	✔			
Older Peoples Services	Director of Adult Social Care	15	✔	✔			
Payroll and HR	Director of Exchequer Services	20	✔	✔			
Pensions Administration	Strategic Director of Finance and Governance / Pensions Manager	15	✔	✔			
Buyback of Properties including Right to Buy	Director of Customer Experience	15	✔				
Facilities Management	Director of Asset Management	20	✔				
Highways Maintenance	Director of Environment	15	✔				
TMOs – Use of Reserves	Director of Communities	20	✔				
Southwark Building Services	Director of Asset Management	20	✔				

4. EXECUTIVE SUMMARIES OF REPORTS FINALISED SINCE THE LAST MEETING

EL14 **South Dock Marina** January 2022	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	1
	Moderate	Moderate	Low	2

Purpose of audit:	To provide assurance on the operational and financial management controls in place underpinning the running of the Marina.

Background:

South Dock Marina is located on the south side of the river Thames and is the only central London marina with an integral boatyard. The Marina is spread across two converted commercial docks, South Dock and Greenland Dock. The Council owns and operates the Marina and provides a modern marina facility within a tranquil setting of redeveloped docks and a residential area. The Marina provides both leisure and residential berths on an annual basis. With the exception of the visitor berths, where the length of stay is normally restricted to a maximum of three weeks, short-term stays are not provided. The Marina operates separate waiting lists for residential and leisure berthing licences. Each list is sub divided by boat lengths to match berth sizes available in the Marina. The residential waiting list is extremely long and the opportunity for a licence is infrequent. Most boats are sold with their residential licence. The Marina offers a variety of services such as the use of crane, pressure washing and towing; these are requested via a Booking and Registration Form and charged at set fees. The Marina however does not operate a boat maintenance service but does permit approved contractors to carry out work within the boat yard and Marina. To allow this, the boat owner must present a method statement with a description of the works for approval at the Marina office. All contractors must have third party liability insurance before starting work.

The actual income against target is shown below.

Financial Year	Original Budget	Revised Budget	Actuals (Feb 21 YTD)
2019/20	£1,572,179	£1,572,179	£1,347,114
2020/21	£1,608,000	£1,436,000	£1,419,169
2021/22	£1,620,000	£ 1,620,000	YTD Nov 2021: £1,158,280

The last internal audit of this area (final report dated July 2017) concluded an opinion of limited assurance for the design and operational effectiveness of the controls in place. Our subsequent follow up confirmed that three recommendations made which related to the implementation of the Havenstar marina management system have not been implemented.

Our initial audit work was performed between 26 February 2021 and 30 June 2021, however due to Covid-19 restrictions at the time, we were unable to perform testing for areas where documentation was held in hard copy format. As a result, we performed additional testing on site in October 2021 once lockdown restrictions were lifted.

Good Practice:

- We confirmed that the Marina has a documented waiting list procedure in place and statement on its website which clearly outlines the waiting list process and berth allocation process.
- We confirmed the accuracy and completeness of cash receipts received over a sample period of five weeks.
- The Marina maintains a physical folder with evidence of third-party insurance for contracts employed by berth holders.
- For a sample of ten boats (14 owners) we confirmed that key fob access was set up on the Net2 key fob system.
- We were provided with the latest monitoring spreadsheet at the time of the audit, dated February 2021. Our review of the spreadsheet found this to compare actual income against target income on a monthly basis, in addition to the prior year.
- We tested a sample of ten outstanding debts and confirmed that appropriate recovery action was being taken.

Key Findings:

- The Marina does not have an electronic document management system in place to store scanned copies of paperwork relating to license applications, agreements and related documents. All Berth holder licences are held in the Marina office in hard copy within lever arch files, in addition to other supporting documentation such as Bill of Sale if the boat was sold. For a sample of 15 berth Holders, we noted one instance in which a licence agreement could not be evidenced. We were informed by the Harbour Support Officer that the documentation for the Berth Holder may be held in archive.

Conclusion:

From our audit work performed, we concluded that whilst the Marina has robust controls in place in relation to its key fob access, financial monitoring as well as arrears and cash management, further improvements are required – particularly in relation to documentation management, as all documentation relating to licence agreements are currently held in hard copy format within lever arch files at the Marina office.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	• The waiting list spreadsheet should be updated to include details of how the applicant contacted the Marina i.e., phone, form or e-mail and the date of correspondence from both the applicant and the Marina.
Effectiveness	• Going forward, the Fees and Charges list should be reviewed by both the Harbour Master and Harbour Support Officer before being presented to Cabinet for approval. • The Council and Marina should work together and agree a way of paperless working such that all licence agreements and supporting documentation can be stored digitally and centrally. Over the medium-long term, an exercise should be carried out to digitise all documentation held in hard copy format, pending resources available.

CAS49 **Departmental response to schools in financial difficulties** November 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	4
	Moderate	Moderate	Low	1

Purpose of audit:	To provide assurance over the adequacy of the design and operational effectiveness of the Council's approach to identifying, supporting, and agreeing action with regards to schools in financial difficulty, heading towards deficit, and supporting deficit recovery plans.

Background:

The Local Authority allocates funding to maintained schools located within its borough throughout each year, in line with the Scheme for Financing Schools policy. The exact amount provided to a school is based on a formula set by the Council, with agreement of the School's Forum which is based on the national regulations, it utilises factors such a pupil numbers and characteristics. The level of funding provided to each school within Southwark has been reducing over recent years, a major contributor to this is falling pupil numbers. The significant drop in pupil numbers has resulted in schools needing to both manage their staffing levels and ensure an adequate curriculum is delivered. Schools receive support in these areas from the Education Directorate.

Overall, a school's financial responsibility rests with the Governors. Schools employ their own business manager and financial advisor. The Education service supports the supervision of these funding procedures and provides oversight relating to the assistance of schools who are in financial difficulties.

The Council's schools Finance team do not offer schools a traded service to manage their budget, nor have any plans to offer such a service going forward. Therefore, schools employ their own business managers and financial advisors. The Finance Team liaises with schools on funding and budgetary issues. A team of Education Advisors provide an annual schedule of school visits to assist them with governance and curriculum related issues. We acknowledge that the current school closure programme taking place across Southwark has created an additional workload. The Education Advisor Team is modifying its' schools visit frequency to accommodate its' recent reduction in staff resources.

The Schools in Financial Difficulty Panel, which is operated by the Council's HR department, provide decisions on whether apportioned money from the Dedicated School Grant can be utilised in supporting schools with paying their redundancy costs to meet planned restructuring.

For the six individual school audits undertaken this financial year we identified five that facing financial difficulties with deficits amounting to £1,262,943. This could result in the Council having to advance or loan significant amounts of money to these schools for them to meet payments should these deficits continue to increase, this risks potential financial strain on the Council in the event of non-repayment of funds.

Good Practice:

- The Corporate Information Governance Manager supplied policies and procedures related to Information Governance, Data Retention, Data Rights and Corporate Records. This documentation provided was both comprehensive and well-constructed, breaking down potentially complex information into easily consumable content.

- We found that the Council has retained extensive reporting metrics for Freedom of Information (FOI) and Subject Access Requests (SARs). The metrics provided demonstrated a strong management system to enable compliance with GDPR requirements.
- The Data Protection Impact Assessment process is particularly robust, with a sound breakdown of "test" questions designed to form a solid conclusion, enabling the decision-making process.
- Examples of intranet pages from the Council's intranet were provided, covering an initial overview and what measures are in place to comply with the GDPR, followed by extensive information about subjects such as data incidents and breaches.

We noted the following areas of good practice:

- The Finance Team has comprehensive and operationally effective policies and procedures to identify and monitor schools which are experiencing, or heading towards, financial difficulties.
- The Finance Team has robust financial templates, training courses and support provisions in place to assist schools with general financial management as well as managing difficulties. These tools provide a platform to allow schools to take ownership of their individual budget, strengthen their financial management capabilities, and manage in the event of financial issues arising.

Key Findings:

- Seven schools (9.5% of Council supported school population) have outstanding loans, five schools of which have made no repayments towards their balance within the 2020-21 or this financial year.
- There is no defined process map outlining how the various school supporting stakeholders / teams within the Council should collaborate and assist each other in managing schools in financial difficulty, in addition the school supporting teams' individual responsibilities are undefined.
- There are inconsistent practices in the frequency of reporting, and internal collaboration meetings taking place between Finance, the Education service, HR and other relevant stakeholders to discuss the status of schools in financial difficulty.
- The Council does not have a compiled list and / or a risk register containing common reasons schools are falling into financial difficulties to aid their effective management.

Conclusion:

We have provided an opinion of moderate assurance in respect of the design, and moderate assurance over the operational effectiveness of the controls in place in respect of the Council's support for schools in financial difficulty.

IT11 **Hornbill Service Desk Review** November 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	2
	Moderate	Moderate	Low	1

Purpose of audit:	To provide assurance over the design and operational effectiveness of the Council's IT Service desk (Hornbill) operations, only including a review of IT security related tickets raised through the service desk.

Background:

The IT service desk plays a significant role in the day-to-day operations of any organisation. The operations of Southwark Council ("the Council") are heavily reliant on a wide variety of information technology systems, applications, and devices. Although this technology is designed to be user friendly, problems still inevitably arise.

An effective service desk has significant associated costs, both in terms of resources involved and infrastructure needed (e.g., ticketing software, incident management and tracking software). The Council entered into a shared service arrangement for an ICT Service Desk which commenced on 1 November 2017, with Brent Council and Lewisham Council, to achieve savings through increased efficiencies and economies of scale.

An Inter Authority Agreement (IAA) was established which details an agreed service description which stipulates the service level agreement (SLA) and key performance indicators, management processes, service desk and reporting. The SLA states that the service level performance will be monitored on the basis of the calls categorised against the following incident prioritisation and response standards:

- P1 – Resolve 95% within 4 working hours
- P2 – Resolve 95% within 8 working hours
- P3 – Resolve 80% within 2 working days
- P4 – 80% within SLA for request type
- P5 - Respond to customer within 4 days and resolve within time agreed with customer

The Joint IT Committee (JIC) has been established which meets quarterly and is supported by a Joint Management Board (JMB) and an Operational Management Group (OMG) to implement the strategic decisions made by the JIC, oversight of the day-to-day monitoring of the Shared ICT Service, reviewing and agreeing the performance management framework. The Hornbill application is deployed as the service desk tool.

The July 2021 JIC meeting minutes confirmed that the shared service logged 1,225 tickets relating to Southwark Application Teams between 1st February 2021 and 31st May 2021.

The Shared Technology Service (STS) performance report presented to Operational Management Group on 28 September 2021 meeting, detailed the following monthly performance has been reported:

Month	Total P1 Calls	Total P2 Calls	Total P3 Calls	Total P4 Calls	Total P5 Calls	% P1 Met SLA	% P2 Met SLA	% P3 Met SLA	% P4 Met SLA	% P5 Met SLA
Apr-21	2	4	873	1,228	38	100%	25%	58%	76%	84%
May-21	2	17	1,203	1,302	34	100%	59%	60%	65%	91%
Jun-21	2	23	1,152	1,476	64	100%	39%	46%	53%	88%
Jul-21	3	8	1,369	1,747	38	0%	38%	56%	57%	79%
Aug-21	4	8	1,146	1,551	39	75%	63%	51%	57%	72%

Our audit sample included only IT security related tickets (selective P3, P4) as agreed with the Council, such as password reset, login fail, reporting lost/stolen devices.

Good Practice:

- The Shared Technology Services (STS) has a documented 'Escalations Procedures' in place, providing specific guidance on the protocols to be followed in the event of an escalation of incidents. The procedure clearly identifies the first, second and third line of contacts in the event of escalating an incident, which if unresolved, is further escalated to the Head of STS Operations and Council specific IT Business Relationship Manager, for investigation • The STS has a documented 'Access Protocols' in place, providing process flow guidance on the steps to be followed in the event of a new starter or leaver. The STS imports an extract from Hornbill daily at 05:00 pm, which is reviewed against the Council's Active Directory (AD) to check for new standard accounts, changes, and updates

- The STS reports their service performance to the Operational Management Group (OMG) monthly. The terms of reference for the OMG have been approved and the quorum includes representatives from STS and all the three councils. The OMG reports to Joint Management Board (JMB), which then reports to Joint IT Committee (JIC) on quarterly basis

- Our review of OMG meeting minutes and performance slide packs for June 2021, July 2021 and August 2021 confirmed that key information was discussed such as review of previous actions, operational performance, service improvement, project and programmes, anticipated renewal changes, audit update, financial update, information and cyber security risks and updates on the target operating model

- The STS monitors the User Feedback Survey reports on the monthly basis and reports the satisfaction percentages to the Operational Management Group (OMG). Our review of the STS monthly reports for the sample period and the corresponding Hornbill data confirmed that these have been reported to OMG

Key Findings:

- We found that the STS is reporting performance, based on the tickets closed rather than tickets resolved as required by the agreed SLA

- Our review of a sample of incidents identified the following:

- For 2/8 P3 tickets, insufficient details were held within Hornbill relating to the reasons for delays to resolution within agreed timeframes

- For 1/8 P3 tickets, the ticket was assigned to the relevant technical officer twelve days after the ticket was initially logged

- For 1/7 P4 tickets, the ticket was not closed even though the issue was resolved within two days after it had been logged

- For 1/7 P4 tickets, the reopened ticket was escalated and closed as an unfulfilled request due to lack of response from the requestor, even though the requestor had provided the relevant information

- For 4/5 tickets with no priority assigned, the tickets were not closed even though the issue was resolved on the same day it had been logged
- For 1/5 tickets with no priority assigned, the ticket was resolved but closed after eight months of resolution
Conclusion:
We found that the Shared Technology Services (STS) has adequate and documented systems of internal control in place. Our review of controls confirmed that these have been designed in line with the performance targets specified within the agreed SLA. The SLA service specifications have been recently revised in July 2021 to ensure they are in line with industry best practices.
However, a small level of non-compliance has been identified such as the Processes Manual is due a review and some errors in the monthly performance reported, most of which under-reported performance.
This has led to our opinion of "Moderate" assurance for control design and "Moderate" assurance for operational effectiveness.
Our review of performance has been limited to P3 and P4 targets and our opinion reflects that these are being under-reported. A review of other targets may have resulted in a different opinion.

Looking forward: supporting the Council's journey from moderate / limited to substantial assurance	
Design	- Review of Hornbill self-service categories to devise a formal ticketing manual. The manual should detail the steps to be performed for ticketing management within agreed timelines - Review and update their current reporting structure and metrics to include the analysis of resolution of tickets against the SLA targets
Effectiveness	Perform regular spot checks to highlight instances of non-compliance and to provide individuals with appropriate refresher training

HM52 **Health and Safety** November 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	3
	Moderate	Moderate	Low	-

Purpose of audit:	To provide assurance over the design and operational effectiveness of the controls relating to the application of health and safety policies and practices across the Council. The review also included the work recently undertaken by the health and safety Remodel Project.

Background:

Health and Safety (H&S) management, throughout the Southwark Safety Management System, is cascaded within the Council from the Chief Executive to the Strategic Directors. The framework to manage health and safety is documented in the Southwark Safety Reference Manual. There is a Corporate Policy Statement supported by a series of mandatory safety directives and guidance notes. Each department is required to develop their own policy statements, processes, procedures, and standards to comply with the corporate requirements. Additionally, there are a number of key corporate H&S policies including fire safety, violence and aggression, occupational stress and asbestos. This review focused on the application of these policies and the consistency as to which they are implemented across the Council.

There were several challenges identified as part of the H&S Remodel Project including capacity challenges, inconsistent governance, reporting and communication, and lack of clarity around what the Council requires from its corporate health and safety service. There was an inconsistent H&S structure across the Council with some H&S advisors reporting to the Corporate Head of H&S and some retained by the individual directorates making the provision of strong H&S leadership across the Council difficult to deliver. The purpose of the Remodel Project was to enable the Council to demonstrate active leadership and visible commitment from the top.

Phase 1 of the project was expected to take approximately six months after which the Steering Board had aimed to publish its recommendations. The timescale for Phase 2 was agreed to be dependent on the outcome of Phase 1 and it was estimated to take a further 12 months to implement the project. The Head of Facilities Management and the Head of H&S advised that the delivery of the project was impacted by the Covid-19 pandemic and is now expected to be implemented before the end of 2021.

In March 2019, the Chief Officer Team (COT) approved a series of proposed a refreshed approach to H&S including a revised structure and operating model. This review determined the progress of implementing these outputs.

Good Practice:

- The centralised health & safety (H&S) function and structure is in line with the objectives of the Remodel Project

- An effective communication strategy is in place to raise staff awareness of new H&S procedures. Supplemental information is released as new procedures and tools are launched.

- Relevant training packages are available for staff to upskill themselves on H&S procedures along with the Assure incident and risk management database

- The Annual Corporate Incident report lists incidents over a twelve-month rolling period. It has key breakdowns by Directorate/ Division and Category, trends are discussed at meetings and, where appropriate, mitigating actions are discussed.

Key Findings:

- The Council's overall corporate H&S policy was published in May 2017 and has not been updated within the last two years, which contravenes policy. Whilst relevant H&S regulations are included, the documented governance processes do not adequately reflect those in place within the Council.

- The Remodel Project does not have an active steering board or chair in place to oversee completion or regular reporting to highlight the status of expected outputs.

- Actions contained within the Remodel risk register do not have assigned individual owners or target delivery dates.

- Incidents recorded on Assure are not consistently approved and followed up within the system, to provide an up-to-date record of progress against the event. Lack of formal follow up records do not provide sufficient confirmation that raised H&S incidents or gaps are being effectively managed or overseen to mitigate staff risk.

Conclusion:

The Council has implemented a centralised H&S function, which aligns to the objectives of the Remodel Project. However, the Council's H&S policy is currently out of date and the project steering board is no longer in place to confirm that all the Remodel's expected outputs have been implemented.

The Assure incident recording software has been implemented across the Council, however, there needs to be greater consistency in its usage in order for the Council to receive reliable data relating to H&S incidents. We do not currently have assurance that H&S processes are being adequately managed across all areas of the Council, which is a risk to staff, visitors and contractors.

Based upon our work, we have provided an opinion of moderate assurance in respect of both the design and the operational effectiveness of the controls in place in respect to the organisational H&S mechanisms.

TR15 **Data Protection Compliance** December 2021	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	4
	Moderate	Moderate	Low	1

Purpose of audit:	To assess the Council's compliance with Data Protection regulations and standards, including the requirements of the GDPR, that these have been applied in practice and that sufficient training has been completed by all officers.	Added value:	We benchmarked the Council's data protection arrangements against best practice frameworks and good practice examples from other organisations.

Background:

Information in many forms facilitates London Borough of Southwark's (the Council's) ability to provide its critical services to the public, and it can range from being personal identifiable through to corporate confidential. Therefore, the secure management and use of information has become more important as both expectations of information governance, and the service expected by the Council's customers are becoming more demanding. Using and managing information appropriately has a significant part to play in the delivery of change required by the Council to continue to meet these expectations.

In May 2018, the General Data Protection Regulation (GDPR) replaced the Data Protection Act 1998 (the DPA) as the regulation governing the protection of personal identifiable information in the UK. The DPA 2018 sets out the framework for data protection law in the UK and was amended on 1 January 2021 by regulations under the European Union (Withdrawal) Act 2018, to reflect the UK's status outside the EU.

The GDPR is retained in domestic law now that the transition period has ended, but the UK has the ability to keep the framework under review. The 'UK GDPR' sits alongside an amended version of the DPA 2018. As a data controller, the Council is responsible for ensuring that it complies with the GDPR and that parties that process information on its behalf are compliant with the GDPR.

The penalties for being in breach of the GDPR are greater than those that could be levied under the DPA. As well as the ability to impose financial penalties, the Information Commissioner's Office (the ICO) can restrict or prevent an organisation from processing personal identifiable information. These penalties would result in significant financial or reputational damage, and in a worst-case scenario, this could prevent the Council from operating its critical functions and services.

Good Practice:

A number of good practice points were identified:

- The Corporate Information Governance Manager supplied policies and procedures related to Information Governance, Data Retention, Data Rights and Corporate Records. This documentation provided was both comprehensive and well-constructed, breaking down potentially complex

- information into easily consumable content.
- We found that the Council has retained extensive reporting metrics for Freedom of Information (FOI) and Subject Access Requests (SARs). The metrics provided demonstrated a strong management system to enable compliance with GDPR requirements.
- The Data Protection Impact Assessment process is particularly robust, with a sound breakdown of "test" questions designed to form a solid conclusion, enabling the decision-making process.
- Examples of intranet pages from the Council's intranet were provided, covering an initial overview and what measures are in place to comply with the GDPR, followed by extensive information about subjects such as data incidents and breaches.
- The Council's Data Breach Response Plan is well constructed and clearly outlined the definition of a breach in comparison with an incident, along with supporting documentation such as the Data Incident Report Form.
- The process for assessing and defining the impact of a data breach includes a published checklist of detailed steps that must be followed in order to define the impact of the breach. Whenever a breach (or suspected breach) occurs, the outcome of the initial assessment dictates the next stage of the remediation process. If it is confirmed that a breach of the Data Protection Act has been committed, or if a data subject is at risk of serious harm, the Council's Senior Information Risk Owner (SIRO), Monitoring Officer and Strategic Director must be informed. The data breach reporting form that supports this process is available to all staff and is located on the Council's intranet.

Key Findings:

- Freedom of Information/Subject Access Request response rates are consistently below target for specific departments/service areas such as CW (Council Wide) and F&G (Finance & Governance). Overall, 22%-38% of cases were dealt with late (Finding 1 – Medium)
- Dissolution of the Information Governance & Security Group has left a void that should be filled by alternative data governance arrangements (Finding 2 – Medium)
- Although user education/security awareness has been provided to staff, this is not done on a regular basis. Ideally, Data Protection and Information Security training should be provided at least on an annual basis, and not only during the initial New Starter induction process. This is particularly important due to staff working from remote locations (Finding 3 – Medium)
- The Council's Data Classification plans, which would help to manage data appropriately, have been stalled and not progressed to completion (Finding 4 – Medium)

Conclusion:

Overall, the Council ably demonstrated that a significant amount of focus has been paid to Data Protection principles, and essential processes and policies are in place to support the requirements of the GDPR.

The Council maintains a lot of information related to data protection, but we noted that several key policies are out of date and would benefit from a review. This finding was also noted for several intranet pages.

Another area in need of improvement is the Freedom of Information (FOI) and Subject Access Request (SAR) response rates from certain Service Areas within the Council - particularly CW and F&G. Both these Service Areas consistently failed to meet response rate targets for the three-year duration reviewed within this audit (2019-2021). For the most part, the design of the Council's Data Protection arrangements is sound, it is the execution of the interlocked processes that requires additional focus, ensuring that all staff are regularly reminded of their responsibilities. The Council maintains an impressive portfolio of policies, but it is essential that policies are maintained and regularly communicated to staff. Consequently, we have concluded moderate assurance over both the design and the operational effectiveness of the Trust's Data Protection arrangements.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	• Intranet pages should be updated with the most up to date guidance • Staff should be encouraged to familiarise themselves with the content.
Effectiveness	• Policies and procedures should be maintained and communicated • Staff education should be a priority, with annual refresher sessions on an annual basis – including non-office-based workers • Service Areas that consistently fail to meet the published timeframes for FOI/SAR should be identified and reminded of their responsibilities

EL36-2	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
Leathermarket JMB Tenancy Management Organisation January 2022	Design	Operational effectiveness	High	1
			Medium	1
	Moderate	Moderate	Low	-

Purpose of audit:	To provide assurance over the adequacy of the design of controls and operational effectiveness relating to the TMO's operational and financial processes, such as financial management, procurement and statutory compliance, including health and safety, fire risk assessment and asbestos.
	We also sought to determine whether the current controls are in line with the provisions of the Modular Management Agreement (MMA) signed in 2013.

Background:

Leathermarket Joint Management Board (JMB) is Southwark's largest resident-managed housing organisation managing 1,500 homes in the borough. In April 2013, Leathermarket JMB became the first TMO in the country to become self-financing. This means that the TMO is able to retain all rent and service charges and thereby model a business plan over 30 years to deliver continuous improvements. In return, the TMO is paying off a proportionate amount of the debt of all council properties, paying a fair share of attributable core costs and buying retained services from the Council.

The Council has a Modular Management Agreement (MMA) in place with the TMO, which is 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 and the requirements on the TMOs being the providers of the housing services.

The TMI Team Leader advised that there have been a number of changes made by the TMO, in the governance arrangements and the operational management of the TMO since 2013, however these have not been reflected in the MMA as a result of the evolving nature of the self-financing TMO model.

Good Practice:

- There is regular budget monitoring and investigation of budget variances
- There is good segregation of duties with regards to the raising of purchase orders and authorisation of payments
- Clear and up to date financial procedures are in place, while the cheque book is securely stored, and its use regularly monitored
- The use of the organisation's debit card is appropriate, and transactions are signed off by senior management
- Governance and reporting arrangements are sound; Management Committee has clear terms of reference and roles and responsibilities, while all

active Members have completed declaration of interest forms within the last 12 months

- We reviewed the minutes for the last three Management Committee meetings and found the meetings were quorate and actions and decisions were clearly recorded
- Our sample testing found the TMO's debt recovery, repairs and lettings processes are following agreed procedures. Appropriate action was taken against underperforming contractors, while proper checks were undertaken by TMO staff before letting properties to new tenants
- The TMO has an up-to-date Equal Opportunities policy (November 2020), complying with the Council's key equalities requirements, as per the MMA
- The HR policies and procedures in place (including the performance management framework) comply with Council requirements. We are satisfied that the TMO is undertaking appropriate pre-employment checks for new staff
- All four secure tenants in our sample had a gas safety certificate within the last 12 months
- Key performance indicators (KPIs) are regularly reported to members.

Key Findings:

- There are nine fire safety actions from the most recent fire risk assessments across the six blocks we tested that have not been completed. Of these actions, seven are medium priority (two are low priority) and implementation targets date back to August 2020.
- The current service charge arrangements do not reflect those documented in the MMA. The agreement also refers to the need for a 30-year major works plan, however in practice the plans are for a shorter time period. The document therefore requires revision to reflect current arrangements.

Conclusion:

Overall, the TMO's arrangements and processes are well designed and operating effectively to limit the level of risk. We concluded an overall opinion of moderate assurance for both the design of the control framework and operational effectiveness of the controls in place.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	• Work with the Monitoring Officer to update the MMA so that it reflects current practices.
Effectiveness	• Take action to address the overdue fire safety recommendations for each block.

EL36-1 **Cooper Close Tenancy Management Organisation** January 2022	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	-
			Medium	4
	Moderate	Moderate	Low	1

Purpose of audit:	To provide assurance over the adequacy of the design of controls and operational effectiveness relating to the TMO's operational and financial processes, such as financial management, procurement and statutory compliance, including health and safety, fire risk assessment and asbestos.

Background:

The Council has a Modular Management Agreement (MMA) in place with the TMO, which is 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.

The Cooper Close estate has 63 properties. The make-up of the estate is roughly two-thirds leaseholders and one-third council tenants.

Good Practice:

- The MMA has recently been revised to reflect current practices with regards to leaseholder management and service charge administration
- The Equality and Diversity document (April 2021) complies with the Council's key equalities requirements, as per the MMA
- Our testing found that debts are recovered, and repairs are undertaken in accordance with agreed procedures
- All five properties tested had a gas safety certificate issued within the last 12 months
- Key HR policies and procedures are in place and are in line with the Council's requirements
- We reviewed the minutes for the last three Management Committee meetings and found the meetings were quorate and actions and decisions were clearly recorded
- All Management Committee members have completed a Declaration of Interest form within the last 12 months
- Clear and up to date financial procedures are in place, while the cheque book is securely stored, and its use regularly monitored
- The use of the organisation's debit card is appropriate, and transactions are signed off by senior management
- There is good segregation of duties with regards to the raising of purchase orders and authorisation of payments
- We reviewed the actions from the most recent fire risk assessments (April 2019) and found the TMO have implemented all actions they were

responsible for.

Key Findings:

The following areas require improvement:

- The reasons behind budget variances should be better documented
- Some key documents, such as the Cooper Close Rules (which include the Management Committee's terms of reference) and the staff handbook would benefit from a review
- There is no standalone performance management framework, so arrangements are not in line with TMI expectations
- Record keeping of procurement information should be improved to better demonstrate compliance with procurement rules.

Conclusion:

We conclude that the TMO's arrangements and processes in place are generally well designed and operating to limit the level of risk, although there are some opportunities to further strengthen controls.

Financial controls are generally sound. We found there is up-to-date guidance, good segregation of duties over financial transactions, appropriate use of the TMO's debit card and sufficient physical security arrangements over the cheque book. However, while we evidenced that members monitor the budget each month, details in reports and meeting minutes explaining the reasons for budget variances are limited.

Governance and HR arrangements are generally satisfactory, although there are opportunities to review and refresh some key documents. Our debt recovery and repairs testing found that tenants are managed in line with both the MMA and documented procedures. The TMO have also taken action to address the most recent fire risk assessment actions they were responsible for implementing.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	• Amend the relevant reports to include a section on the reasons behind budget variances • Introduce a performance management framework that is in line with TMI guidance and expectations • Review and refresh the Management Committee's terms of reference (in the Cooper Close Rules document) • Review and refresh the staff handbook
Effectiveness	• Ensure procurement information is retained to demonstrate compliance with finance rules and that suppliers offer value for money

CAS20 **Adoption Services** January 2022	LEVEL OF ASSURANCE		SUMMARY OF RECOMMENDATIONS	
	Design	Operational effectiveness	High	2
			Medium	1
	Moderate	Limited	Low	1

Purpose of audit:	To review the adequacy and effectiveness of the controls in place over payments made to adopters, to confirm accuracy of payments derived from documentation and appropriate approvals.

Background:

The Council is a part of Adopt London South (ALS) which is made up of nine Local Authorities. ALS is a regionalised adoption agency formed as part of the Government's plans to improve adoption services for children and adopters. ALS specialist adoption staff aim to find families for children and offer post adoption support to children, families, birth parents and adopted adults.

All approved adopters have an allocated social worker in the Adoption Service. Once approved, the worker works jointly with the child's social worker where a child is identified as a possible placement. The adoption social worker and the child's social worker carry out a needs assessment to consider support to the placement immediately and in the future. A variety of issues are considered including financial support (one-off payments and on-going), health, therapeutic and educational needs. These are outlined in the Southwark Adoption Placement Report and Adoption Support Plan for each child placed for adoption.

Payment to adoptive parents may be made in the following ways:

• Regular payments - which is based upon the developmental age of the child and calculated as agreed from time to time by the Council.

• Lump sum payments (settling in costs, special needs and adaptations), which covers items or adaptations that are required as a consequence of assessment of each child's individual needs.

• Payments in special circumstances (for example, a child with additional needs or where foster carers adopt a child for whom they are already caring or where adopters incur legal expenses in contested cases).

Where regular financial support is considered appropriate, the amount to be paid to adoptive parents may be determined by an assessment of their means. This takes account of the adopters' income and resources, reasonable outgoings and commitments, and the financial needs and resources of the child. As part of this assessment, the adopters are asked to complete a Financial Assessment Form and the completed form is forwarded to the Finance Department. The Adoption Service Manager decides the level of support to be included in the draft Adoption Support Plan having regard to this assessment and obtains budgetary approval as necessary depending on the amount.

In relation to the proposed financial support for a new placement, the Adoption Support Plan is submitted to the Adoption Panel with the Adoption Placement Report when a matching recommendation is being considered. The adopters then receive a written confirmation of the decision to provide financial support. This will include the amount and terms of the support and information about annual reviews.

The Adoption Service carries out an annual review of the financial support, taking into account the information provided by the adopters. Any proposed variation or termination of the financial support must be notified to the person(s) concerned and dealt with by the Adoption Service in accordance with the Adoption Support Plan. Any decision to vary or terminate should also consider whether it is appropriate to seek to recover all or any of the financial support already paid.

Good Practice:

- For a sample of 10 adopters, we were able to confirm that in all 10 cases, an annual allowance letter was sent by the Finance Officer (Adoption & Fostering Service) informing them of their new allowance and whether this is an increase or decrease compared to the previous allowance, in addition to supporting justifications. The exception to this was a case (258446) where the adoption allowance was set to £0.

- For our sample of 10 adopters tested, we confirmed that in all 10 cases, a purchase order was raised by the Finance Officer and issued to Children's Services Finance in order for the changes to the weekly allowance to be approved for payment. We confirmed that in all 10 cases, there was a segregation of duties between the individual raising the purchase order and individual approving the changes to the weekly allowances. We also noted the purchase orders clearly detailed the start and end dates of the old and new weekly allowances.

- For our sample of 10 adopters tested, we confirmed that in 9/10 cases, a financial assessment was carried out, which was signed by a carer, social worker and by the service manager. We did note one instance (258446) where this could not be evidenced but, as noted above, the adopter's allowance was set to £0, with an explanatory note confirming that services have been suspended since 21/2/18 due to the adoption assessment not being returned.

Key Findings:

- The Council has in place a policies and procedures handbook online which is accessible publicly, reflects the London Child Protection Procedures Manual and includes a dedicated section for Adoption and Special Guardianship. We found that the handbook had not been updated since April 2019 and still made reference to the National Minimum Standards for Adoption 2011 when these standards were revised in 2014.

- The form for financial assessments does not clearly stipulate the thresholds for when approval is required from either the Team Manager or Service Manager. Therefore, we could not provide assurance that the appropriate officer had approved the assessment in nine of the cases tested.

- We were advised that due to Covid-19, annual reviews were not taking place. This was evident from our sample testing which showed that in all 10 cases, annual reviews were meant to take place between July 2019 and January 2021 however the dates of the latest reviews provided for our sample were dated between July 2018 and January 2020 (high priority).

- From our testing of a sample of 15 adoption payments we found that in three instances, a signed purchase order could not be evidenced. For the 12 cases where a purchase order could be evidenced, we found that in all cases, the purchase order was not signed by the individual making the requisition, and in one instance, there was no evidence of who authorised the purchase order. Additionally, in two cases, we were not provided

evidence of the purchase order being entered into Mosaic or who it was approved by (high priority).

Conclusion:

Whilst the Council has in place templates for financial assessments, correspondence letters and purchase orders which we were able to see through our testing, we found there to be several issues with regards to the application of those controls over the signing of financial assessment and purchase orders, in addition to a lack of evidence regarding the approval of payments in Mosaic. Our testing also found that annual reviews had not been taking place due to Covid-19. Finally, our review of the Council's Policies and Procedures handbook noted that it had not been updated to reflect the National Minimum Standards for Adoption 2014. Therefore, we concluded an opinion of moderate assurance on the design of the control framework and limited assurance on the effectiveness of the controls in place.

Looking forward: supporting the Council's journey from moderate to substantial assurance	
Design	• The Council should update its policies and procedures handbook, specifically the Adoption and Special Guardianship section in order to reflect any changes in staff or procedures since April 2019. Additionally, the National Minimum Standards for Adoption 2011 should also be updated to take into account the latest 2014 revision of the standard. • The Council should ensure that the financial assessments form is updated to include the thresholds showing when approval is required by either the Team or Service Manager.
Effectiveness	• The Council should perform an exercise to ensure it has captured the latest contact details of all adopters in addition to identifying all financial assessments which are over 12 months and ensure that these are brought up to date. • All payments made to adopters should be supported by a signed purchase order, with signatures from both the individual making the requisition and the approver. All purchase orders should be entered into Mosaic, with a clear audit trail of who input the purchase order and who approved the purchase order.

5. SUMMARY OF RECOMMENDATIONS STATUS

Of the 373 high and medium recommendations relating to 2017-18 to 2020-21, that have fallen due as at the end of October 2021, we have confirmed with reference to evidence that 324 have been fully implemented or superseded, representing 87%. The chart shows the relative percentages for each of the four years.

The implementation rate for previous recommendations has remained unchanged at 87% since the last report to the Committee. Whilst there are some longstanding recommendations from previous years that remain to be implemented, these have now reduced in number.

Some audits remain for which the required update was not provided by the date of reporting, which are indicated in our summary below. The implementation rate may be higher than 87%, however without management responses and supporting evidence, we cannot confirm this.

There are also a number of audits where the originally agreed implementation date has not been met and a new date has been provided.

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

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 21 January 2022
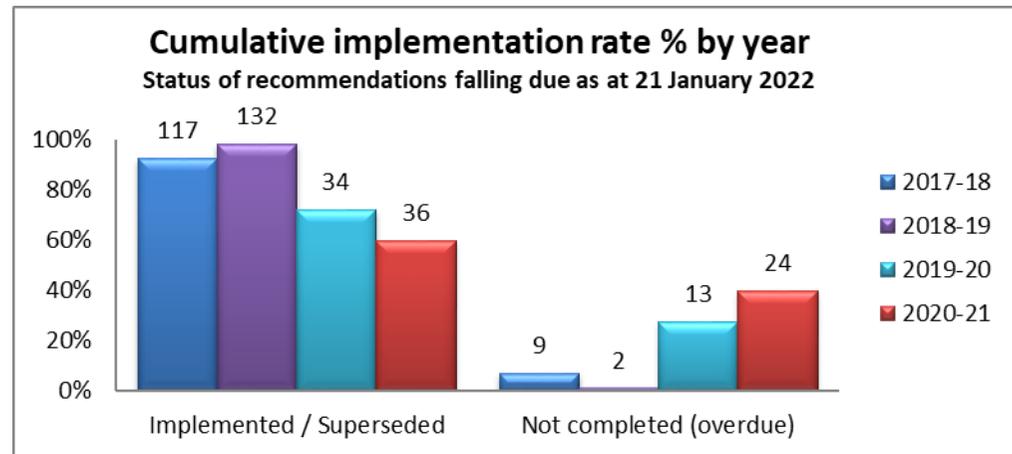
RECOMMENDATION IMPLEMENTATION RATES BY AUDIT

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
2019-20 S106 Agreements	3	-	-	-	3	-	-	0%	~~January 2021~~ December 2021 Awaiting evidence
2020-21 Community Infrastructure Levy	1	-	-	-	1	-	-	0%	~~December 2020~~ Awaiting evidence
Children's and Adults Department									
2019-20 Mental Health Services	4	-	1	2	1	-	-	25%	~~September 2020~~ Awaiting evidence
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 Travel Assistance	1	-	-	-	1	-	-	0%	~~September 2021~~ March 2022
2020-21 Supported Living	3	-	-	1	2	-	-	0%	~~September 2021~~ Awaiting evidence
2020-21 Direct Payments	3	-	-	-	3	-	-	0%	~~August 2021~~ ~~December 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		
									February 2022
2021-2022 Departmental Response to Schools in Financial Difficulties	4	-	3	-	1	-	-	75%	December 2021 Awaiting evidence
Environment and Leisure Department									
2020-21 Climate Change	4	-	-	-	-	-	4	0%	November 2021 Awaiting evidence
Finance and Governance Department									
2019-20 Home Ownership – Garages	3	1	-	-	2	-	-	33%	~~April 2020~~ ~~January 2021~~ November 2021 Awaiting evidence
2020-21 Records Management	1	-	-	1	-	-	-	0%	~~March 2021~~ November 2021 Awaiting evidence
2020-21 Bankline	3	-	1	-	-	-	2	33%	~~April 2021~~ November 2021 Awaiting evidence
2021-22 Anti-Facilitation of Tax Evasion	3	-	1	-	2	-	-	33%	~~December 2021~~ January 2022
Housing and Modernisation Department									
2017-18 IT – Network Security	8	1	3	1	3	-	-	50%	~~December 2017~~ ~~October 2018~~ ~~June 2019~~ ~~September 2020~~ ~~April 2021~~ ~~October 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		
									March 2022
2019-20 Materials	3	-	1	-	2	-	-	33%	~~June 2020~~ ~~April 2021~~ ~~June 2021~~ ~~October 2021~~ ~~January 2022~~ February 2022
2020-21 Software Asset Management	4	-	1	-	3	-	-	25%	~~March 2022~~ September 2022
2020-21 Housing Application and Allocations	2	-	1	-	1	-	-	50%	~~September 2021~~ February 2022

RECOMMENDATIONS NOT YET IMPLEMENTED

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

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
Chief Executives Department		
2017-18 Land Charges		
All costs associated with the provision of the land charges service should be determined for a one-year period, including both direct and indirect costs. This information should be collated and compared to the total number of searches provided over a one-year period to determine an approximate cost per search. This should be compared to previous years to determine how the level of requests will impact on the expenditure to determine the fixed and variable costs, to allow for the costs to be extrapolated to ensure that they are in line with projections for future requests. The information should be reviewed annually to ensure it remains a true reflection of costs. **High**	Planning support and land charges manager Group manager – validation and fast track Director of planning ~~March 2019~~ ~~May 2019~~ ~~December 2019~~ ~~June 2020~~ TBC	We were advised by the Planning Support & Local Land Charges Manager that the costs of the land charges service have been undertaken in the past by the Senior Finance Manager and Land Charges Manager to ensure the charges match the cost of the service. There is also yearly benchmarking on the costs of the land charge service. Evidence pending
A review should be undertaken to identify the benefits, costs and risks associated with offering a personal search service undertaken by Council officers. This review should include the costs to the service and the possible implications should incorrect data be supplied, as well as whether the decision is in line with Council objectives. Alternatives should also be explored, such as offering the self-service at other Council buildings and benchmarking against other Councils to identify best practice.	Planning support and land charges manager Group manager – validation and fast track ~~March 2019~~ ~~May 2019~~ ~~December 2019~~ ~~June 2020~~	We were advised by the Planning Support & Local Land Charges Manager that the team currently have to offer the personal service, but this will depart Southwark once they fully transfer the land charge register to the HM Land Registry team in 2023. Evidence pending

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
The reasoning behind the decision should be documented and reviewed on a regular basis. **Medium**	TBC	
The Council should undertake a review to confirm the anticipated financial loss as a result of the transition of local land charges to Land Registry. Appropriate steps should be taken to determine how this loss will be offset by the Council, to ensure appropriate cost-savings measures will be implemented in a timely manner. **Medium**	Planning support and land charges manager Group manager – validation and fast track ~~March 2019~~ ~~May 2019~~ ~~December 2019~~ ~~June 2020~~ TBC	We were advised by the Planning Support & Local Land Charges Manager that the cost and loss of the Register has been reported to Finance, the loss is approximately £ 48,000 in income. This will be recovered by a small increase in the Con 29 charges once the register is transferred. Evidence pending
Finance and Governance Department		
2020-21 – Anti-Facilitation Tax Evasion		
The Council should undertake an assessment of the risks that those who act on its behalf may criminally facilitate tax evasion. Given the size of the workforce at the Council, it is not practical to undertake a risk assessment for all the 'associated persons' individually. Therefore, a risk assessment should be carried out and documented based on the job roles. Staff that are directly involved in a finance role may have a higher chance of committing an offence than the staff associated with, for example, the operational management of housing stock.	Senior Investigation Officer ~~December 2021~~ January 2022	We were advised by the Senior Investigation Officer that the review of this risk has been delayed until January 2022. The peer-to-peer review of similar activities across other boroughs results will be incorporated into Risk profile and training module. The Government and HMRC guidelines will be included in training module. The use of ADAPT training is likely to delay roll out of training. An alternative option will be to use Microsoft Sway as a means of refreshing/training 270 identified staff.
a) The Criminal Finances Act 2017 does not envisage that all employees require a detailed understanding of the UK tax rules, however training should equip them to understand the scope of this offence and the	Senior Investigation Officer ~~December 2021~~ TBC	We were advised by the Senior Investigation Officer that this has been delayed and there is no current training module available. HR could provide accessing to training module without additional cost. AFS staff

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
associated risks, without needing to understand the underlying tax law.		trained on ADAPT Learning Pool training platform to build new training material. In addition to staff abstraction due to Covid-19 infection.
b) Training should be provided to all staff involved in a finance function such as raising or approving a purchase order or an invoice.		The proposed pilot due for release in December 2022.
		The use of ADAPT training is likely to delay roll out of training. An alternative option will be to use Microsoft Sway as a means of refreshing/training 270 identified staff.
Housing and Modernisation Department		
2019-20 Materials		
Where actions are raised in relation to social value, these should be included within the agreed actions and monitored by the Strategic Core Group. The council should seek to confirm the number of apprenticeship and work experience slots and compare these against an expected standard. Evidence should also be received detailing that staff are paid the London Living on a quarterly basis to ensure the contractor is meeting its requirements under the Fairer Future Procurement strategy. **Medium**	SBS Business Service Manager ~~April 2021~~ ~~October 2021~~ January 2022 February 2022	We were advised that the supply chain partners will be working with Southwark Works, which is a free employment support service for anyone living within the London borough of Southwark. They are going to promote and advertise x2 work placements which will be placed at the Peckham branch of Travis Perkins. The advertisements will go out in February 2022.
2020-21 Housing Application and Allocations		
The Council should ensure that the identity document scanners are functional and are used to confirm the legitimacy of the identity documents submitted by the applicants. If it is agreed by the Council that the document scanners will not be useful due to the restrictions under GDPR, alternative arrangements should be identified and put in place to detect forged identity documents. **Medium**	Acting Head of Housing Solutions ~~September 2021~~ April 2022	We were advised that the Fraud and Verification team are now leading on the procurement of a new verification system. Initial tendering is taking place and a decision will likely take place in Spring 2022.

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
2020-21 Software Asset Management		
i)Management should put in place a defined Software Asset Management Policy that documents the Council's procedures for the management of software, which should include, but not be limited to: • The procedures for the management of different types of software, including standard software, non-standard software and line of business software • The procedures for the management of software assets throughout their lifecycle, including procurement, configuration, deployment, redeployment and decommissioning • The procedures for managing the software asset inventory, including software installation and registration and software removal • The arrangements for the transfer of licences when required • The roles and responsibilities of members of staff, including, but not being limited to, software misuse • The requirement for software audits to be performed on a regular basis, including the use of any appropriate audit tools. ii)The defined policy or procedure should be formally approved and communicated to members of staff and should be subject to regular review with a version control in place. **Medium**	Head of IT Applications ~~March 2022~~ **June 2022**	We were advised by the Head of IT Applications that a new Head of Architecture role has been appointed and significant work has been done to establish a Technical Design Authority. This authority will introduce and manage the Software Asset Management policy.
i)Management should carry out an exercise for collecting details and licensing information relating to	Head of IT Applications ~~June 2021~~	We were vised by the Head of IT Applications that all Applications in the Applications Register now have an assigned business owner and the Register has been expanded to allow for licence information to be recorded. In addition, items in the register have been reviewed, and a

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
the Council's IT applications and update the Council's application register as necessary. This should include: • Business owners assigned to the 53% of applications that do not currently have a business owner • Software version number and the date it was last upgraded • Licencing information, including license type, product keys, location of the installation CD and expiry date. ii)Arrangements should be put in place for the application register to be reviewed on a more regular basis, including the requirement for application owners to report to the Head of IT Applications throughout the year with any corresponding changes documented in the register. This process should also be adopted by services who own their applications when not managed by the central IT application team. Alternatively, management should perform a cost benefit analysis for commissioning an automated software asset management tool to assist with software management. **Medium**	**September 2022**	facility has been put in place to record when a review last took place. More work is needed to ensure the completion of licencing information, as well as records for systems held outside central IT, particularly in ChAd.
i)The Council should put a process in place whereby the procurement of any software application requires approval from central IT or the Head of IT Applications. This requirement should be formally defined and documented in the Council's procurement guidelines. ii)The Council should consider adopting best practice by establishing a Software Advisory Board for steering the identification and approval of ad-hoc applications and engaging with service areas as to whether they are	Head of IT Applications i)~~July 2021~~ **Sept 2022** ii)~~September 2021~~ **September 2022**	We were vised by the Head of IT Applications that the precedent has been established where an IT concurrent has now been included on Gateway Reports where there is a significant IT Applications component, but this is yet to be formally defined and documented in the procurement guidelines A Head of Architecture role has been appointed and a Technical Design Authority is being established with will act as the Software Advisory Board for technical considerations. A Portfolio Review Board has been established which additionally be able to consider and advise on cost implications

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
needed considering cost implications and technical support. Medium		
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 any reasons why the service user has not returned the required documentation. **High**	1) Service Development Manager (Personal Budgets and Client Finance) 2) Service Development Manager (Personal Budgets and Client Finance) January 2022 3) Service Development Manager (Personal Budget and Client Finance)	We were advised by the Service Development Manager that: 1) All service users' client contributions are reviewed on a yearly basis as part of the "financial assessment batch" uplift or as part of a specific review. 2) The "Charging and Collections" report on Mosaic shows what service users are receiving chargeable services and what service users have a financial assessment. The "Personal Budgets and Client Finance Service" is working with "Mental Health, Learning Disabilities and All Age Disabilities ("MH, LD, AAD")" to ensure that, where applicable, mental health service users are financially assessed. This work will review the list of current mental health service users who are receiving services from the Council but who are not receiving reablement services or services under Section 117 of the Mental Health Act 1983. It is this smaller cohort of mental health service-users that should be assessed financially assessed. A further meeting with MH is planned for 26 Jan 2022. 3) If needed, and subject to an appropriate risk assessment being carried out, the Charging Team in the Personal Budgets and Client Finance Service can carry out home visits in conjunction with "MH, LD and AAD". Evidence pending

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
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 Development Manager (Personal Budget and Client Finance)	We were advised by the Service Development Manager that: 1) The monitoring of whether financial assessments have been carried out is led by the Charging Team in the Personal Budgets and Client Finance Service in conjunction with "MH, LD and AAD". The "Charging and Collections" report on Mosaic shows what service users are receiving chargeable services and what service users have a financial assessment. This report will be used to support monitoring. 2) The Personal Budgets and Client Finance Service is monitoring the number of Adult Social Care service-users who are receiving chargeable services but who have not had a financial assessment **Evidence seen** 3) The Personal Budgets and Client Finance Service will review the list of service users who have not had a financial assessment and will segment via service-user type to identify the "MH, LD and AAD" service-users.
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 direct payment, 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 direct payments have been amended in a timely manner in accordance with the above performance target. **Medium**	Service Development Manager (Personal Budget and Client Finance)	We were advised by the Service Development Manager that: 1) A formal target of three working days for turning around direct payments "purchasing steps" will be introduced for 2022/23. If all the information is submitted correctly, "Purchasing service" steps for direct payment changes are typically reviewed within 24 hours and allocated within 24 hours. 2) Performance monitoring is carried out by the Placements Team 2 in the Personal Budgets and Client Finance Service for "purchase service steps" that are still open. There is no reporting (as yet) for how quickly purchasing steps are turned around, but the Personal Budgets and Client Finance Service is looking to introduce this in for 2022/23. Sometimes Mosaic "purchasing requests" are incomplete so referral is sent back. Assuming information is all there, steps can be turned around in three working days. Individual performance management of staff members to see what is still open on staff members' desktops. Evidence pending

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
2020/21 – CAS11 Direct Payments		
(i) Staff should be reminded of the necessity to ensure that appropriate contract documentation is complete and signed off. (ii) The direct payments team should not issue a direct payment until they have checked that a signed agreement is in place. **Medium**	Service Development Manager (Personal Budget and Client Finance) ~~August 2021~~ ~~November 2021~~ March 2022	We were advised that: (i) Ensuring that a signed agreement is received before a direct payment is step up is now part of the Placements Team 2's procedure. The direct payment process map on "TriX", the Adult Social Care's policies and procedures repository, will be updated.
The monitoring forms currently in place should be extended to include a check that relevant annual reviews are completed, recorded and communicated to the operational adult social care teams. **Medium**	Service Development Manager (Personal Budget and Client Finance) ~~August 2021~~ February 2022	We were advised that the direct payments Mosaic monitoring form is still in development and will be in place by February 2022.
(i) Staff should be reminded of the correct process for completing monitoring forms, specifically with regard to third party payments where there is a requirement to check funds are being appropriately utilised. (ii) Monitoring should be completed regularly in line with relevant policies and where problems are identified, such as build-up of surpluses, remedial action should be implemented in a timely manner and monitored monthly. (iii) For self/individual managed direct payments, the return of the client information packs should be monitored to ensure that information is received, and the reviews can then be completed. Where the return of the information is delayed, matters should be escalated in line with the relevant procedures and suspension considered if appropriate.	Service Development Manager (Personal Budget and Client Finance) ~~August 2021~~ ~~December 2021~~ TBC	We were advised by the Service Development Manager that: iv) The dates are to be added to the monitoring form. In the meantime, a spreadsheet is maintained to show when a direct payment recipient had his/her most recent review and when next review is due (see screen shot in email).

Recommendation and Priority Level	Manager Responsible & Due Date	Latest Implementation Status
(iv) The direct payment team should determine whether it is possible to run a schedule report on a regular basis on Mosaic to capture relevant review dates. Should this not be possible, manual records should be kept on a spreadsheet indicating when the next review should take place and spot checks should be completed by management to ensure reviews are being completed. **Medium**		

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.

APPENDIX 2

Local Government Sector Update

SECTOR UPDATE
Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to Local Authorities that may be of interest to members of the Audit, Governance and Standards Committee. It is intended to provide a snapshot of current.

FINANCE

IASAB Guidance to Internal Auditors

The Internal Audit Standards Advisory Board (IASAB) has produced guidance to internal auditors on maintaining conformance with the UK Public Sector Internal Audit Standards (PSIAS) during the pandemic. CIPFA has endorsed the guidance which also has the support of the other UK Relevant Internal Audit Standard Setters.

The guidance has advised audit committee members on the following key steps:
- Advise the Audit committee on changes to the internal audit plan
- Where in house internal audit staff are reassigned to undertake consultancy roles, they should be made aware of the responsibilities
- Where internal audit staff are diverted into operational roles it should be made clear that for the duration that staff are not operating as internal auditors

BDO provide regular updates to the audit committee on changes to the audit plan. However, the above guidance does not have a direct impact on BDO as we are outsourced providers and not being diverted into in-house roles.

https://www.cipfa.org/services/networks/better-governance-forum/internal-audit-documentation/conformance-with-psias-during-the-pandemic

District Council proposes U-turn on Council tax rise after government boost

Mansfield District Council's cabinet said in October it wanted to increase its portion of council tax by 1.99% in 2022-23, which would have raised £115,000 of extra revenue.

But the one-year local government settlement in December confirmed the authority would receive an additional £401,000 of grants, and the cabinet now wants to reverse its original plans.

"This would be good news for Mansfield residents, many of whom continue to be affected by the pandemic," said corporate and finance portfolio holder Craig Whitby.

"Our original decision to propose an increase was not an easy one to make for this reason but was necessary based on the information we had at the time."

The change also means the cabinet is proposing to reduce the use of earmarked reserves for 2022-23 from £261,500 to £100,000.

A proposed 2% increase to fees and charges and a revenue-raising trade glass collection service will still be included in the budget, although other proposed further charge increases will no longer go ahead.

The council will still have a savings target of £1.08m, although this is nearly £300m less than the pre-settlement plans.

The budget proposals will be agreed by the cabinet on 17 January and discussed at a full council meeting on 26 January.

https://www.publicfinance.co.uk/news/2022/01/district-council-proposes-u-turn-council-tax-rise-after-government-boost

Councils in £450m 'truck cartels' compensation challenge

More than 100 local authorities will press ahead with a High Court claim for hundreds of millions of pounds in compensation from truck manufacturers which the European Commission ruled had colluded to fix prices.
The group of councils launched the challenge in November 2020 against 15 truck companies, after the European Commission found in 2016, they had colluded between 1997 and 2011 to fix prices.

The authorities' claim that the collusion meant "materially higher" costs for leasing and purchasing of heavy good vehicles used for refuse collection, street cleaning, waste disposal as well as contracts for such services that relied on the use of trucks.

Written defences and replies were submitted to the High Court in December, with disclosures and witness statements set to be filed next, but PF understands progress on the case is likely to progress slow due to a courts backlog caused by Covid-19.

Richard Pike, partner at law firm Constantine Cannon, which is representing the councils, said: "In reality, we will probably see the case stayed for period, because there are a number of other related cases ahead of us.

"The hope is that they [the manufacturers] will settle sooner rather than later. When the cases ahead of us are determined or settled that will no doubt have an impact on our case as well."

Councils are requesting close to £450m in damages, which consists of £240m in overcharged costs during the 14-year period, capped at 26% of the value of the purchases under EU law, according to documents seem by PF.

Authorities are claiming a further £155m stemming from the impact prices in the wider market, as well as £60m resulting from permanently increased costs.

https://www.publicfinance.co.uk/news/2022/01/councils-ps450m-truck-cartels-compensation-challenge

Government to extend additional audit funding

Local authorities in England are set to receive £45m over the next three years, alongside extended accounts deadlines, to help improve the timeliness of local audit.

In December 2020, the government allocated £15m to councils to help fund additional costs of audits, due to changes in accounting requirements in 2021-22, following the recommendations of the Redmond Review.

The government confirmed in a guidance document that funding will be extended to help cover additional costs over the Spending Review period up to 2024-25.

The document said: "This will provide local bodies with the certainty that they will be supported to implement the changes needed to respond to new auditing requirements and Redmond's recommendations."

The government has also proposed extending the deadline for 2021-22 accounts to November 2022, after only 9% were filed on time in 2020-21.

Additionally, the government intends to move the deadline for each year's accounts to 30 September, up until 2027-28, to give auditors and councils more time, the guidance said.

CIPFA will also produce new guidance in April, emphasising the role of audit committees in the preparation of accounts, alongside a new local audit training diploma for practitioners.

https://www.publicfinance.co.uk/news/2021/12/government-extend-additional-audit-funding

Omicron grant boost targeted towards highest-spending councils

English councils which have distributed highest amounts to businesses through the Covid-19 Additional Restrictions Grant scheme will get the largest allocations from a £100m.

The ARG scheme was introduced in October 2020, and topped up twice earlier this year, with previous rounds being allocated to councils on a per-head-of-population basis.

The new top-up has been announced as part of a new £1bn package announced yesterday in response to a self-imposed lockdown by much of the population as the Omicron variant spreads.

A government statement said: "Local authorities will have discretion to allocate this funding to businesses most in need.

"The ARG top up will be prioritised for those local authorities that have distributed the most of their existing allocation."

It said that, in addition, councils still have £250m of previously allocated funding that remains unspent.

In addition to the ARG, the government announced:

- £683m in targeted grants for hospitality and leisure businesses in England;

- £30 million for Culture Recovery Fund;

- a further allocation of £154m in Barnett funding for devolved nations;

- the reintroduction of a scheme to reimburse small and medium sized employers for up to two weeks per employee for absences.

Responding to package announcement, Cllr Shaun Davies, Chair of the Local Government Association's Resources Board, said: "We know these grants have been a vital lifeline to businesses and councils will work hard to get this new government funding out to businesses."

https://www.publicfinance.co.uk/news/2021/12/omicron-grant-boost-targeted-towards-highest-spending-councils

Settlement allocation 'clear indication of levelling-up'

The allocation of the local government settlement, steering more funding to deprived councils, is a signal of the government's intentions on 'levelling up', according to experts.

The settlement will see the most deprived local authorities in England receive a real-terms funding increase of 4.9% in 2022-23, compared with a 3.8% rise for the least deprived councils, according to analysis from the Institute for Fiscal Studies.

This funding increase for poorer authorities is mainly attributed to the one-off £822m services grant, which used an older funding formula to target support based on a council's ability to raise income.

David Phillips, associate director at the IFS told PF: "In contrast to recent years, councils in poorer areas are projected to see a big increase in their core funding over authorities in more affluent areas.

"That is largely down to the way the government has allocated the 2022-23 services grant."

Dan Bates, finance specialist at local government advisors LG Improve, told PF that the grant allocation "provides the clearest clue as to government's future priorities".

https://www.publicfinance.co.uk/2021/12/settlement-allocation-clear-indication-levelling

Council spending on transport soars through Covid-19

English councils' net spending on highways and transport more than doubled last year, due to a reduction in income caused by Covid-19, according to outturn figures.

Councils spent £7.9bn on highways and transport services in 2020-21, a £4.1bn increase on the £3.7bn reported in 2019-20, the highest year-on-year service spending rise, according to provision outturn data published by the government.

The majority of the rise (£3.3bn) was attributed to the Greater London Authority as fare income drastically reduced on Transport for London due to Covid-19 restrictions, the report added.

The report said: "This was also the main cause for the increase across other authorities as well as lower income from off-street parking.

"Local authorities with toll bridge or tunnel crossings also reported lower fee income from these."

Overall, local authorities' total net service spending was £106.3bn in 2020-21, up 10.6% in real terms compared to 2019-20, which resulted from additional pandemic spending, the report said.

https://www.publicfinance.co.uk/news/2021/12/council-spending-transport-soars-through-covid-19

Sector voices disappointment over 'stop-gap' local government settlement

Local authorities are set to receive a share of a one-off £822m services grant in 2022-23, to help meet service demands, as part of a single-year provisional local government settlement announced on Thursday.

The un-ringfenced grant will go to all local authorities in England, to help manage services pressures including funding to cover the increase in employer national insurance contributions, a consultation published alongside the settlement said.

The single-year settlement would give the government the time to assess how it will share out resources fairly in future years, the consultation said.

Communities secretary Michael Gove said in a written ministerial statement: "In outlining these proposals, my priority is to provide stability in the immediate term so I can work closely with local government and other partners on options to update our assessment of local authority needs and resources."

Overall, the government said the settlement would provide a real-terms spending power increase of 4% on 2021-22, which includes inflationary rises to core grants and assumes 2% council tax rises across the board.

https://www.publicfinance.co.uk/news/2021/12/sector-voices-disappointment-over-stop-gap-local-government-settlement

Environment

Efficient borrowing: Using PWLB borrowing to reduce climate emissions

Loans from the Public Works Loan Board helped one UK local authority reduce climate emissions in schools.

In 2012, Cambridgeshire County Council adopted an energy efficiency programme, combining borrowing from the Public Works Loan Board with a £1.2m grant from the EU's Intelligent Energy Europe programme.

"The grant was effectively revenue funding to help us design and develop energy efficiency projects all the way up to procurement stage," says Sheryl French, assistant director of climate change and energy services at the council.

The Mobilising Local Energy Investment scheme was initially aimed at reducing carbon emissions in schools. "We have about 240 schools, and those were the largest carbon emitters we had on our portfolio at that time," French adds.

Schools in the county with academy status have control over their own decision-making processes, so the council had to approach governing bodies with work proposals. "We offered to install solar panels, LED lighting, new boilers and other energy-saving incentives, with debt serviced by the money saved on bills," French says.

https://www.publicfinance.co.uk/case-study/2021/10/efficient-borrowing-using-pwlb-borrowing-reduce-climate-emissions

HOUSING

'Key amnesty' launched to reclaim illegally used council housing

A London council has begun a 'key amnesty' aiming to reduce tenancy fraud, promising "no questions asked" of those who have been using council homes illegally.

Hillingdon Council said tenancy fraud, which includes illegal subletting, wrongful succession, fraudulent 'right to buy' applications, lying about tenancy agreements or housing applications and failures to disclose changed circumstances, costs "hundreds and thousands of pounds each year".

During the amnesty, which will last from Monday 8 November to Friday 17 December, anyone can hand in keys to the council's civic centre and only need to fill in a form confirming details of the property and that it is empty.

No one who hands in keys during this time will face legal action, the council said.

"With an already huge demand for social housing, it's not right for properties to be sitting empty because the tenant moved in with a partner, is living somewhere else or making money by illegally subletting their council property," said council member for finance Martin Goddard.

https://www.publicfinance.co.uk/news/2021/11/key-amnesty-launched-reclaim-illegally-used-council-housing

'Urgent case' for more social rented homes in government housing plans

Government plans to spend £8.6bn building affordable homes still leave a large unaddressed need for social housing, an expert has warned.

Gavin Smart, chief executive of the Chartered Institute of Housing, said the £8.6bn of funding allocated on Tuesday was welcome but not focused enough on social homes.

The government said it would build nearly 120,000 homes with the money, including "57,000 for ownership, 29,600 for social rent and 6,250 affordable rural homes" with no details about the rest.

"The impact of the pandemic means even more households are struggling to meet rent and other costs of living, let alone being able to save for home ownership in the near future," said Smart.

He said the social rented homes are "really welcome", but said "there is still an urgent case for a greater level of investment to deliver more".

Social rented homes are typically available at 50-60% of market prices, and generally provide tenants more security than those owned by private landlords.

Smart said the announcement is "in line with [the government's] investment ambitions, with half of the funding for the development of lower cost home ownership for first-time buyers".

https://www.publicfinance.co.uk/news/2021/08/urgent-case-more-social-rented-homes-government-housing-plans

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